Arthur Fadden: a political silhouette

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Abstract

This thesis examines the political legacy of Sir Arthur Fadden, leader of the federal Country Party (1940–58), prime minister (1941) and, until his record was surpassed by Peter Costello, Australia’s longest serving treasurer (1940–41 and 1949–58). It traces his life story from ordinary beginnings in north Queensland, through his foray into business as an accountant and his long career in politics – local, state and federal. The thesis argues that Fadden was integral to the establishment of the enduring coalition arrangement between the Liberal Party and the Country (later National) Party that remains in place to this day.

This thesis employs the methodology of political biography, building a portrait of Fadden by looking at the influences that shaped him as a person and a politician. Yet it is not a standard ‘life’ biography but rather a political inquiry into a political figure, focusing particularly on his contribution to the coalition and his role as party leader. As such the thesis contextualises Fadden very much as a man belonging to a particular time and place in Australian history. Fadden has gone down in folklore as one of the great characters in the Australian parliament. This thesis aims to bring his personality and wit back to life, as part of the explanation for his political success.

Fadden held public office for close to three decades. Yet to date he remains a largely forgotten figure in public discourse. This thesis hopes, in some part, to redress this lack of attention. When Fadden entered the federal parliament in 1936 the conservative parties were a loose grouping of fractious interests. By the time he retired in 1958 the coalition was an entrenched feature of conservative politics. This thesis argues that Fadden, through a unique blend of personal traits, such as his strength of character and a belief in compromise and consensus, laid the foundations for an enduring coalition arrangement that has seen successive conservative governments hold office federally for forty-two of the last sixty years. Yet while he was conciliatory, Fadden showed that he was not averse to pursuing his objectives with a degree of relentlessness. He was no pushover, a fact recognised by prime minister Menzies and the Liberal members of cabinet during policy debates in the early 1950s.
The most important explanation for Fadden’s success lies in his capacity for fostering relationships. This thesis unpacks his relationships with political colleagues, party leaders, public officials, the press and his constituents, and concludes that his interpersonal skills are crucial to understanding his political longevity. Fadden’s career proves that even at its most ruthless, politics is an intensely personal endeavour.
Statement of originality

This work has not previously been submitted for a degree or diploma in any university. To the best of my knowledge and belief, the thesis contains no material previously published or written by another person except where due reference is made in the thesis itself.

Tracey M Arklay
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Acknowledgments

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Thanks are also due to the accomplished biographers Judith Brett, Geoffrey Bolton, John Button, David Day, Ian Hancock, James Walter and Rae Wear, who all shared their experiences in biographical research with me at an ANZSOG workshop at the Australian National University in 2005 (papers from which have been published: see Arklay et al. 2006).

Any errors or omissions, of course, remain my responsibility.
Writing about a political figure who has been dead for over three decades was a challenge – particularly finding people who might remember him or, even better, have worked with him. I doubt I would have had much success except for the intervention of Frank Boyle. Thanks to Frank and his wife Pat, who opened their home to me on my first trip to Canberra, I was put in contact with many of the people who ultimately agreed to be interviewed for this thesis.

I made extensive use of records held by the Queensland parliamentary library, the National Library of Australia and the National Archives of Australia in Canberra. My thanks to the staff of those organisations, who have always been most helpful and obliging.

The thesis has benefited from the editing skills of Rosemary Barry. Her expertise in proofreading and her editorial advice and assistance in consolidating the final manuscript are very much appreciated.

Finally I will be forever grateful for the support of my family and friends, who, as Arthur Fadden would attest, are truly the most important thing in the world. Special acknowledgment must go to my husband Tony and our children James and Elise, who have spent what seems like an eternity waiting for me to finish.
Interviews

In undertaking this research I sought to interview anyone I could find who had had some close connection with Fadden, as a colleague, family member, friend or acquaintance. Given the length of time since Fadden was a major player in politics, sometimes I had to settle for interviewing descendents of people who had known or worked with him, especially for recollections of the man’s style, character, habits and interests. But, clearly, many of the principals who worked with Fadden in any aspect of his career are themselves long gone.

Besides people who knew Fadden personally, I also interviewed some authorities on aspects of the politics of the day, such as historians, political scientists and journalists.

While I have kept the identity of some of these people confidential at their request, I would like to thank all of them. Many of my initial interviews took place early in 2003, a week after devastating bushfires destroyed much of Canberra and affected some of them personally. Their recollections of Fadden helped me form an initial impression of a man who I was still trying to understand.

The following people who agreed to be interviewed provided important information and insights about Fadden which have assisted this study:

- Wallace Brown, Canberra journalist and author
- Clyde Cameron, federal Labor member for Hindmarsh, 1949–1980
- Ian Cochran, clerk in the House of Representatives (1980–1990; junior clerical staff from 1955)
- Hazel Craig, Ben Chifley’s and then Robert Menzies’ secretary
- Paul Davey, biographer and Country Party historian
• Austin Donnelly, clerk in Fadden’s Townsville office
• Denise Edlington, Fadden’s secretary
• Arthur Fadden jr, Fadden’s grandson
• Heather Henderson, Robert Menzies’ daughter
• Peter Henderson, Robert Menzies’ son-in-law
• Bill Hewitt, Queensland Liberal member for Chatsworth, 1966–1983
• Sir James Killen, federal Liberal member for Moreton, 1955–1983
• Don Page, Sir Earle Page’s son
• Dr Scott Prasser, political scientist and author, Australian Catholic University
• Roger Rae, Canberra press journalist
• Michael Richardson, historian, Old Parliament House
• Sir James Scholten, protocol officer of the federal parliament (1954–1958 director and government officer for hospitality)
• Lady Joyce Wilson, Sir Roland Wilson’s wife.
Abbreviations

ALP  Australian Labor Party
AWU  Australian Workers Union
CP   Country Party
CPD  Commonwealth Parliamentary Debates
CPNP Country and Progressive National Party
DLP  Democratic Labor Party
GATT General Agreement on Tariffs and Trade
GCMG Knight Grand Cross of the Order of St Michael and St George
GMC  Companion of the Order of St Michael and St George
KCMG Knight Commander of the Order of St Michael and St George
QPD  Queensland Parliamentary Debates
UAP  United Australia Party
A political silhouette

FADDEN, Sir Arthur William (Artie)
born: Ingham, Queensland, 13 April 1895; town clerk Mackay 1916; public accountant 1918; Townsville alderman 1930–35; member Queensland legislative assembly, Kennedy electorate 1932–35; member federal House of Representatives, Darling Downs 1936–49, and McPherson 1949–58; minister without portfolio, assisting treasurer and minister for supply and development 1940; minister of air and civil aviation 1940; acting leader of the Country Party 1940; treasurer 1940–41 and 1949–58; member of the advisory war council 1940–45; leader of the Country Party 1941–58; acting prime minister 1941; prime minister 1941; leader, combined Country Party and United Australia Party 1941–43; knighted for services to country 1951 (sponsored by John Curtin nine years earlier) and elevated to GCMG, 1958; died: Brisbane, Queensland, 21 April 1973

A forgotten legacy

Arthur Fadden occupied two of the highest public offices in Australia. He was the nation’s second-longest serving treasurer, delivering a total of eleven budgets – a record only surpassed in 2006.¹ He was the second-longest serving leader of the Country Party, and the only leader of the Country Party to be elected as leader of the opposition, representing both the Country Party and the United Australia Party (UAP); he remained the official leader of the opposition from 1941 to 1943. As the leader of the Country Party and as deputy prime minister, he played a key role in the formation, maintenance and direction of successive coalition governments from 1949 until his retirement in 1958. His contribution to Australian politics was recognised in 1951 when he received a KCMG and again in 1958 when the honour was elevated to a GCMG – which gave him the opportunity to joke that ‘twice a knight ain’t bad for someone my age’ (J Killen, pers.comm., 6 June 2001).

Despite his long tenure in the federal parliament, historians have ignored Fadden as a subject for singular study. In marked contrast, virtually every prime minister since

¹ Peter Costello delivered the 2006–07 budget in May 2006, eclipsing Fadden’s record for the highest number of consecutive budgets.
Fadden has attracted a decent biography, and some have attracted many studies.\(^2\)

Similarly, the Country Party leader who succeeded Fadden, ‘Black Jack’ McEwen, has been the subject of a substantive work (see Golding 1996). There is also a catalogue of biographies on politicians who held lesser posts – and for shorter periods – than Fadden (for example John Button, Billy Snedden, Lionel Murphy, Barry Jones, Mark Latham and even Pauline Hanson), who have all attracted interest in the scholarly or popular literature (see Arklay 2006). Until recently, most studies have been of Labor politicians; the conservative side of politics has seemed extraordinarily reluctant to write about their own history (Brett 2006, p.25), although the John Howard biography (Errington & van Onselen 2007) and Peter Costello’s memoirs (Costello & Coleman 2008) go some way towards redressing the balance.\(^3\)

Arthur Fadden’s political career ended over fifty years ago. In the intervening years, his contribution to Australian politics has gone largely unnoticed. Given Fadden’s key ministerial positions, his long and unchallenged leadership of the Country Party and his impact on postwar coalition politics, it is timely to correct this oversight. This study contributes to the knowledge about Australian coalition arrangements, especially in the years after the Second World War. It argues that Arthur Fadden played a substantial role in the creation and development of the conservative coalition arrangement that endures to this day.

There are two reasons I have chosen the title ‘political silhouette’ for this work. The first alludes to the ghostly presence of Fadden in political accounts to date: he is there, but as a behind-the-scenes figure, in most of the historical literature. The second stems from the (doubtless apocryphal) tale told to me by Clyde Cameron and referred to in his

\(^2\) See, for example, David Day’s books on John Curtin (1999) and Ben Chifley (2001a); Sir John Bunting’s portrait of Robert Menzies (1988); Allan Martin’s two volumes on Menzies (1993, 1999), Judith Brett’s Robert Menzies’ forgotten people (1992); L Fitzhardinge’s work on William Hughes (1964); Patrick Weller’s study on Malcolm Fraser (1989); Tom Frame’s biography of Harold Holt (2005); Blanche d’Alpuget’s examination of Bob Hawke (1982); and Don Watson’s recollections of Paul Keating’s leadership (2003), alongside books by John Edwards (1996) and Michael Gordon (1996), also on Keating. John Howard has been the subject of several biographical studies since his forced retirement in 2007 (see Errington & van Onselen 2007), while Kevin Rudd has also had several studies written about his rise to the prime ministership (see for example Nicholas Stuart (2007) and an authorised biography by Patrick Weller (forthcoming)).

\(^3\) Malcolm Fraser’s recently published memoirs further add to the conservative literature (see Fraser & Simons 2010).
book *Confessions of Clyde Cameron* (1990, p.433), in which Fadden, rushing to a division in parliament, crashed through the glass doors leading from King’s Hall, leaving a silhouette in the broken glass. For years afterward, Fadden claimed the corridor leading to the dining room was called ‘Fadden’s gap’ in tribute.

The reasons why Fadden has been ignored by scholars of politics and history are varied and multifaceted. He has remained very much in the shadow of Robert Menzies, Australia’s longest-serving prime minister and a leader of substantial significance in postwar Australia. Not only did Menzies have a long and distinguished career, he also chose to write a number of serious books when he left office, while Fadden penned a lightweight humorous collection of personal vignettes. While Menzies was decidedly self-important and even pompous, Fadden was far more self-effacing as a political figure. He was also a member of the smaller coalition party, the Country Party, which has itself attracted less attention than the larger Liberal Party. Moreover, while he was treasurer for around nine years, he was prime minister for just forty days. Treasurers do not get the same attention as prime ministers; and Fadden, like many other treasurers, has tended to be overlooked. Finally, Fadden was a Queenslander and so, perhaps, the victim of a cultural cringe that viewed Victorian leaders as more important (Schultz 2008, p.7).

But does he warrant the attention today? The argument of this thesis is that he does, because of the significant role he played on the conservative side of politics for almost three decades, both in government and, for a period, in opposition.

There are several reasons why Fadden’s legacy should be acknowledged. First, he rose to the nation’s highest public office despite his humble background as a self-educated north Queenslander, who overcame the difficulties of his early life. He was one of only four Queenslanders to become prime minister (all but six of Australia’s prime ministers have come from New South Wales or Victoria). He was the last Country Party member to hold the position of treasurer, and was promoted to this position after only four years in federal politics. He was one of only three Country Party prime ministers, and the only one to hold that position in his own right, not as a stopgap prime minister for an interim few weeks or so, as Page and McEwen both did, because of the sudden death of a head
of government. He holds the dubious record of being the only prime minister to have lost office after his budget was rejected (as opposed to deferred) by parliament. Perhaps most important, he had a significant impact on public policy, especially over the decade 1949 to 1958.

**The contribution of this thesis**

This thesis examines and explains Arthur Fadden’s contribution to Australian conservative politics and public policy around the war and immediate postwar period. In particular, it explores Fadden’s federal parliamentary career between 1936 and 1958. While the thesis considers Fadden’s whole life in order to place his actions in context, its purpose is to analyse and appraise his federal parliamentary career and to assess how his particular personal strengths forged a united, stable coalition between the Liberal Party and the Country Party (later the National Party) in Australia.

In exploring the dynamics of the wartime and postwar conservative coalition, the thesis focuses on Fadden’s important role in building coalition endurance, and in the formation of a lasting conservative partnership. Fadden was crucial to the project of forming and maintaining a viable coalition relationship, a project negotiated and mediated between two often querulous political forces. Unlike European coalitions, where most of the political and scholarly interest is directed towards coalition formation and which parties are most likely to constitute coalitions, the interest in Australia (where the two conservative parties operating in coalition are effectively a given phenomenon) is more on interparty relations – the political tensions and policy implications arising from the interaction of two conservative entities with different constituencies (see Hamill & Reynolds 1983; Hughes 1980, p.15).

Importantly, this study is a political inquiry into a political figure. It is not a standard ‘life’ biography of Fadden in the pure sense, since the focus on his early life is necessarily limited through word restrictions. However, the research employs techniques used extensively in political biography by building a portrait of Fadden through examining the influences that shaped him as a man and as a politician.
Political biography based on a ‘life’ offers readers an additional and insightful window into history.

There are different approaches or themes that can be emphasised within the genre of political biography. Some biographers – for instance, John La Nauze in his 1965 biography of Alfred Deakin, Judith Brett in her 1992 biography of Robert Menzies or, more recently, David Marr (2010) on Kevin Rudd – read between the lines, and venture an understanding of the motivations of their subjects using psychological tools or interpretivist analysis. That is not the objective of this study, and is beyond its scope.

This thesis adds to the growing Australian political science literature examining how party leaders lead, manage and interact with various key colleagues and constituents (see for example Weller 1991; Watson 2003). As noted below, Fadden does not easily fit the accepted definition of political leadership. The skills he brought to the job both in leading the Country Party and as deputy prime minister were uniquely his, and centred on his ‘likeability’. While this interpretation may seem simplistic, this personal characteristic of Fadden’s was repeatedly referenced and described throughout the research for this work. It was the reason given most often to explain his success, and the longevity that saw him remain leader for eighteen years while other powerbrokers, such as McEwen, waited in the wings. Fadden’s relationships with his political colleagues, public servants and the media are all explored, leading to the conclusion that politics, even at its most ruthless, remains intensely personal.

The thesis argues that Fadden played a major role in stabilising the many deeply divided and fractious elements that had plagued conservative governments since their formation in the 1920s. This stability provided the background conditions that allowed the establishment of the country’s most enduring federal coalition government (in office from 1949 to 1972, then 1975 to 1983, then 1996 to 2007 – a total of forty-two years over a period of around sixty years). The study argues that in many respects Fadden was a principal architect of the modern-day coalition, much as Menzies has been credited as

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4. Political leadership studies are ill defined, but involve studies of power, of who gets what. The increasing importance of leadership can be seen in promotions personalising a government’s achievements by naming them after the relevant prime minister (see Walter 2007, p.428).
being the architect of the Liberal Party. Fadden’s success is held by many sources and contemporary accounts to be due to his interpersonal skills – that he was so widely liked and could mediate to find solutions or compromises.

So the prime focus of this thesis is Fadden’s contribution to the coalition, and his role as party leader during the period 1941 to 1958. Political leaders assert their authority in different ways. Some, like Menzies, have to fight colleagues, party structures and organisations, but through a particular toughness of character come to dominate their parties with what could be perceived as arrogance. Fadden did not possess such skills. If his leadership came about by accident, his longevity can be attributed to a different blend of personality traits. In an adversarial environment his ‘likeability’ may seem improbable, and yet is the most plausible explanation for his political longevity. Conventional ‘great man’ leadership studies may not readily apply to leaders like Fadden. They describe more accurately the traditional models of leadership that can be seen in prime ministers such as Winston Churchill, Robert Menzies, Bob Hawke and John Howard. Fadden was more of a quiet achiever, but an achiever nonetheless.

So explanations for Fadden’s success are not immediately obvious. He was ambitious, certainly, but his ambition was tempered by an overwhelming desire, perhaps even a need, to be liked. This meant that he was an ideal team-builder, someone to go to with concerns, the perfect foil to Menzies’ more distant persona. But he was no vacillator. Fadden had a decisive streak in him, and more often than not his view on politics or policy was taken into account at the centre of government. As a leader he was usually prepared to mollify or pacify, but on some significant occasions he simply would not budge from an intended course of action, even though his parliamentary career was placed in jeopardy.

5. Menzies’ personal secretary Hazel Craig (pers.comm., 18 February 2003) spoke of Fadden’s accidental rise to the leadership: ‘it was an accident I think in the same way that Mr Curtin was an accident. and they both turned out the same … good leaders and all the rest of it … but Artie just came in because they couldn’t make up their minds with whom they wanted and the same thing happened when Mr Scullen retired. Frankie Forde had his secretary picked out and his speech ready to make to thank them all for making him leader and of course Mr Curtin just came out from under because of people asking him to stand.’
**Studying conservative coalition relations in Australia**

The bulk of the international scholarly work on coalitions has tended to concentrate on the multiparty arrangements in European countries, where proportional voting is used and where no party gains a majority in the legislature. These are of little relevance in the Australian context, where preferential voting predominates, where the two conservative parties do not often compete directly (their sitting members are not challenged for their seats by their coalition partners), and where routinised coalition agreements bind the parties in government and in opposition. Ministries and shadow ministries are composed of the two parties roughly according to their parliamentary strengths.

By the 1970s, overseas political scientists had begun to refer to the Australian coalition arrangements as a case of ‘coalescence’. And, by then, this was probably an accurate description. But such categorisations overlook the fact that in the 1930s and 1940s the conservative side of Australian politics was far less stable and institutionalised. It then more closely resembled the loose coalition arrangements that characterise many multiparty systems in Europe. The Australian parliament of those years harboured several renegades such as Billy Hughes, Percy Spender, Archie Cameron and Joe Lyons, plus a handful of independents, with little affinity to any political party. In this environment, conciliatory men of goodwill who could bring people together were a rare commodity. Fadden’s long tenure as leader of the Country Party and as deputy prime minister is a testament to his possession of this ability. His conciliatory skills came naturally to him; they were not consciously cultivated for reasons of expediency. But it must also be remembered that he was unable to avoid the defeat of his own government in 1941, when he was prime minister.

There has been prolonged debate among political scientists about whether the Australian political system is a two-, two-and-a-half- or three-party system. The debate has been fuelled by literature that suggests that in some states, such as Queensland, the

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6. See Sartori (1976, p.188), who notes that ‘the coalition arrangement in Australia should be termed a “coalescence” rather than a coalition because the permanent alliance between the Liberal and Country Party is such that the two are … symbiotic.’

7. Don Page (Earle Page’s son) recalled that Fadden was the ‘peacemaker’ in the coalition (pers.comm., 24 June 2003).
Country Party was sufficiently dominant to be regarded as a power in its own right (Hamill & Reynolds 1983, p.1; Cribb 1985, p.30; Arklay 2000). The issue of classification still remains contentious (Sharman 1994, p.134). Majoritarians argue that the Australian political arrangement is really a two-party system – a combined conservative side versus Labor (see Crisp 1983); while others suggest we have a consensual style of government and a federal party system wherein a ‘satellite party [presumably the Country Party] is content to orbit around the principal anti-Labor party of the day’ (Hughes 1977, p.278). While the conditions in Australia are unique, the concept of ‘coalition’ has been integral in both discussion and practice within Australian politics.

For this study it is considered that the Liberal Party and the Country Party are separate political entities which, for most of the period covered, chose to work together in government and opposition. They had separate party structures, branch organisations and memberships, separate territorial representations, and separate party room deliberations of elected parliamentarians (although occasionally the Country Party was invited to attend the Liberal party room). More importantly, each party had a distinctive constituency (urban and rural); and, sometimes, very different policy agendas and priorities (Horsfall 1974, p.1). At times during Fadden’s long federal parliamentary career the conservative coalition broke up and the fractious parties attempted to represent their particular interests with some exclusivity. Even although open hostility was rarely played out publicly between them, then, it was no small feat that the once highly contentious conservative groupings of the prewar era were subsequently able to reunite, form a stable political liaison and go on to become a permanent feature of the political landscape after 1943.

Fadden in the context of coalition politics

The forerunner of today’s conservative coalition arrangement began in 1923, when the leader of the Nationalists, Stanley Bruce, joined forces with the leader of the newly formed Country Party, Earle Page, and announced Australia’s first coalition

8. In 2007 the coalition parties in Queensland merged to become the Liberal National Party (LNP).
government. This was a heady time for coalition politics, and they dominated the federal political sphere in the years 1923 to 1929. The conservatives lost power to the Scullin Labor government in the lead-up to the depression, but in 1932 a new conservative party, the UAP\(^9\), led by one-time Labor man Joseph Lyons, won it back again with the numbers to govern alone. In 1934, however, after a close-run election, the UAP needed the support of the Country Party to form a government. Lyons and Page teamed up and successfully maintained a coalition arrangement from November 1934 until April 1939. Arthur Fadden joined this government in 1936 when he won the federal seat of Darling Downs for the Country Party in a by-election.

The years following Fadden’s entry into federal politics coincided with the gradual disintegration of the UAP. Its decline was accelerated after the sudden death in office of Joe Lyons, and the succession of Robert Menzies to the leadership in 1939. Page, who had become a close colleague of Lyons’, remained the leader of the Country Party. His fondness for Lyons was no doubt partly due to the fact that during their time in office he had extracted considerable benefits for the Country Party’s constituency from a grateful prime minister.

For reasons still not completely understood, in 1939 Page suddenly made ‘one of the most vicious and ill-judged attacks ever made in the House by one member upon another’ (Souter 1988, p.320). His target was Robert Menzies, and his aim was to prevent Menzies from assuming the leadership of the UAP. The attack backfired. While Fadden had only been in the House for three years, his reaction to Page’s extraordinary outburst was telling of his character. He resigned from the parliamentary Country Party in protest. This could have been a costly political mistake; but Fadden’s sense of justice and fairness had been acutely offended. It was probably more in the spirit of a fair go, rather than out of loyalty to Menzies personally, that Fadden resigned. His resignation inspired three of his Country Party colleagues to join him. Later he was rewarded with a junior ministry position; but at the time, when Menzies was very much an untested

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\(^9\) The UAP (which Fadden during his time in opposition once described as ‘the creature of financial and manufacturing interests, of middlemen and monopolists’ (Encel 1974, p.63)) was formed in 1931 from an alliance of the Nationalists with a number of Labor Party dissidents and independents.
leader of dubious popularity, Fadden’s actions could be deemed either exceptionally courageous or foolhardy.

These events did not augur well for conservative politics, and the interwar coalition looked very much like a temporary arrangement (Horsfall 1974, p.1).

When a leadership impasse occurred in the Country Party, Fadden was invited to assume the position of leader in an acting capacity. But once in the role he cemented his position, and he remained leader for a further seventeen years. He became treasurer, then prime minister, then opposition leader in swift succession. He fought the 1943 election against John Curtin as the leader of divided conservative forces.

Out of office and dispirited, the conservatives relaunched their coalition after the election loss of 1943. Over the next six years Menzies and Fadden slowly reunited in a bid to reclaim government. After six years in opposition this team was successful in 1949, and began the period of longevity now commonly referred to as ‘the Menzies era’ (see Prasser, Nethercote & Warhurst 1995). The term ‘Menzies era’ was first coined by the journalist Don Whittington (1969) to describe the years that began with Menzies’ second term as prime minister in 1949 and ended with his retirement in 1966.10

Critics have generally condemned these successive Menzies coalition governments for presiding over a period of lost opportunities and dull and uninspiring politics (Alomes 1999, p.182) – seventeen years in which bold initiatives were rare and there was only incremental change to the modus operandi of public policy. Indeed, some have even referred to the era as being part of an ‘ice age’ or ‘wasted age’ in which public policy was weighed down by values that reflected the conservative mores of a bygone era (see Starr 1995, p.51). But these viewpoints ignore the fact that many major policy initiatives, some of which have had a long-term influence on Australia’s social, economic and political life, were begun during this time. Some of these policy agendas were the result of the prevailing ideology (less reliance on collectivism and unions and greater insistence on individual effort and private enterprise). Others, however, altered

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10. Whittington’s *The house will divide: a review of Australian federal politics* was first published in 1954. A new edition was produced in 1969 due to the lack of books written about the Menzies era at that time (Whittington 1969, p.vii).
the policy landscape in less controversial ways – the government’s funded immigration programs, industrial assistance and decentralisation schemes, increased contributions to independent schools\(^\text{11}\), and a new approach to health care, to name but a few.

Some of these policies, attributed to Menzies, were, according to those interviewed for this thesis, initiated by Fadden.\(^\text{12}\) It is often said of the Menzies era that Fadden and the Country Party used their bargaining power to good effect in the government, winning many concessions for their rural constituents. Sometimes this has been referred to as ‘the tail wagging the dog’ (Golding 1996, p.10).\(^\text{13}\) Fadden’s agrarian socialist Country Party arguably had great influence over the policy direction of successive Liberal-led conservative governments. Their influence may have been disproportionate to their electoral strength in parliament, but they represented the important primary industries and the constituency of rural Australia. They also had powerful voices at the cabinet table through Arthur Fadden and Jack McEwen.

The Country Party’s pragmatic philosophy of agrarian socialism often came into conflict with the Liberal Party’s platform of ‘individual freedom and enterprise’ (Sharman 1994, p.143).\(^\text{14}\) This basic difference in ideology partly explains why the relationship between the Liberals and the Country Party was frequently strained. Until Fadden’s period as leader, the two groups had enjoyed at best an uneasy alliance. Personalities had to bridge an ideological divide, and constantly negotiate compromises.

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11. During the 1950s the ALP split, with many Catholics changing their allegiance to the Democratic Labor Party (DLP). The Menzies–Fadden government had allies in the Catholic hierarchy that supported the DLP, and the government’s aid to Catholic schools was in many ways strategic. DLP preferences were an important consideration.

12. Arthur Fadden recognised the increasingly large, fractured but significant Catholic voting block. He always refused to discuss his role in managing the JS Love Estate (see page 77, fn.10) because of the stipulation that money not be given to Catholic charities (NLA: MS 1006,30,9); and throughout his political life he maintained warm friendships with both Archbishop James Duhig (Brisbane) and Archbishop Brian Harris (Canberra). He may have been instrumental in getting Archbishop Duhig his knighthood, although this remains unconfirmed (former senior Canberra public servant, pers.comm., 20 February 2003; T Frame, pers.comm., 14 May 2007).

13. John McEwen was asked about the Country Party’s ‘undue influence’ not long before he retired in 1971, and replied that while his party did not ‘unduly’ influence governments, ‘we have been able to influence governments disproportionately to the numerical size of the party in the parliament and … to the number of ministers’ (Golding 1996, p.10).

14. While the Liberal–Country coalition post-1949 continued the general policies begun by the Labor governments of Curtin and Chifley, they still disagreed about the extent of state involvement. The Country Party’s determination to support the rural sector through protectionist policies was at odds with core Liberal beliefs about the importance of free enterprise (Brett 1994, p.7).
Menzies himself did not always possess or display the necessary conciliatory political skills to bridge this divide. His reluctance to engage with the Country Party soon after acquiring the federal leadership was due not only to the aforementioned attack by Earle Page (see page 23), but also to the fact that he had been brutalised by the Victorian Country Party when he was a member of that state’s parliament (see Golding 1996; Martin 1993, p.105). His deep mistrust of the Country Party never entirely left him. It also meant that Fadden as his loyal deputy had to manage coalition party relations more proactively, especially when in government.

Following Fadden’s retirement in 1958, relations between the two parties again became less harmonious. But by then the Liberal–Country coalition seemed a permanent conservative arrangement. The coalition was an outward sign to conservative voters that their respective parties were stable and enduring, and was thus much harder to walk away from than it might have been in earlier decades. Jack McEwen, the long-time leader-in-waiting and successor to Fadden, assumed the leadership of the Country Party in March 1958 (Fadden remained in the parliament until his eleventh budget was delivered later that same year). While undoubtedly more statesmanlike than Fadden, McEwen was ruthlessly ambitious and inherently prickly (Hasluck 1997, p.167). After Fadden’s retirement, Menzies occasionally acknowledged increased difficulty in maintaining cordial coalition relations (former senior Canberra public servant, pers.comm., 20 February 2003).

The man and the politician

The key to explaining Fadden’s success in leading his party, and in influencing the Menzies governments, is to be found in the nature of the man in the context of the era. A convivial, jovial and social man, Fadden loved a good yarn, a joke or two, and a laugh over a whisky and cigar. He typified the bluff, good-humoured Aussie bloke from regional Australia. It is this side of his character that is most often spoken about by contemporaries, and certainly Fadden is among those who can claim the accolade of

15. After the death of Harold Holt the Country Party’s refusal to work with new leader Billy McMahon caused the Liberals to recruit Senator John Gorton to the leadership – again underlining both the Country Party’s importance and its power.
having been one of the great characters in the federal parliament.\textsuperscript{16} Fadden’s earthy, bawdy, irreverent style of expression was unique. At times, however, it was not deemed appropriate, and he seemed unable or unwilling to curtail it, even when the occasion called for something a little more circumspect – even at international events when representing Australia.

The key skills Fadden brought to the role of party leader and deputy prime minister centred on his ability to pull people together. He was gregarious and mixed easily with people, and he had insight into what they were thinking. These qualities undoubtedly assisted the government in its internal operations and management. Fadden was not a ‘transformational’ leader in the sense in which the term is commonly used. He was ‘destined to be ordinary’, liked working with people, was happy to take advice, was smart enough to utilise the strengths of others, and was happiest when consensus was reached. On technical issues of policy Fadden heeded the advice of his officials, who were better educated and qualified than either himself or many of his cabinet colleagues.

As a politician, Fadden was more than merely likeable and consensual. He had drive, ambition and a fire in his belly for rural issues and conservative causes. He was also a competent administrator who got on top of his portfolio. Indeed, the former Labor parliamentarian Fred Daly once listed Fadden as a candidate for his ‘super cabinet’. In Daly’s imaginary cabinet, Fadden is the minister for minerals and energy and assistant to the treasurer, because of his ‘drive and knowledge’ (Daly 1977, pp.240–2).

For the most part, Fadden was a loyal and trustworthy colleague – a transactional leader mastering the detail. Loyalty to the cause was an essential element of good governance for Fadden. From 1943 onwards Menzies never had to fear that Fadden would contradict him or ‘play politics’ with him in public.\textsuperscript{17} Fadden’s support was taken for

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\textsuperscript{16} This sentiment is reflected in an editorial in \textit{Nation}, published on 20 December 1958 after Fadden’s retirement. ‘Sir Arthur has left his own mark on Australian politics, a mark that probably will not be appreciated to its full extent for some years to come. Working, clowning, criticising, hating, praising, Artie Fadden was unique in all his moods, and he was one of the great Australian personalities to have passed through the Federal parliament; as such he will be sadly missed.’

\textsuperscript{17} The exception to this was during the campaign for the 1943 general election. See page 164 for a discussion of the events surrounding Fadden’s claim that Menzies had ‘stabbed him in the back’.
Arthur Fadden: a political silhouette

granted, and he often deputised for Menzies. His own colleagues were, in turn, loyal to him, and he retained a key leadership role for most of his time in the federal parliament.

Although he enjoyed his hail-fellow-well-met reputation, in some respects it may have shielded a ‘deeper intellect and sensitivity than he was willing to disclose to the public’ (J Carrick, pers.comm., 1 October 2002) – a point alluded to by some of the people interviewed for this thesis. He was a man with a strong, conservative moral code, developed during his early home life and as a young man working on the cane fields. These experiences laid the foundations for his particular ideological blend of social responsibility and communal welfare combined with a subscription to tenets of liberal entrepreneurship and rugged individualism.

Studying political leadership

One approach to investigating political leadership is through the biographical method. Despite its long history, political biography as a genre still remains controversial and under-appreciated – sometimes evoking palpable hostility among intellectuals who have argued that the form may be literary, but that it is not history (O’Brien cited in Pimlott 1999). While the field of political science is becoming more receptive to political biography, there are still debates about the appropriateness of certain methodologies (Brett 1997, p.vii). Some argue that political biography is the form through which writers breathe life into archival documents such as letters and diaries, birth, death and marriage certificates, Hansard and official records to assist in the re-creation of a life (see Arklay 2006, p.14).

There have been criticisms that biography is a means by which authors get a chance to ‘play God’. But the art of biography, by centring the study of an era through the lens of a person, can provide meaningful insights that would be missed by other more structural or systemic accounts. As Pimlott (1999, p.34) has stated, ‘the most exciting aspect of

18. Sir John Carrick wrote to the author saying he always thought Fadden a more substantial figure in Australian politics than has currently been recognised.

19. This analysis of political biography has been previously published in substantially the same form as a chapter in an ANZSOG monograph that resulted from a workshop organised by the author on political biography (Arklay 2006).
biography is that it links together human events in the way human beings actually experience them’. Biography should never be viewed as a tool by which to make universal sense of a subject. It is a subjective and highly interpretative method, one in which seeking the ‘compassionate truth’ should never be underplayed.

Biography is not simple reportage of one ‘life’ (Pimlott 1985, p.xi), nor is it merely a narrative. It certainly cannot hope, and should not pretend, to be the whole truth. The method is historical and interpretive and, as with much social science research, the implicit motivations drawn out in biography are frequently hard to test or to quantify. It is therefore selective and open to critique. Frequently, as is the case with LF Crisp’s 1961 life of Ben Chifley and, four decades later, David Day’s *Chifley* (2001a), biographical research builds upon what has been uncovered by another. Biographies can thus be viewed as ‘works in progress,’ progressively enhancing what is known about a subject as an increasingly detailed portrait emerges. It is questionable whether there is any such thing as a definitive biography. Some biographies, however, are indispensable, and of such quality that it is unlikely they will be superseded.

A challenge in writing about a ‘life’ is acknowledging and processing the changes made during that life – personally, professionally and spiritually. Studies that focus on a person within a particular timeframe (for example, as prime minister), and ignore other periods, are in danger of over-simplification. Allan Martin (1993; 1999), in his two volume life of Robert Menzies, had to weave the story of a prime minister who, when he returned for his second term in 1949, was a substantially more mature individual than he had been during his first term (1939–41). Considering how events affect personalities is as important as reflecting on how personalities shape events. The approaches taken by biographers are varied, and include the historical–chronological method, the psychoanalytical method, the historical–novella and the journalistic account.

Biography has been described as a ‘dangerous art’ (Rickard 1984). It certainly becomes that if the biographer claims to know what the person feels (Tridgell 2004, p.11). Historical methodology – the relentless digging up of data to validate the writing of a ‘life’, defined by one author as ‘rigorous, forensic inquiry’ (Wheatley 2002, p.6) – is where the craft of political biography begins. That is the beginning. And yet, if political
science without biography is, indeed, ‘a form of taxidermy’ (Lasswell cited in Theakston 2000, p.131), why is the methodology of biography on the whole so ill-defined? Many social research method texts do not refer to this form of research explicitly (see for example Neuman 1997). Could its popularity be one reason why biography, until recently at least, has not rated highly among some academics? (see Pimlott 1990, p.224).

Often the biographical approach appears as ‘art’, with amateurs keen to take up the pen and write the life story of a favourite relative. But more prevalent are the thoroughly researched, professionally written, historical accounts. It is here that we find the true craft of writing biography. These works weld the art and the science together. The end result of such writing can provide students of politics with another perspective on how power is wielded and shared, how leaders are made as well as born, and how circumstances can catapult ordinary people into extraordinary situations. Out of the biographical method emerges a set of understandings and contexts that are different from those produced by other social science endeavours – of necessity less theoretical and more personal, empathetic and narrative. Narrative research methodology ‘directs questions about what it means to interpret and experience the world’ (rather than explain or predict it) (Spina & Dodge 2005, p.114). It is gaining respect as an approach that can increase our understanding of ‘specific phenomena’, such as leadership and the life experiences of the people under study. Such narratives have essential characteristics, which include their being

chronological accounts of characters and selective events occurring over time, with a beginning, a middle and an end. They are retrospective interpretations of sequential events from a certain point of view. They focus on human intention and action, which result in a reconstruction of the life under study (Spina & Dodge 2005, p.145).

Political biography is an established subset of political science. The stories of individuals have added and will continue to add to our understanding of political institutions and history. Each successive biography written about an Australian political figure enhances our knowledge of politics and power in the Australian context, and contributes to our cultural capital.
There is an extensive literature on political leadership, and multiple ways of defining leadership (see Weber 1968; Burns 1978; Northouse 2004; ’t Hart & Uhr 2008). Fadden’s success and longevity cannot be readily explained by one theoretical model. For example, while JW Burns’ (1978) typology of a ‘transactional’ leader can be helpful in understanding aspects of Fadden’s leadership, Fadden also fits into the category of ‘supportive’ leader. As a transactional leader, Fadden was a strong advocate for the interests of the Country Party’s constituents, achieved many concessions for them during his time in parliament, and in return received their support and consolidated his own position as leader. But as a ‘supportive’ leader – which is a subset of transformational leadership (see Rafferty & Griffin 2004, p.333) – he also frequently displayed behaviour that ensured the ‘satisfaction of subordinates’ needs and preferences’ by giving individuals opportunities to shine and by creating a friendly, supportive working environment (former private secretary, pers.comm., 13 February 2003).

Just as biography is part art and part craft, so too is leadership (Denhardt & Denhardt 2006, p.ix). Fadden was a tough politician, but one who frequently acted and reacted to circumstances on the basis of empathy or intuition. Fadden’s particular blend of personality and strength of conviction was suited to his era. As Moon (1999, p.81) has noted,

> the study of political leadership must acknowledge the interaction between the leader’s resources, such as personal skills and political opportunities, and the constraints imposed by social, economic and political systems and historical circumstances.

Arthur Fadden was a situational leader – one who was suited to the era of which he was part. He was very much a man of his time. Like many leaders of the modern era, he was tenacious. But he was also conciliatory – a convivial mixer who defused conflicts. In what must have been an appealing mix, Fadden was reliable, steady and for the most part predictable. He was steadfastly loyal to his leader (in public anyway, with rare exceptions). At the same time, as his early rise to power attests, he was goal-oriented, at times to the point of being stubborn. While Arthur Fadden was conciliatory, he was also
not averse to pushing his objectives, on the occasions when he saw the need, with a degree of relentlessness. Sometimes ideology dominated his thinking.

Fadden’s leadership will also be assessed in the context of Westminster leadership in his day. Fadden was in parliament from 1936 to 1958, a time before many of the debates on prime ministerial power had occurred (Mackintosh 1968; Crossman, in Bagehot 1963). So this study analyses the power and influence of Fadden as a leader in the context of party politics, coalitional tensions, jockeying for position, and the first among equals. Westminster politics include the notions of parliamentary sovereignty, cabinet as the principle decision-making body of the government, regular elections to ensure accountability to the electorate, majority party control of the parliament and the executive, and a neutral and responsive public service. An evolutionary model, the strength of the Westminster system lies in its reliance on convention and its capacity to adapt to changing social, political and economic circumstances (Rhodes, Wanna & Weller 2009). As Weller (1991, p.142) observes, ‘there is no constitutional or empirical rule-book to tell them what to do’. This study undertakes the first detailed examination of Fadden’s role as a leader in the Westminster tradition, and locates his contribution to cabinet, his relationship with his public officials, and his part in creating the conservative coalition that endures to this day.

**Sources**

The thesis utilises primary sources, archival materials and secondary sources.

Primary sources include *Hansard* records of debates, and minutes and documents from the three tiers of government Fadden participated in – federal, state and local. Use has also been made of political party records, cabinet minutes and notebooks, as well as personal records deposited in the National Archives and National Library of Australia by a variety of political actors. Fadden’s own political scrapbooks (which consist mostly of clipped newspaper articles from his time in government) shed light on his interests, while a variety of people who knew Fadden personally shared their interpretations with

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20. Most definitions refer to the early work done by British scholars AV Dicey (1959) and Sir Ivor Jennings (1959), who identified both the legal and the conventional elements of Westminster government.
me through a series of interviews. Fadden himself ignored the invitation to deposit his personal records in the national archives (see Ellis 2007, p.254).\(^{21}\)

In all, twenty-two people were interviewed for this thesis. Fadden has been dead for thirty-seven years at the time of writing, and so the people who once worked with him are also quite old. With an awareness that interviews taken in isolation may not be completely reliable as they contain retrospective judgements, this thesis has utilised the views expressed and triangulated them with other sources, or with multiple assessments of Fadden to help develop an overall portrait (Gustafson 2008, p.103). While some of the people interviewed are named in the text, others, mainly those who worked in an official capacity alongside him, requested that their observations be kept off the record. I have referred to these people (all of whom worked personally with Fadden) by their job description. A list of those people willing to be identified is included in the acknowledgments (see pages 12–13).

Oral transcripts recorded by the National Library of Australia provided assistance, as did numerous state and federal newspaper articles covering the time under investigation. The parliamentary debates, archival records and newspaper accounts that have been used are acknowledged in the text.

The research has also benefited from numerous letters written by Arthur Fadden in retirement that are now held in the National Library. However, these letters were written by an older, and, at times, a bitter man. While they are often witty and provide personal insights into his views on political events as they were unfolding at the time, as well as the people he had worked alongside, they should not be taken as an accurate account of Fadden’s views when younger and still politically active. Any reading of these later accounts should be tempered by this understanding.

The secondary sources comprise the relevant political and biographical literature, including the diaries and memoirs of other political actors. The various biographical and

\(^{21}\)I am indebted to Fadden’s family, who gave me two boxes of files that included some letters, scrapbooks and other mementoes from his time in office. These helped me gain a more complete impression of Fadden. In addition, the Menzies files in the National Library contain a folder directly relating to Fadden. The most personal correspondence, however, is contained in Ulrich Ellis’s deposited papers in the National Library.
autobiographical texts examining individual leaders, mostly contemporaries of Fadden, provided the context of the era under study. The memoirs of political actors such as James Killen, Eddie Ward, James Cramer, Percy Spender, Black Jack McEwen, Fred Daly, Enid Lyons, Earle Page and Paul Hasluck, to name a few, help build an understanding of the events and personalities of the era, albeit from their own perspectives. Paul Hasluck’s two books about the war years (1952; 1970) offer detailed descriptions of the political occurrences of the time and, along with David Day’s research on the Second World War (2003), were invaluable in providing another interpretation of the issues that were important during Fadden’s time in federal politics. Works by the political scientist Don Aitkin and Country Party member Ulrich Ellis were useful in giving a context to Country Party machinations, and have informed this study.

These books give a useful run-down of the experiences of the time, and provide a contextual underlay for the thesis. For example, David Day’s work on wartime leaders John Curtin (1999) and Ben Chifley (2001), both contemporaries of Arthur Fadden, are a source of information on the challenges, events and personalities that dominated the years 1940 to 1949. Allan Martin’s (1993; 1999) exhaustive study of Robert Menzies provides insights and clarity into the leadership style, personality and drivers behind the man whom Fadden worked with for twenty-two years.

Martin is one of the biographers writing around this period who rarely mentions Fadden. Menzies’ own personal accounts remain conspicuously silent on Fadden’s contribution; and in his 1967 book Afternoon light: some memories of men and events, Menzies refers to Black Jack McEwen many more times than he does to Fadden. Fadden noted as much in a letter to Ulrich Ellis penned after his retirement (NAA: M2684, 47).

Hence, the information about Fadden used in this thesis has come predominately from the public record, supplemented with interviews. This is therefore a study of his public life, achievements and tribulations. While some of the information in the public realm has been discussed elsewhere, it has been necessary to revisit certain stories and events to provide the underlying context of what occurred, and Fadden’s role therein.
Fadden and Menzies

The relationship between Arthur Fadden and Robert Menzies was the most important single relationship of Fadden’s parliamentary career. Ostensibly, Fadden was the affable foil to Menzies’ tough and decisive leadership. For the most part, he was content to be the loyal deputy. He understood that Menzies’ leadership qualities set him apart. He also knew that his own skill set was invaluable to Menzies, and that both were needed to forge and maintain a viable coalition. While the early years of their relationship were marred by mutual misunderstanding and mistrust, Fadden was usually forgiving of his leader’s shortcomings, and in public remained a stalwart supporter. At a time when the coalition was less than secure, it was the combined skills of these two men that ensured its continued existence.

An overview of the thesis

Chapter one has outlined the research topic to be explored. It has provided a précis of Fadden’s career, which, to date, has been largely ignored by scholars, and has explained why his contribution to Australian politics deserves further examination. It has defined why the parameters of the research fit broadly into the category of political biography, and has provided a methodological critique of the advantages and limitations of this field of research. The chapter has identified the institutions and individual relationships that impacted on Fadden and in turn were affected by him.

Chapter two begins by examining Fadden’s formative years in north Queensland, where he first learned many of the skills that he would later hone in his public life. If, as biographers Judith Brett (pers.comm., 13 May 2005) and Jim Walter (pers.comm., 13 May 2005) have argued, a person’s later decisions are moulded by early experience, Fadden’s ability to mix well and mediate conflict is a testament to his childhood. The chapter examines Fadden’s life from childhood to early adulthood, explores the drivers that urged him to become the first in his family to achieve a post-school qualification (in accountancy), and considers the influences that whet his political appetite sufficiently to run and achieve success in local government politics.
Chapter three explores Fadden’s decision to nominate for a state parliamentary seat. It examines the ideological reasons why he affiliated with the Country Party, and illustrates why his particular talent with numbers, as well as his style of debate, made him ‘one to watch’ (*Courier-Mail* 23 April 1973, p.3). In the Queensland parliament Fadden learnt some valuable political lessons, including a first-hand knowledge of political skulduggery. It was also in the state House that his largely innate capacity to foster relationships first proved an asset. Fadden’s competence with accounting principles saw him appointed as the ‘shadow’ treasurer after only one year in politics (Bateman 2009, p.10). But his promising career in politics was brought to a close following an electoral redistribution; and Fadden returned to his flourishing accountancy business as a private citizen.

Chapter four explores Fadden’s entry into federal politics via a by-election for the seat of Darling Downs, which had been regarded as the natural territory of the UAP. The chapter outlines Fadden’s skills as a campaigner, and also highlights the personal qualities that would go on to define his political career. The analysis details the tensions that existed in the tenuous coalition arrangement, set against the backdrop of a rapidly deteriorating economic environment. This chapter begins to develop the central theme running through this study – that politics is, first and foremost, an intensely personal endeavour.

Chapter five explores how both skills and luck contributed to Fadden’s political success. After less than four years in the federal parliament Fadden’s rise through the ministerial rankings from a very junior assistant minister to treasurer was serendipitous. The chapter analyses the coalition’s first tentative steps to put Australia on a war footing, while at the same time battling growing instability and increasing dissent from within its own ranks. It argues that, contrary to long-held views that ‘leadership is not about being popular’ (Paul Keating quoted in Ryan 1995, p.6), in fact his ascension was very much related to the personal qualities he brought to the role. The chapter ends by examining

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22. It was not until 1965 that a proposal was put forward for a federal shadow cabinet of individual members with specific portfolio responsibilities. Robert Menzies was known not to believe in the necessity of identifying a shadow ministry (see Bateman 2009, p.10).
the events leading to Fadden’s brief forty days and nights as the prime minister of Australia.

Chapter six deals with Fadden’s term as prime minister, and builds on the argument that his capacity to engender loyalty among both his colleagues and outsiders (particularly members of the press) was pivotal to the development of the conservative coalition in Australian federal politics. With the fall of his government on the floor of the parliament, Fadden’s career could have been at an end. But he had the resilience and determination to carry on; instead, his loss of the office of prime minister proved to be, not just for him, but also for Robert Menzies and the coalition, a catalyst in redefining their collective place in history.

Chapter seven details events after Fadden’s defeat as prime minister. Despite his humiliating loss, Fadden became an unlikely winner in the joint party room ballot as leader of the opposition. Despite Menzies’ protestations that because of their numerical strength the UAP should choose the leader from their ranks, Fadden was selected by both the UAP and the Country Party to lead them into opposition. There would be no time for self-reflection as he promised his full cooperation to the new Labor government’s war effort. Over the next eighteen months his consensual approach to politics would be used against him by his adversaries, and he would slowly, and at times painfully, learn the art of politics.

Chapter eight examines Fadden’s response to the fallout from the 1943 federal election. With Menzies’ reappointment as leader of the opposition, Fadden redirected his efforts to leading the Country Party. For the next six years the conservative parties would remain separate entities. At times it seemed unlikely that they would ever combine forces again. This chapter argues that these years in opposition taught both Fadden and Menzies valuable lessons. By 1948 Fadden was a much tougher politician, who had learnt the value of political spin and honed his capacity to stay on message. His loyalty to the conservative cause was unabated. Menzies, conversely, had learnt a lesson in humility. Over time, and more for strategic reasons than anything else, the conservatives regrouped into a coalition in order to campaign as a united team for the 1949 election. The Menzies–Fadden combination proved a success. Alongside Menzies’ oratory and
vision, Fadden’s political instincts for anticipating trouble and understanding what people wanted worked, and the coalition was given a second chance to lead Australia.

The following chapters explore how, against the backdrop of the Cold War, Menzies and Fadden together became the unlikely architects of the modern coalition; and why Fadden remained the leader of the Country Party for so long – even though John McEwen was in parliament with him throughout. These chapters detail how the relationships Fadden fostered with colleagues and his departmental officers helped consolidate his position, and how being ‘a nice guy’ worked for him, in defiance of the conventional wisdom.

Chapters nine and ten examine Fadden’s appointment as treasurer following the election victory of 1949. As leader of the Country Party and hence deputy prime minister it was not unexpected that he would resume his previous position. During his second term as treasurer his treasury secretary was Roland Wilson. This unlikely pairing worked. The two men got along well. Fadden respected Wilson’s knowledge and intellect; Wilson appreciated Fadden’s loyalty and his ability to sell the message, which at times was less than palatable to the voting public.

These chapters detail events from the heady first days of office that saw a reluctance on the part of the newly elected government to implement economic policies that would inflict new hardships on a population still recovering from wartime rationing. But with inflation and unemployment rising at alarming rates, within two years Fadden had introduced his ‘horror budget’. The vitriol that followed made these first years in office among the hardest of his career. Yet his courage during this time brought him the enduring respect of many of his departmental colleagues and fellow parliamentarians. This budget cemented Fadden’s place as treasurer, and gave him the gravitas as Country Party leader that he would use in future cabinet discussions. Under his watch the Country Party was, at times, the tail wagging the dog; and at those times, the normally conciliatory Fadden also showed his capacity for playing hard politics.

Chapter eleven examines the last two years of Fadden’s political career, and explores his transition from parliamentarian to private citizen. Throughout his political life
Fadden had led his party instinctively, mixing with constituents and getting a feel for their concerns. Electoral campaigning suited him, and his regional tours took on the character and attributes of a pub crawl. He was always prepared to have a drink with the voters.

Usually his ability to ‘hear’ what ordinary Australians thought assisted the coalition. His ability to generate loyalty and his capacity to make friends say much about the man. Even in the fishbowl of competitive federal politics, Fadden’s self-deprecating, laconic persona ensured a continual undercurrent of goodwill from his colleagues, political opponents and departmental officials, as evidenced by the tributes paid to him upon his retirement. In retirement the difference between him and his successor John McEwen came to the fore. Yet despite numerous disappointments Fadden remained a loyal coalitionist for the rest of his life.
2

Destined to be ordinary

1895–1931

Fadden is a man from a small town in a pioneering State, unpolished in speech, completely unaffected, friendly, a tough Australian who has tackled a tough job and done it well (Brisbane Courier 1941, Fadden’s 1940s scrapbook).

Arthur Fadden’s childhood and early upbringing were unremarkable, and gave no clue to the future role he would play in Australian history. Born on April 13 1895 in the northern provincial Queensland town of Ingham, this eldest of ten children (three girls and seven boys) had a typical country childhood. His parents, Richard and Annie, were Irish immigrants, an inheritance Fadden shared with a political contemporary, John Curtin. Both were children of police officers, although while Curtin was Catholic, Fadden’s roots were firmly Presbyterian.

Fadden was raised in the heat and humidity of tropical north Queensland, at a time when there were no televisions or air conditioning units, and when travel opportunities were limited and telecommunication systems primitive. Children rode horses to school along dirt tracks. It is tempting to think that Fadden grew up in a gentler, kinder era when friendship and cooperation were more valued, and when mateship was more than a convenient political slogan or the stuff of Les Murray’s poetry. Certainly children were less cosseted, more self-reliant, than those born a century later.

As the first generation of his family to attain a post-high-school qualification, Arthur Fadden was a trailblazer. He had the drive and determination to get ahead. He was no intellectual and yet possessed an inquiring mind, and was interested in an array of issues outside his immediate locale.

This chapter examines the early life of Arthur Fadden from schoolboy in Ingham and Mackay, to sugar mill worker, successful accountant, and Townsville alderman.
School days

After several years in Ingham, the family (by then numbering six) moved to Walkerston, a small town nine miles from Mackay where Richard Fadden became officer-in-charge of the local police station. It was here that Fadden began his formal education, at the Walkerston state school. Later, while that school underwent renovations, he attended the Te Kowai state school.¹ His ability to mix with people from all walks of life he attributed to his time at school, where he met children from different racial and ethnic backgrounds (Fadden 1969, p.3).

Formal schooling aside, Artie was a better than average sportsman and participated in cricket, football and boxing.

Fadden’s home life was typical except that, due to the close proximity of his father’s prison charges, the young Artie developed an extensive knowledge of ‘Australian slang and bad language’ (Fadden 1969, p.2). References to Artie’s humour and coarse mouth appear repeatedly in the memoirs of his contemporaries, while his colourful use of language has gone down in folklore. A staff member (former private secretary, pers.comm., 13 February 2003) recalled hearing Fadden say during one important meeting: ‘Listen mate, if bullshit was music, you’d be a symphony orchestra all on your own!’

To the mill

Fadden’s childhood was hardly affluent. Most of his contemporaries’ parents were struggling farmers, eking out a living. Fadden’s family had a secure income, but met with tragedy when two of his brothers were killed in separate accidents, and a sister drowned in a local creek (Rolleston 1974). Yet Fadden’s recollections were of balmy afternoon cricket matches, and pocket money earned from the collection of sugar beetles. In a Pythonesque scene, Fadden also worked as the sound effects boy at the local cinema, shouting, banging and imitating animal noises. His memoirs tell of him

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¹ In 1963 Arthur Fadden was guest speaker at the Te Kowai state school’s birthday celebrations (Daily Mercury 23 November 1963).
and his friend banging coconuts together to imitate horses’ hooves during early western films (Fadden 1969, p.5).

At the age of fifteen and after missing out on several jobs – one in the railways because he didn’t measure up physically, the second, as a bank clerk, allegedly because of his father’s occupation (see Fadden 1969, p.7) – Fadden got the job of ‘billy boy’ with a cane-cutting gang near the Pleystowe mill. Being the odd-job person did not last long. At the end of the season, Fadden was offered a better job as office boy at the mill. While he impressed the manager with his knowledge of ‘arithmetic and weights’, he admitted to being unfamiliar with typewriters but promised to learn that skill as a condition of employment. It appears he took to this challenge with particular enthusiasm, and in later life his typing would be put to good effect. His grandson recalled, as an enduring memory, his grandfather’s incessant typing, sitting in what was known as ‘the blue room’ in the family home in the Brisbane suburb of Toowong for up to eight hours a day, typing copious letters long after his retirement from politics (pers.comm., 16 April 2002). The younger Arthur Fadden believed that a postbox was installed across the road from the family home to make this task of correspondence easier.

There is little evidence of a particular party alignment or political orientation running through the family. Indeed, there is some indication that Fadden’s initial leanings were pro-collective bargaining. Despite his abhorrence of socialist ideology (which precluded him from joining the ALP in the 1930s), an event occurred in his early years as office boy that suggests he held the view that unskilled workers had a right to union representation. Before the major strikes of 1911 trade unionism in the sugar industry was in its infancy, and actively discouraged by mill owners. A longstanding rule of the Pleystowe mill was that a permit had to be issued to anyone wishing to address the workers or to hold meetings at the work site. One day in the absence of the mill secretary, a very junior Fadden took it upon himself to provide such a permit to the Amalgamated Workers’ Association, a union organisation that would later fall under the broad umbrella of the Australian Workers Union (AWU). The permit gave the union access to the mill’s employees and, as Fadden would later recall, management at the
time were none too pleased with his unilateral action. As a young man Fadden was imbued with a confidence beyond his years or status. His memoirs recall that ‘soon I began to throw my weight around when the secretary was absent, calling myself “acting secretary” and signing papers with a great air of authority’ (Fadden 1969, p.8).

The Pleystowe mill gave him a good grounding in local politics. Two fellow workers, Mossy Hynes and George Martens, would later join the Australian Labor Party (ALP), and successfully contest the state and federal seats of Townsville and Herbert respectively.

Fadden retained ties with the sugar industry after he left the mill. A brother continued to work in sugar, and throughout Fadden’s term in federal parliament his advocacy for the industry was unstinting. As an opposition backbencher in the Queensland parliament he pleaded the case ‘not to make sugar a football for all to kick’ (QPD 1933, vol.158, p.340), and also gave advice to directors of the Racecourse mill, who were threatened with ‘a substantial liability for income tax and stamp duty’ (Kerr 1988, p.127).

Away from his office duties at the mill, the young Fadden filled up his spare time with a range of eclectic activities including amateur theatre, boxing, football and athletics. Amateur theatre sated the thespian aspects of his character, and was an enjoyable diversion. Presumably, the theatre of parliament provided an older Fadden with the attention he so obviously enjoyed. He relished the company of men and was a gregarious soul, at his best when he was able to extemporise. Many of those interviewed remembered Fadden as a great raconteur who performed less well when presenting bills and budgets and best when providing light relief to Menzies’ carefully crafted, often serious campaign speeches (H Henderson, pers.comm., 20 February 2003; former private secretary, pers.comm., 13 February 2003; W Brown, pers.comm., 19 February 2003; Cox 1968, p.2). But alongside the spontaneous, gregarious and jovial side of his

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2. Charles Fadden became a manager of the Racecourse Mill in 1948 at 36, a position he held until his retirement in 1972. Charles, it seems, was like his brother, blessed with a gregarious personality and a capacity for getting on with people. On his early retirement due to illness, the board’s thanks were minuted, expressing appreciation for ‘the harmony and goodwill he had created in his dealings with growers, staff and employees’ (Kerr 1988, p.183).

3. Fadden is remembered almost universally by those I interviewed as being a ‘real character, an entertainer – the life of the party’.
character was his capacity to deal with the mechanics of accountancy, the analysis of numerical data and the interpretation of their implications for social policy and political success. Perhaps an early indicator of his talent was his role as treasurer of the local theatre. On a good night the takings would sometimes be as much as £100, part of which would be donated to charity.

**Town council**

In April 1913 Fadden was selected out of fifty-six applicants for the job of assistant to the town clerk of the Mackay town council. This was where a young Fadden was first introduced to the cut and thrust of politics. He later stated that ‘during my term at the Town Hall I became closely concerned not only with local government but also with domestic government’ (Fadden 1969, p.19). Perhaps it was his experiences here that whet his appetite for politics.

Realising that professional qualifications would help his advancement, Fadden chose to study accountancy. As regional Queensland offered few educational opportunities, he earned the qualification via correspondence from the Hemingway Robertson Institute in Melbourne. This achievement should not be overlooked. Without a family example to follow this was a considerable undertaking, demonstrating both dedication and aptitude.

In 1914, with the outbreak of the First World War, Fadden, the ‘smart boy with a flair for figures’ (Perkins 1968, p.95), was still the assistant to the town clerk in Mackay. On 2 April 1915 he attempted to enlist in the army, but was rejected on health grounds. Years later Fadden’s war record was called into question. His response, found in his personal papers, was to the point. He cited various jobs he had applied for when it was known that only a returned soldier or rejected volunteer would be considered, along

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4. The Hemingway Robertson Institute was part of Famous Schools Pty Ltd, a subsidiary of FAS International (letter from Fadden to the school’s managing director, 15 October 1970, Fadden’s personal papers). Fadden and his partner Frank Sutton were among the first successful Queensland students of the school. At the time of his graduation he was 21, and town clerk of Mackay council.
with various war organisations he had become involved with during the war. His response indicates that allegations suggesting cowardice were deeply hurtful.

Around this time Fadden met his future wife, Ilma Nita Thornber, a milliner by trade, whose father had served as the mayor of Mackay. As the daughter of the town’s mayor, Ilma provided Fadden with some local social gravitas. No doubt he heard political stories from her family – which may have awakened in him the desire to try his hand at politics too. But that would have to wait a while.

In 1916, out of a field of over fifty applicants, Fadden was appointed town clerk of Mackay. His promotion, which made him the youngest town clerk in Australia, was somewhat fortuitous. Through astute attention to the financial records of the council Fadden had uncovered and reported possible fraudulent practices by the incumbent town clerk. These financial anomalies had been missed by the council’s independent auditors. The town clerk was charged, and Fadden was promoted in his place. Later that same year, in December 1916, Fadden at twenty-one married Ilma in a Presbyterian ceremony performed at her mother’s house in Mackay.

It was not long before Fadden’s managerial skills were tested to the limit when a cyclone, followed by king tides, devastated the Mackay region on 25 January 1918. Twenty people were killed, and Fadden, his wife and his young daughter narrowly avoided being drowned. The cyclone cut off Mackay and the surrounding townships for over a week. It took out the local bridge, as well as the wharves and sugar stores, severely stretched the town’s supplies, and left hundreds homeless. The damage bill was reported to be over £1.5 million (‘Mackay terribly stricken’, Brisbane Courier 26 January 1918, p.5). In the aftermath Fadden worked for the cyclone relief fund, to ‘tirelessly and effectively find shelter for the homeless, and to distribute food, clothing and building materials’ (Cribb 1996, p.123).

5. Fadden wrote that during this time he was president of the Rejected Volunteers Association, as well as honorary secretary of all the patriotic movements of the town, including the Mackay & District Patriotic Fund and the Mackay & District Active Services Fund. In 1918, when he moved to Townsville, he was asked to ‘take over, re-organise and straighten out’ the Townville Patriotic Fund, which he did in an honorary capacity. He also worked for the Returned Soldiers’ League in north Queensland, and stated that he was instrumental in their paying off the mortgage on their memorial hall (Fadden’s personal papers).
Private enterprise

Eight months on, in September 1918, Fadden, recently qualified as an accountant, resigned as the town clerk of Mackay and moved to Townsville to set up private practice. His brass plate was installed on 1 October 1918. But the new business struggled. After eighteen months of attempting to make ends meet, he was close to admitting defeat and accepting a job as a company secretary in Brisbane. Then he scored a lucky break. Ironically, Australia’s second-longest serving treasurer’s reputation was made when he managed to find a loophole in the tax laws that other accountants ‘both locally and in the south’ had failed to uncover (Fadden 1969, p.27). The fortunes of his accountancy business rose as his reputation as a fixer of some note grew. Soon he would take on a partner, Frank Sutton, in a firm that would be called Fadden, Sutton & Co.

Fadden and Sutton remained lifelong friends. In a letter written in 1969 to Ulrich Ellis, Fadden wrote that

> strangely enough it has just occurred to me that it is … forty years on Tuesday (7th) when Fred Sutton and I first become associated when he nervously signed the attendance book at the Office of A.W. Fadden, Chartered Accountant, Dalgety’s buildings, Townsville (NLA: MS 1006,30,9).

Fadden would go on to establish a branch of his business in Brisbane, and he retained an interest in the Townsville office into his retirement (A Donnelly, pers.comm.,17 May 2006).

Politics

The reason why Fadden affiliated himself with the Country Party is not immediately obvious. His family were not farmers, and his own occupation suggests he could have comfortably joined the UAP. His upbringing and values also made him sympathetic to

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6. Fadden became a member of the Commonwealth Institute of Accountants in 1921, and was made a fellow in 1928 (Fadden’s personal papers).

7. Fadden recalled how in the 18 months since establishing his practice he had received the latest English tax cases. With few clients, he ‘had plenty of time to study them and luckily came across a House of Lords decision on a case which almost perfectly matched my clients’. The problem turned out to be a ‘big War Time Profits Tax issue which other accountants had failed to solve’ (Fadden’s personal papers).
the plight of workers. As Ulrich Ellis (2007, p.249) noted, he liked ‘saleyards, pubs and clubs’, and never tried his hand at ‘practical farming’. His initial foray into local politics was as a non-aligned independent. Like John McEwen, Fadden, on first appearances, would have fitted the Labor mould quite readily. In these formative years of party development, the Country Party had more in common with the ALP than with other conservative, city-based parties (see Golding 1996, p.33).

Fadden’s choice may have been influenced by a number of factors. He had a genuine affinity and respect for the farmers he grew up alongside, although Killen (1985, p.24) once remarked that he was ‘atypical of people from the North’ in that he was ‘broadminded, good humoured, impatient about small points … and with an infinite ability to laugh at himself’. Fadden reacted to his constituents’ pessimism with humour. He once jokingly stated that John O’Brien’s poem ‘Said Hanrahan’, which tells the sad tale of a farmer complaining in times of both rain and drought, prepared him for his Country Party constituency (Fadden 1969, p.15). He also had an abiding hatred of socialism, and the UAP and the Country Party both railed against ‘socialism and bolshevism’ in the 1930s (Simms 1982, p.23). This was also the era of sectarianism. Catholics dominated the ALP, and, as a protestant, Fadden may have felt more affinity with the Country Party. At a purely practical level, the fact that the UAP was not well established in regional Queensland may also have had some influence. When all of these factors are weighed together it could be argued that Fadden’s choice of the Country Party was a foregone conclusion (B Hewitt, pers.comm., 4 November 2001).

With an established professional reputation in Townsville, Fadden was rapidly becoming an attractive candidate for political parties. In 1929 he was invited to contest a state seat on behalf of the County and Progressive National Party (CPNP) but declined, citing work and family responsibilities. But the election of 1929 was something of a watershed for the conservative parties in Queensland. For the first time since 1915, the long dominant Labor government was defeated.

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8. McEwen too was of Irish descent; both he and Fadden were Presbyterian, McEwen also studied by correspondence, and both men were freemasons (Golding 1996, p.3).

9. ‘… “It’s keepin’ dry, no doubt, We’ll all be rooned,” said Hanrahan, “Before the year is out.” … And every creek a banker ran, And dams filled overtop; “We’ll all be rooned,” said Hanrahan, “If this rain doesn’t stop.” …’
Not long after refusing the offer to run for state politics, Fadden agreed to run as part of a ‘non-political’ team named ‘the serviceable six’ in the 1930 Townsville municipal elections. Four of the six, including Fadden, were elected as councillors.\(^\text{10}\) In this role he acquired a reputation for standing up for local industry, and for his ‘meticulous and gifted’ auditing skills; and the publicity he received in these endeavours served ‘as a springboard’ for his political career (Doran 1990, p.67).\(^\text{11}\) Yet as he was later to recall, he had much to learn ‘on the outer fringe of politics’ (Fadden 1969, p.29).

The early life of Arthur Fadden provided little evidence to indicate that he would go on to be a heavyweight in federal politics. His early jobs and rapid promotions indicated that he had drive, energy and the desire to advance. He was certainly ambitious, and was always seeking out the next adventure. At times opportunistic\(^\text{12}\), he was also gregarious and confident in his own abilities. During his formative years he gained valuable social and organisational skills that he continued to use throughout his life. His innate gift was in his ability to get on with people from all walks of life, as a journalist would recall many years later:

> [Fadden was] an unspoilably simple man of unquenchably gregarious instinct whose dominating quality was an alert interest in everybody who sought his company, a certain instinct for the strengths and frailties of human nature and a constant appetite for what he himself called mateship (Cox 1968, p.2).

As the 1930s dawned, the future must have appeared to offer unlimited possibilities.

Arthur Fadden was not destined for greatness. His was a fairly typical north Queensland childhood. But from these ordinary beginnings emerged a person who was determined to make his mark. He achieved an accountancy qualification, and slowly but tenaciously built a thriving practice. As a young man he developed a keen interest in political affairs

\(^{10}\) During his time in local government Fadden served as a member of the finance committee and the water and electric supply committee (council minutes, 21 May 1931).

\(^{11}\) Fadden and Townsville chief engineer Sidney Roberts came into conflict in 1930 over Roberts’ decision to import cheaper Newcastle coal rather than the local Collinsville product (Doran 1990, pp.66–9). Fadden further upped the ante at a Townsville city council meeting (16 April 1931) when he revealed he had ‘uncovered several inconsistencies in the Council’s balance sheets for 1930’. Roberts employment was terminated in 1932. Doran suggests that Fadden used this attack on Roberts as a way of attracting political support.

\(^{12}\) Reporting his boss for fraudulent practices was not without its personal advantages to Fadden.
and public administration, and won his first election as a local government representative. Throughout these formative years Fadden established himself as a Queenslander to watch.
A promising start
1932–1935

His flaming eloquence, his passionate earnestness, his thorough grasp of his subject, made veterans of the political game drop their newspapers and listen to him with admiration and respect, and the whisper went through the lobbies: ‘This young man’s got the goods!’ (Brisbane Courier 25 August 1932, p.2).

The world of the late 1920s was in a state of change. Celebrations marking the end of the First World War were still fresh in people’s minds, and the future seemed full of unending possibilities. The world’s tallest skyscraper – the Empire State Building – was under construction in New York, and there was a new confidence that men and machines could conquer previously insurmountable heights.¹

This optimism was soon replaced with despair as the Great Depression hit Australia. Suddenly governments across the country were grappling with unprecedented levels of unemployment, rising debts, soaring inflation and the threat of political instability. The late 1920s and early 1930s was a time when the federal political system was still in relative infancy, and the coalition arrangement that today seems a permanent feature was unstable and tentative.

The onset of the economic downturn that would turn into a fully fledged depression marked the end of the first federal coalition government of the Nationalist Party’s Stanley Bruce and the Country Party’s Earle Page – the imperfect prototype for future Liberal–Country Party governing arrangements. The Bruce–Page government had been defeated on the floor of the parliament over the Maritime Industries Bill. The parliamentary dissidents (including two independents and four Nationalists) voted with the Labor opposition, securing a 35–34 victory over the government. The government had been disadvantaged further by the refusal of its speaker, Sir Littleton Groom, to cast his deciding vote in committee. Groom, it seemed, was a rigid adherent of the British

1. One particularly Australian innovation strangely befits a nation of gamblers: the patent of the first totalisator designed to calculate payouts on horse races was registered in 1930.
A promising start: 1932–1935

tradition of a neutral speaker. At the subsequent election in October 1929 the Bruce–Page government was defeated, with Bruce suffering the further ignominy of losing his own seat (the only prime minister to do so until John Howard’s defeat in 2007).

Labor’s victory was somewhat pyrrhic, as the new prime minister, James Scullin, was to find. Policy debates about how to tackle the economic crisis were firmly rooted in theories emanating out of the previous century. Attention turned to Australia’s small population, and the need to increase it in order to deal with the economic threat presented by its limited domestic market. Yet, throughout the discussions, adherence to the White Australian Policy remained unquestioned. It was unthinkable that new immigrants would be anything but white and culturally British. Australians, it seemed, were residents of two lands – one which they physically inhabited, and another, known colloquially as ‘the mother country’, with which they shared an unbreakable emotional connection and economic interdependence.

By May 1927 – and coinciding with the opening of the newly constructed federal parliament building in Canberra – it had become obvious that a financial and economic crisis of unparalleled consequence was imminent. Australian banks imposed a credit squeeze as personal savings stalled. The federal government began the job of renegotiating the federal–state relationship as state borrowing arrangements came increasingly under scrutiny, and unemployment started to grow at an alarming rate.

The economic debates at the time held immense fascination for Fadden, and he was increasingly worried about the threat of socialism. His 1930s scrapbook illustrates his diverse interests in the issues of the day. This scrapbook is not merely a record of his own speeches and events of personal significance, but also provides evidence of his eclectic pursuits. For instance, it contains cuttings about racing (the Australian Depression racehorse Phar Lap rates more than one column); while other articles feature stories on the financial measures being undertaken by governments. Internationally, news of Russia and critiques of communism also feature.

2. Groom and his father had held the Queensland seat of Darling Down since federation – a seat years later represented by Arthur William Fadden.

3. In 1927 unemployment in Queensland was 5.9%; in 1928 this had risen to 7%. By 1931 the official unemployment rate in Queensland was recorded at 17.5% (QPD 1932, vol.161, p.39).
Picking sides in Queensland

In Queensland during the early twentieth century the conservative political groupings were fragmented and disunited. At successive elections the Labor Party trounced its conservative rivals, benefiting from their instability. A break in Labor’s stranglehold came when Arthur Moore’s CPNP won government for the conservatives in 1929.

In the lead-up to this election, Moore had been one of a group of individuals busily attempting to unify the right. Forging a unified conservative response to Labor was challenging, with dissidents on the conservative side of politics and hostile critics in the press. The Brisbane Courier in particular was stingingly critical (Costar 1978, p.379). But the quest for conservative unity continued, and so it was under the banner of the CPNP that, aged thirty-seven, Arthur Fadden ‘was persuaded’ to contest the north Queensland sugar seat of Kennedy in the 1932 state election (Fadden 1969, p.30).

Arthur Moore’s political stance had struck a chord with Fadden, judging by the campaign speeches and press pronouncements delivered during his 1932 election campaign. Moore was described by Fadden (1969, p.36) as ‘a good and trusting man’ – who also seemed to possess the degree of pragmatism needed by a political leader, as can be seen in the compromises he made during the amalgamation debates (Costar 1978, pp.378–81). Perhaps Fadden learnt the power of compromise and consensus from these formative years in politics. Here he observed that disunity and fragmentation can only benefit one’s political enemies – a lesson to be stored away for future reference.

Fundamental to both Moore’s and Fadden’s political philosophy was their faith in the role, importance and capacity of markets. Both men stressed the importance of private enterprise and the entrepreneurial spirit. Both were also quick to laud the primary producer as the underpinner of the wealth of the nation.

They were less supportive of the role of government. For instance, Moore stated in 1932 that ‘we think that the building of a nation can best be achieved by the encouragement

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4. There had been various attempts to unite the conservative groupings. For example, in January 1923 a conference was held at Rockhampton to form the Queensland United Party, a combination of the Nationalist Party and the Country Party. Finally, in 1925 the Country Parliamentary Party and the United Parliamentary Party joined forces to become the CPNP, with Arthur Moore as leader (Costar 1978).
of individual enterprise and reducing governmental interference to a minimum’ (Costar 1978, p.385).

A similar view was articulated by Fadden after the election when he told parliament:

> We know very well that Governments do not pay wages – that production, and production alone, pays wages. Queensland is dependent upon the primary producers of this State; and, in turn, the production of this State is dependent upon the open free markets of the world for the where withal to carry on the functions of this business within this fair State (QPD 1932, vol.161, p.134).

From the start of his political career, Fadden liked to think of himself as the guardian of the farmer, the defender of the market and the opponent of socialism.

Having once decided to contest the 1932 state election in the seat of Kennedy, Fadden’s commitment to politics was absolute and serious. He invested his time and his own money campaigning throughout the electorate, meeting and greeting as many locals as possible. Early campaign advertisements show Fadden focusing attention on the single most important concern of the electorate in 1932 – mass unemployment. The solution he favoured was to encourage more people to settle in the north. Indeed his campaign material asserted, with simple logic, that ‘every man placed on the land is one man off the Labour Market – one man permanently employed’ (North Queensland Register 4 March 1932).

Fadden was not alone in this belief. He knew that studies had been undertaken that viewed the vast unpopulated north as a risk in terms of national defence (Loveday 1977, p.221; Cameron 1998). He had written an account of ‘How north Queensland can place 10,000 settlers on the land’ (Fadden 1932, pp.1–8), articulating in detail his pro-population policy. Although Fadden’s policy sentiments were embedded in economic rather than national security imperatives, he pursued this settlement plan as if it were the panacea for all evils. For example, frequent campaign advertisements appearing in the local press urged voters to ‘roll up, roll up’, and hear Fadden speak about ‘Fadden’s Great Land Scheme’, which was the ‘only way to end the depression.

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5. Somewhat interestingly, however, particularly for a party upholding the primacy of private enterprise, the Moore government during its short tenure acquired the Brisbane meatworks (Fadden 1969, p.32). Queensland’s tradition of agrarian socialism has a long history.
put people on the land’. His press announcements repeated his slogan and promised action:

Every Man placed on the land is one man off the Labour Market – one man permanently employed. Idle land and idle men spell depression. North Queensland has idle land – plenty of it. North Queensland has idle men – plenty of them. Place the idle men on the idle land and there is something doing. Don’t say it can’t be done (Fadden’s 1930s scrapbook).

His tone was encouraging, and at times even hectoring. He felt strongly enough to stress his scheme in his maiden speech in the parliament, when he urged the newly elected Smith Labor government to consider settling people in the north of the state:

We know that the energy, enterprise, and labour of man are the means of capitalising that source. I am very pleased to know that the Government, in their wisdom have adopted a vigorous land settlement scheme for North Queensland. I recognise that we have plenty of idle land, and that we have plenty of idle men; and the marshalling of the two factors should be a big contribution towards the wealth production of the State and the relief of unemployment. There is no part of Australia that lends itself to better possibilities than North Queensland (QPD 1932, vol.161, p.134).

On the campaign trail

In a somewhat quaint and homely advertisement, Fadden’s campaign brochures urged the electors of Townsville to venture out to his meetings rather than go to the movies. He urged them not to:

miss this [public meeting]. It’s money from home … Fadden is not a silent picture – he is a live man … the talkies are mechanical – Fadden is natural … miss the Talkies and hear Fadden (North Queensland Register 4 May 1932).

Perhaps this was local bravado from a young and self-confident novice, but Fadden’s campaign included a schedule of advertisements in the north Queensland papers the Townsville Daily Bulletin and Townsville Star. The ads ran almost every day. Yet he was not solely reliant on print media and public meetings. His 1930s scrapbook news clippings show that he also used radio broadcasts on the local station, 4TO, to bring his messages to the voters. His campaign activity suggests he was both enthusiastic and reasonably well resourced.
During the 1932 election campaign, Fadden threw his wholehearted support behind the conservative financial scheme argued first at the premiers’ conference in January 1931.

The Premiers’ Plan was devised and agreed to following consultation between the federal Labor government of James Scullin, the state Labor governments of New South Wales, Victoria and South Australia, and the state conservative governments of Queensland, Western Australia and Tasmania (Whittington 1969, p.38). In brief, the plan included a reduction of twenty per cent in government expenditure; additional taxation measures; a reduction of bank interest rates and mortgages; and the conversion of the ‘internal debts of the Commonwealth’ (WJ Ferguson, Townville Daily Bulletin, Fadden’s 1930s scrapbook).

In the lead-up to the Queensland state election the then Labor opposition campaigned against the Premiers’ Plan, with their leader, William Forgan Smith, aligning himself with the Lang Plan. This alternative strategy involved borrowing £2.5 million, and was named the ‘Queensland revival loan’. Smith’s reasons for supporting such large borrowings were summarised in his ‘Review of the Premiers Plan’. According to Ferguson, in a Townville Daily Bulletin article entitled ‘Forgan’s review of the Premiers’ Plan’, Smith believed:

>Budgets could not be balanced by merely paring down expenditure, the public policy must be framed in such a manner as to revive industry and give a maximum of employment for the people (Fadden’s 1930s scrapbook).

Going into the election, the major differences between the conservatives and Labor was how they would deal with the financial and employment crisis. In electoral terms, the Moore government’s promise to further belt-tighten and introduce increased working hours for lower wages did little to impress.

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6. Scullin had more than the premiers to contend with. First he had to get agreement from the chairman of the Commonwealth Bank board, the conservative Sir Robert Gibson. Gibson reputedly was not very cooperative, and at times it appeared that he and not Scullin was the country’s elected leader (Whittington 1969, p.35).

7. North Queenslander Bill (WJ) Ferguson was a frequent contributor of articles and letters to the Townsville press during the 1930s. He acted as the Country Party’s north Queensland campaign director.
Fadden aligned himself with Moore and promoted the Premiers’ Plan during his electoral campaigning. In a half-page advertisement in the *Townville Evening Star* newspaper one week before the election, he proclaimed:

> During the last three years, events all over the world have been trending in a certain direction, until to-day, a world crisis has been reached in the affairs of men and nations, which, if not faced with the utmost resources, will inevitably create universal disaster. It was for this reason that the Premier’s Plan of rehabilitation (introduced by Messrs. Scullin and Theodore when in charge of the Federal Labor Government) was evolved and agreed upon by all Governments of the Commonwealth, irrespective of Party. It is obvious that any political party that pretends that it can do the same with the present income of the State and of the Government, as was done with the previous income of each, is committing a fraud of the grossest character upon electors, and is not fitted to be trusted with that power and responsibility so necessary to properly control and guide the destinies of this State of ours (Fadden’s 1930s scrapbook).

Arthur Fadden at thirty-seven, despite being a relative novice at the game of politics, was an informed candidate concerned with the gamut of issues. He showed that he was prepared to back electorally unpopular plans when he considered the policy was important – particularly on the economic front. At a time of mass unemployment and job insecurity, the issue of wages and award conditions was a vital topic. The Smith-led opposition alleged that under the conservative government of Moore, workers had been denied protection. Fadden rebutted the allegation while also supporting what he considered to be a necessary reduction in wages (*North Queensland Register* 13 May 1932). Fadden’s overall political philosophy could be described as rural economic liberalism – something else he had in common with his party leader (Costar 1978, p.384).

Besides his economic arguments, Fadden’s campaign focused on more parochial concerns. Some people in north Queensland had long complained about being ignored, and even mooted the possibility of secession. Fadden insisted that this was not a viable possibility and aligned himself with the federalist cause, warning that:

> Kennedy Electors are dependent entirely upon the goodwill of the other States of the Commonwealth of Australia, not only for the maintenance of the White Australia Policy and the maintenance of the protective policy of the Commonwealth to ensure stabilisation and continuance of the Sugar Industry, but
for loan programme and borrowing, for proper representation of the Sugar, Tobacco and Meat Industries at Ottawa, and for proper participation in the Tariff advantages for Trade with Britain and our Sister Dominions (Townsville Evening Star 4 June 1932, Fadden’s 1930s scrapbook).

While aware of local issues, he showed himself to be well versed in the arguments of the day concerning international and governmental policy and economics. Prior to his election, Fadden had kept tabs on what he considered were unfair statements by Labor. His 1930s scrapbook attests to this, with various articles pointing to what he considered to be Labor ‘lies’ or misrepresentations. He disliked political opportunism – although later he would not be personally averse to engaging in it as an available strategy. However, in these early days before he learnt the lesson of ‘how to play politics hard to win’ (Fadden 1969, p.35), he decried attempts by his opponents to ‘muddy the waters with misleading assertions’, according to J Gibbard who reported Fadden’s remarks to a meeting in Townsville in the Townsville Daily Bulletin (8 May 1932).

One to watch

As the north Queensland campaign director for the Country Party, it was Bill Ferguson’s job to highlight the strengths of all his candidates. He was particularly effusive in relation to Fadden, however, writing of his

magnetic personality, financial genius and undoubted honesty [which] will be the deciding factor that will win, not only his own seat, but swing a lot of votes to candidates all over North Queensland (Fadden’s 1930s scrapbook).

Other accounts also support the contention that Fadden performed well in the campaign. For example, Austin Donnelly from the Daily Bulletin office in Townsville wrote that ‘Fadden had a splendid meeting … tonight. The audience listened attentively and cheered him at the finish’ (North Queensland Register 10 May 1932). In the cut and thrust of a grassroots campaign, Fadden was a confident performer.

One of the emergent themes in Fadden’s political career was the value he placed on loyalty and friendship. That he was a man who placed great stock in mateship and his commitment to friends can be seen early in his political life – in fact it was apparent even before he was elected to state parliament. Adjoining the electorate of Kennedy was
the electorate of Mundingburra. After some negotiations the CPNP endorsed William Overend Garbutt as their official candidate (Hughes & Graham 1974b). The son of the local butcher, Garbutt was a sportsman of some repute in the north of the state, and it may have been in this arena that he and Fadden first met. In terms of politics Garbutt was even more of a novice than Fadden. According to his campaign director, Fadden was a huge source of support for Garbutt and had promised him ‘every assistance in his campaign’ (Fadden’s 1930s scrapbook). Speaking in support of Garbutt at Giru on 31 May 1932, Fadden expressed his pleasure at assisting this ‘young Queenslander, of a family who had done a good deal in the development of North Queensland’ (Donnelly 1932). The fact that a first-time candidate would be prepared to spend time outside his own electorate to campaign for a fellow candidate indicates his commitment to his colleagues.

His commitment to Garbutt was all the more noteworthy since his own entry into state politics was far from certain. Previous election results indicate that Fadden was by no means assured of winning the seat of Kennedy – and in fact in 1932 he won by a handful of votes. On election day, 11 June 1932, Fadden stood against Mr P Hayes, the ALP’s candidate, and defeated him by a mere 62 votes (Hughes & Graham 1974b).

The election resulted in Labor returning to the government benches under their new leader, William Forgan Smith. The ALP had regained dominance over the Queensland political landscape, a position it would retain for twenty-five years. Fadden was the exception to Labor’s takeover. He bucked the trend and was the only conservative to win a seat usually regarded as safe Labor territory. Perhaps this early success was one reason why his colleagues, opponents and the media alike pegged him as one to watch. Certainly over the next few years he had reputedly been selected as a likely future leader (Courier Mail 23 April 1973).

8. The electorate of Kennedy had been held by the Labor government since 1888. It reverted to the ALP following a redistribution in 1935 that effectively guaranteed that it would remain a safe Labor seat (Parliamentary Handbook).
In the Queensland parliament

Fadden joined illustrious company when he took his seat for the twenty-sixth session of the Queensland parliament. Vincent Edward Gair and Frank Nicklin (both subsequent premiers) also made their parliamentary debut that year. Each of the three men would leave his mark on the Australian polity. But in these early days they were new faces, with much to learn, notwithstanding the fact that Fadden was, at the time of entering the state parliament, still a serving member of the Townsville city council (QPD 1932, vol.161, p.1871).

In an adversarial political system, early debates in the parliament centred on critiques of the former government. The new Labor administration was keen to score points and seemed to enjoy reminding the Moore opposition and the Queensland public about the conservatives’ inability to ameliorate the cash crisis or secure employment opportunities for Queenslanders during its three-year term in office.

Fadden’s maiden speech, delivered on 23 August 1932, began in a similar vein to many others before and since – thanking the speaker and wishing him well. Fadden also let it be known that he considered the premier a deserving adversary, acknowledging his prior acquaintance with the man who would lead Queensland for the next ten years. In his memoirs Fadden (1969, p.35) recalled somewhat poignantly how his earlier friendship with Smith, forged in north Queensland, had little impact on the new premier, whose aim seemed to be ‘to send me into the outer darkness of politics completely’. It appears that Fadden felt somewhat rebuffed and let down. Fadden himself never allowed political differences to mar friendships or prevent due acknowledgment. Later in life he again displayed this quality when he recognised John Curtin as the fairest prime minister he had served with⁹, and when he refused to campaign against an old boxing buddy during his federal parliamentary term.

In his maiden address to state parliament, Fadden stated the obvious: the greatest problems facing Queensland were alleviating ‘unemployment and dealing with issues of price restoration and currency reform’. He implored fellow members of parliament to

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⁹. What Menzies thought of this particular admission of Fadden’s is open to speculation..
stop carrying ‘on the electioneering propaganda that should have been forgotten on 11th June last – the defeat of the Moore Government’. This was greeted with cheers of ‘hear hear’ from his own side of the House and with little demur from Labor (QPD 1932, vol.161, p.133). The election was over. Fadden’s clear view was that the House should get down to business. The value he placed on cooperation can be gleaned by the comments he made during this first parliamentary speech:

It appears to me, as one who has come in here with an open mind, with a conscientious desire to do the best possible for those who sent me here, and to contribute my quota of co-operation to a Government who will have a very hard row indeed to hoe, that it is the duty of all parties in this House to merge their best efforts in consultation and action, for out of consultation there arises co-operation; and out of co-operation may be created that understanding that should bring about accommodation in the interests of solving our great problems, particularly putting men back into profitable work and into wealth producing capacity for the revival and rehabilitation of industry (QPD 1932, vol.161, p.133).

Fadden greatly valued cooperation; this was a recognised trait of his later leadership style according to those who worked alongside him (J Killen, pers.comm., 6 June 2001; H Craig, pers.comm., 18 February 2003). However, as well as urging a more conciliatory approach to politics, Fadden’s maiden speech was devoted to his constituents – most noteworthy, the ‘deserving’ sugar growers. His knowledge of the industry and its problems was informed by his work in the Pleystowe mill in Mackay, and his past association with the owners and operators of the sugar mills of the north. Fadden maintained an ongoing interest in the sugar industry throughout his life. In his maiden speech, he referred to sugar producers as having suffered ‘the most modern and local application of the disregard of the welfare of the man on the land by the city-dwelling community’, and he stated that the sugar industry had long been the ‘football of politics’ (QPD 1932, vol.161, p.135), a theme he would return to.10

In his speech Fadden presented a history of the various agreements that had been signed on behalf of the sugar industry, and the numerous policy backflips that had occurred. When his time expired Owen Daniel, the conservative member for Keppel, asked that it

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be extended, and was greeted with cheers of ‘hear, hear’ from the floor of the House.11 Although not a natural orator, Fadden was able to craft a logical and factual speech which expressed his passion for this industry. Media reports of the day – perhaps unused to maiden speeches of quality – highlighted his speech as ‘exceptional’, and well received by those who heard it. The Brisbane Courier (25 August 1932, p.12) spoke of a ‘brilliant debut’, noting that Fadden’s ‘maiden effort was the most brilliant speech that has been heard since the days when [a former member] … held members chained to their seats’. Lack (1962, p.625) subsequently noted that Fadden had

made quite a profound impression pleading with a brisk, breezy eloquence the cause of the sugar industry as a national bulwark for the Commonwealth and a front-line garrison for the empty north.

Considering the fact that in later years delivering speeches in the federal parliament was reputedly not among his favourite parliamentary activities (H Henderson, pers.comm., 20 February 2003; H Craig, pers.comm., 18 February 2003), Fadden seemed to have excelled in the state House. He was better educated than most of his assembly colleagues; and Lack (1962, p.625) considered his performance noteworthy:

Veterans on both sides of the House … were prepared to listen to him with the indulgence usually reserved for political neophytes … [He] impressed with his grasp of his subject and his succinct delivery, and when he sat down many members on both sides of the House rushed forward to offer him their congratulations. But it was as a financial critic that he made his greatest impact upon the House. He speedily became a front bench debater for the Opposition, and the many occasions on which he crossed swords with the Premier–Treasurer, Mr. W. Forgan Smith, provided oratorical duels of a high order.

During his three years in the Queensland parliament, Fadden was a thoughtful and well prepared contributor. In his third speech in parliament he gave a ‘brilliant’ critique of Smith’s first budget. Turning to the world’s fiscal situation during the debate on 6 October 1932, he bemoaned the fact that in the week since the budget had been handed down he had come to realise that the tables in the statement were ‘very complicated and very difficult for the ordinary layman to follow’. This situation was made worse, he

11. This was unusual. For example, several other maiden speeches were made that day, but no extension was granted following time expiring.
claimed, by the fact that comments from the auditor-general were ‘absent’. Asserting that people were beginning to become attuned to the fact that ‘finance is government, and government is finance’, he stated:

There is one outstanding feature which a study of the Financial Statement has revealed to me; and that is the necessity for a very radical reform in the control of the public finances of this State. The unsatisfactory presentation of the accounts and the accompanying data could be fittingly described as an accountancy enigma. They cloud the issue and conceal the information which they purport to convey … they lack essential details, and particularly they lack the advantage of the Auditor-General’s comments which are so essential as a guide to expenditure (QPD 1932, vol.211, p.726).

Asserting that the ‘Trust Account had been used as a method of manipulation of the finances’, and that for years ‘the deficits of the state had been grossly understated’, Fadden caused the government some consternation (Lack 1962, p.129). During his ‘searching dissection’ of the financial statement he urged the premier to appoint a ‘non-party Public Accounts Committee’ that could ‘make candid comments and fearless recommendations in the interests of the State … and in the interests of the nation’ (Brisbane Courier 7 October 1932). This was a significant proposal, given Queensland’s later political conflicts over parliamentary accountability and a parliamentary accounts committee, and the fact that the commonwealth public accountants committee had just been abolished in 1931 as an economy measure.

Needless to say his proposal was not adopted. Queensland would not get a public accounts committee for decades to come.

Fadden spoke to the budget again in 1933. As in 1932 his performance attracted favourable attention, with press reports noting that he led the opposition’s attack (Courier-Mail 11 October 1933).

By his second year in parliament Fadden’s profile was on the rise, thanks in part to articles he contributed on finance that were published in the Courier-Mail (Fadden’s 1930s scrapbook). His speeches were typically laden with figures and statistics, which made them difficult for many members to wade through. As a result, government members were ill equipped to find fault with his interrogation of the budget; so they
resigned themselves instead to criticism of the Moore government’s record, a record that could not tarnish Fadden personally. Labor ministers would occasionally remind Fadden that the conservatives in power did not adhere to the principles he advocated, as Labor’s Jim Larcombe noted, saying that ‘unfortunately for the argument of the hon. member for Kennedy, the precepts and teachings that he enunciated were never practised by his own party’ (QPD 1933, vol.163, p.706).

In many of his speeches Fadden seemed preoccupied with transparency and accountability in how taxpayers’ money was spent. In particular, he complained about the manipulation of trust funds during the debate on the 1932 Main Roads Fund Transfer Approval Bill. With Queensland still in the grip of depression, this bill stemmed from the government’s need to supplement its consolidated revenue account. The main roads commission had excess funds in its kitty, and the legislation allowed the government to take some of its money and spend it in other areas. Fadden complained:

> The matter of trust accounts generally has for some years past brought about a state of camouflage with regard to financial affairs, and it has been the practice carried out by all Governments, which should be discontinued, and discontinued as expeditiously as possible. If we are to have trust accounts, let the position be disclosed fairly and squarely (QPD 1932, vol.240, p.1597).

While Fadden’s argument might have been sound from an accountant’s point of view, his political naivety and inability to grasp the fact that what may be logical was not always politically advantageous was on show during this debate. Still, as an opposition spokesman his points did have some compelling logic to them – which probably made the government squirm. For example, he stated:

> The main roads fund happens to be in credit to the extent of £466,614, and the Treasurer is looking for funds. The question of expedience enters into the position, and, when all is said and done, it is only the aggregate cash position that counts. But there is a definite principle involved in connection with this particular account. This transfer can be stated to be a matter of robbing Peter to pay Paul because consolidated revenue desires the money and a trust account has the essential credit (QPD 1932, vol.240, p.1597).

12. Fadden again spoke of trust funds and how they could be used to camouflage the ‘true position of the state’ in relation to the Railway Superannuation Acts Repeal Bill (QPD 1933, vol.162, p. 302).
Despite his criticism of the government’s fiscal policies, Fadden argued that in this case ‘robbing Peter to pay Paul’ was preferable to increasing the tax burden on industry. But his speech caused the government some consternation over the question of where he had gleaned such detailed information. Although he had been in parliament a relatively short period of time, his gregarious and friendly nature had already started to win him friends. Seemingly aware that some might wonder about his sources, he was quick to add:

I take this opportunity of dispelling any doubt which might exist in the mind of the Treasurer as to any information or assistance I might have obtained from a public servant in connection with the figures or charges I made on that occasion. I trust that my manhood and principles will never depreciate to such an extent as to place any Government employee in an invidious position, or do anything to encourage what might savour of disloyalty to the Government of the day (QPD 1932, vol.240, p.1597).

The secretary for public lands, Percy Pease, responded to Fadden’s claims by saying that they were nothing more than a ‘rehash of a report issued by an audit officer’. Following an interjection of ‘What silly rot!’, Pease replied: ‘Read Hansard and see’. Fadden did not seem concerned and continued with his prepared speech, offering solutions and scoring political points. At the same time he acknowledged that the government was in a difficult position – a position not all of its own making. The debate as reported in Hansard (QPD 1932, vol.240, pp.1598–9) continued:

Mr Fadden: It is very easy to criticise but in these days when Treasurers are looking for money they have to use all the means possible to find it …

We have to consider whether our social services – which are a big factor in maintaining Government expenditure – are not beyond the capacity of the people. We cannot possibly do the same thing to-day with our primary products, which pay all costs, realising only 50 per cent of what they did four or five years ago. It is only common sense that we cannot enjoy the same privileges and conditions that we enjoyed years ago, and we have to cut our cloth according to our means.

The Premier: What would you cut out?

Mr Fadden: … £250,000 agrees exactly with the estimated cost of the introduction of the 44-hour week that is proposed. If that 44-hour week is brought into existence from 1st January next and the cost included in the Estimates that have recently

13. Until 1957 this was the title, originating in colonial times, given to ministers in Queensland.
been presented, £125,000 will be required to provide for the cost of the 44-hour week.

_Mr Speaker:_ Order!

_Mr Fadden:_ The £250,000 is a tax on a special class of people – namely, the motor owners; and it could be obviated by the elimination of the expenditure that I have just touched upon, that expenditure is quite right when the country can afford to have it; but can the country afford to have it at the present time? That is the position we have to meet.

Fadden’s belt-tightening argument did not extend to the man on the land. He suggested that as they most likely owned vehicles for their farm work they had already paid money into the main roads funds, but now would be hit again with increased taxation.

At a later reading of the Main Roads Fund Transfer Approval Bill in 1933, Fadden again turned his attention to the government’s hypocritical position on trust accounts. In what was an emphatic attack on the bill he stated:

The trust accounts of this State are in such a deplorable condition that their designation is absolutely a misnomer. It is a paradox that a Government should introduce legislation compelling people who keep trust accounts to have them regularly audited and properly accounted for, and at the same time should themselves violate all the principles appropriate to the administration of trust accounts. If one studies the position of the trust accounts of this State one is alarmed at the extent to which the position is slipping … at the present time the trust accounts of Queensland are no more than a subdivision of consolidated revenue and expenditure – a partition of the consolidated revenue and expenditure whereby only part of the consolidated revenue activities are evidenced in the consolidated revenue account … They are nothing more than ‘dud’ assets which have been carried over from the reign of the last Labor Government (QP 1933, vol.183, p.579–80).

In 1932 the federal government had changed hands, with the conservative Joseph Lyons defeating Scullin and winning office for the UAP. The most recent agreement relating to sugar, which had been signed between the Moore government in Queensland and the Scullin-led federal government, looked to be in jeopardy. Showing considerable loyalty to the industry, Fadden put his commitment to the Queensland sugar industry before his loyalty to the conservative cause when he spoke in the Sugar Agreement, Commonwealth and Queensland Governments Bill:
We know very well that the Sugar Agreement was entered into; and as Queenslanders we desire that agreement to be carried out in its entirety; but the cold fact remains that the Commonwealth Government, owing to pressure brought to bear by the opponents of the industry – they are varied and many – have decided to amend it. … I trust that all hon. members will make this a non-party matter. It is my intention to do so; and I trust that, in approaching any matters appertaining to the sugar industry, I shall always look at them in a non-party manner … I blame all political parties for a certain definite weakness in connection with the sugar industry (QPD 1932, vol.211, p.328).

When it came to matters of taxation Fadden’s natural predisposition was to cut services rather than impose higher taxes.

Reducing the numbers of unemployed was another priority. In his first year in the Queensland parliament he argued:

I quite recognise that in opposing the imposition of taxation we are taking a popular course. Taxation in Australia has grown about as popular as Ned Kelly was … and in order to oppose and to criticise taxation measures, one should at least be as constructive and as fair as possible. It must be recognised that, in order to carry out governmental functions and provide social services, funds are necessary, and those funds must be derived from taxation. It all comes down to the definition of ‘governmental activities’. I think we must recognise that the social services and governmental activities in Australia, and in Queensland in particular are beyond the capacity of the people to bear (QPD 1932, vol.212, p.153).

During his time in the state House Fadden grew more confident. Slowly he broadened the topics he would speak to. His contribution in debates indicated that he kept up with world events and was a thoughtful observer of international politics. During the address in reply on 23 August 1933, for example, he spoke about the role governments play in the world of business:

Government today is a business; it is a business more than it ever was; an international business undertaking, and politics must become subservient to that aspect of government (QPD 1933, vol.163, p.125).

Referring to the recent economic conferences held in Geneva (international) and Ottawa (imperial), he argued that they failed primarily because of an ‘inherent weakness’ which he characterised as ‘selfishness and intolerance’. He argued that if the nations that participated in these summits had taken a broader rather than a parochial view, real
solutions to the world’s economic dilemmas might have been uncovered. Australia and Queensland he said must look to the world and its markets – for that was where the commodities produced would compete for sales.

Throughout his speech, he determinedly emphasised that he was no advocate of government control. His view seemed to be that governments should provide initial help to industry and then be ready to hand over the established industry to private interests:

I do not desire to be misunderstood, or wish it to be thought that I am advocating Government control. I am not. I am advocating Government aid and Government guidance. I am advocating that the Government should bring about conditions in order to establish and help industry, that they should place that industry on its feet, and then hand it over, as is done in Italy and Japan, to private enterprise … If private industry is given its chance, and if taxation and restrictions generally are reduced, and if class-hatred is eliminated and a better feeling of sincerity, cooperation and good-will are brought about, all sections of the community will benefit. In the great war between capitalism and communism producers and consumers must alike be sacrificed. The hope of the world lies in the internationalisation of co-operative effort wisely aided and directed by governmental assistance and guidance, thus securing to the producers – agricultural and industrial – a just reward for their labour, and to consumers a reasonable price for the commodities that they require (QPD 1933, vol.163, p.126).

In 1934, Fadden’s talents were rewarded when he was appointed to lead the opposition in the supply debates. In an era before shadow portfolios were officially recognised this decision effectively made Fadden the opposition’s shadow treasurer and ranked second only to the opposition leader (Fadden 1968, p.36).

Premier Smith employed an unprecedented tactic to upset the rookie. Usually the budget reply speech was scheduled to occur a week after the budget was handed down, which allowed time for preparation. On this occasion Smith announced at the end of his financial statement that ‘the debate would resume tomorrow’. Seeking clarification, Moore was told ‘tomorra means tomorra’ (Fadden 1969, p.36). The time to respond was cut so short as to make a properly prepared response all but impossible. Fadden had to make the best of a bad situation; and in his memoirs he recalls sitting up all night preparing a speech without any research or administrative assistance (Fadden 1969,
Arthur Fadden: a political silhouette

His success the next day can be judged by the comments from the speaker immediately following his speech:

The hon. member for Kennedy has given us a mass of figures, very interesting, showing great research, long study, and patient application. His speech was a very valuable contribution to the debate (QPD 1934, vol.165, p.335).

Arthur Fadden was creating waves. To deal with this the government commenced an electoral redistribution that incidentally would remove political enemies – a standard response for Queensland governments until the establishment of an independent electoral commission on the recommendations of Tony Fitzgerald QC in the late 1980s (Fitzgerald 1989, pp.143–5). It is an indication of the impact Fadden had made during his one term in the Queensland parliament, and the perceived value he might come to have for conservatives politics, that the 1935 redistribution made it unlikely he would retain his seat. The CPNP endorsed him for the neighbouring seat of Mirani on the retirement of the sitting member Edward Swayne. But the seat-swapping proved futile, and Fadden lost the next election. His own memoirs suggest a conspiracy of sorts, claiming that Smith began a public works program in Mirani, not long after he was endorsed, that attracted a large number of itinerant workers (usually Labor supporters) in the lead-up to polling day (Fadden 1969, p.37).

**A promising start cut short**

In state politics Fadden rapidly established himself as a political force to be reckoned with. Ideologically conservative, his policy strategies were firmly based around economic affordability. In that respect he was an accountant in both name and nature. Yet there was much more to Fadden than a capacity to balance the books. He was a loyal and effective advocate for the sugar industry and north Queensland; a diligent local member; a forceful debater; a respected member of his parliamentary party; and a tireless worker during his time in state parliament.

Arthur Fadden sprang from the relative obscurity of local politics and quickly made his name in the state House. He was better educated, more dynamic and more articulate than many of his contemporaries in the Queensland parliament. He was someone who
was taken seriously, and was clearly on top of his game. But his time in the state House was too short to allow a thorough evaluation of whether the cooperation, consensus and consideration of the broader issues that he advocated would be applied in practice.

As fate would have it, he would have plenty of time to apply these principles on the bigger stage of the federal parliament.
4

A novice in Canberra
1936–1939

In the Federal House today there is probably not his superior, while it is certain that there are few his equal. He will add lustre to the Federal Country Party (Australian Country Party, Our Queensland letter, 1 January 1937).

Arthur Fadden’s decision to enter the federal arena seemed spontaneous and risky. After losing his Queensland state seat in the election of 1935, he was at first content to return to his accountancy business in Brisbane. In 1932 he and his wife had purchased a house in the Brisbane suburb of Toowong, and Fadden leased rooms in the Bank of New South Wales Chambers at Queen and George Streets in the city (Toowoomba Chronicle & Darling Downs Gazette 4 December 1936). Yet the political bug, later referred to as his ‘love’, had taken hold; and so it was not surprising to his party colleagues when he accepted the invitation to contest the seat of Darling Downs for the Country Party.

Darling Downs was a seat in which Fadden as a north Queenslander had no natural associations; a seat that, until the recent death of Littleton Groom, had been regarded as the electoral territory of the UAP. Robert Menzies asserted his belief that the electorate would remain firmly under UAP ‘ownership’ when he visited it in November 1936. Darling Downs, he said, had always ‘stood faithfully to the politics, policy and outlook of Nationalism, and it was not likely to stir from that path in the bye-election issue of December 19’ (Toowoomba Chronicle & Darling Downs Gazette 25 November 1936, pp.1,12).

1. The first lease sighted by the author was dated 22 June 1934 and was for rooms 3 and 4 on the 3rd floor, at £120 per annum. Whether his accountancy business expanded, or he simply changed rooms, I have not been able to ascertain for certain, but in 1940 he leased room 2 on the 5th floor for £52 per annum. The last lease document sighted was signed in 1941 and was for room 2 on the 3rd floor. The rental was £78 per annum (Fadden’s personal papers).

2. ‘My old love, politics’ is how Fadden referred to the occupation in which he had spent over thirty years, in a letter to Ulrich Ellis dated 17 March 1971 (NLA: MS 1006,30,9).

3. Darling Downs had been held by the Nationalists for its entire 36 year history, although other conservative independents had contested the seat previously.
While Menzies was talking up a UAP victory, Country Party leaders were vigorously defending their own candidate’s ‘moral right’ to contest the seat. Their argument reflected their political ambitions, at the core of which was their assertion that primary producers, the constituency with which the Country Party was most closely identified, needed more political representation in federal parliament.

**An interloper from the North**

Defending the decision to contest Darling Downs, the Country Party referred to the historical agreement brokered between the Bruce-led UAP government and the Country Party’s Earle Page in 1934 (*Toowoomba Chronicle & Darling Downs Gazette* 25 November 1936, p.12). This agreement was a pact stipulating that there would be no electoral challenges against a sitting member. Country Party interests were quick to point out, however, that they considered the agreement to be voided on a sitting member’s death. Ted Maher, who was the state member for the seat of West Moreton and had recently been the Country Party leader, argued forcefully that Darling Downs was fundamentally a rural seat – and therefore should be in the Country Party’s territory. He appealed to electors to ‘demonstrate their sympathy’ with those engaged in ‘our great primary industries’, and acknowledged that a victory for Fadden would do much to enhance ‘the prestige of the Country Party’ (*Toowoomba Chronicle & Darling Downs Gazette* 25 November 1936, pp.1,12).

A total of five hopeful candidates contested the by-election. Fadden was the only one who did not live in Toowoomba.4

Arthur Fadden was under no illusion that winning the seat would be easy, even though he had established a reputation in the Queensland parliament. He cleverly rejected

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4 The other candidates were: James Annand (UAP), a former mayor of Toowoomba (1924–1930) but currently listed as an auctioneer; Leslie Boyce, a ‘company director’ who ran as a conservative candidate; John Buchanan (Labor), an engineer; and Denis Hannay, an ‘organiser’, who stood as a Douglas Credit candidate (*Toowoomba Chronicle & Darling Downs Gazette* 4 December 36). Hannay’s policy that Australia should print more money rather than borrowing it, arose out of the debates surrounding the inflationary and employment crisis that had spiralled out of control in Australia and around the world during the early 1930s. Annand would go on to win the mayoral contest again in 1933 and become Toowoomba’s longest serving mayor (see Toowoomba Regional Council 2009).
allegations that as an outsider he could not adequately represent the electorate by pointing out that his interests and understandings were broader than those of the other candidates, who all came from Toowoomba:

It has been said, and it is being whispered around the Darling Downs that I am an interloper in this election ... The Country Party and myself are assailed because I am not a man born on the Downs, but who can be called a local man in an electorate as widespread as the Downs? All my opponents belong to Toowoomba. They are local to Toowoomba only ... The Downs demands a man unfettered by parochialism, and I can conscientiously claim to know more about the requirements of Darling Downs producers than any other candidate (‘Political enemies of farmer’, Toowoomba Chronicle & Darling Downs Gazette 5 December 1936, p.4).

No ‘gentlemen’s agreement’ for the Downs

All the same, the Country Party’s decision to run a candidate in the Darling Downs by-election infuriated many in the UAP. After Fadden’s win some in the media were keen to blow the issue up as a conflict of the kind that was later to be very much associated with three-cornered contests, in which conservative candidates competed, often bitterly and vigorously, for the same seats as their coalition colleagues. In Queensland these electoral battles have a long history, and have been frequently viewed as an indication of coalition disharmony (Arklay 2000; Hamill & Reynolds 1983).

Fadden himself was characteristically forthright and unapologetic. He spoke of the ‘gentlemen’s agreement’ between Bruce and Page several years earlier, and stated that the UAP was arrogant and incorrect when it proclaimed that the Country Party had no right to contest the seat. Throughout the campaign Fadden reminded voters that at the previous federal election the UAP had needed Country Party support to govern:

I want you to remember that it is not the UAP that is governing the country … the Country Party, which returned from the election stronger … is playing its part with the UAP in carrying on the affairs of the country (‘Claims of the Country Party’, Toowoomba Chronicle & Darling Downs Gazette 1 December 1936, p.1).

He was right. Since the last general election in 1934 the UAP had not had the numbers in the House of Representatives and had relied on support from the Country Party, who had improved their position relative to the UAP.
At this stage in his career Fadden was much less of a coalitionist than he would later become. During the campaign he went so far as to warn the UAP not to take the Country Party for granted (*Warwick Daily* 5 December 1936). At his campaign launch in Toowoomba, he stated:

I have no excuse to offer and am not ashamed to come before you as a Country Party candidate. I am 100 per cent. and four square in the interests of the Country people. Leave all sob stuff and sympathy out of your reasoning and consider the position as responsible people on a solid, sound, logical and equitable basis. Every man, woman and child in the electorate is responsible to and dependent upon the primary industries to some extent. The Downs electorate is of such a nature that it must necessarily be a Country Party electorate (*Warwick Daily* 5 December 1936).

Queensland, even more in 1936 than today, was a parochial polity. Yet Fadden urged electors to take a broader, Australia-wide view of events and urged them to consider longer term interests. His appeal generated a favourable reaction, with an editorial in the local paper, the *Toowoomba Chronicle and Darling Downs Gazette* (1 December 1936), stating that Fadden’s arguments were ‘logical and … propounded with emphasis’. It referred to Fadden’s reputation, earned during his period in the state House, as a ‘logical speaker’ who had ‘a complete understanding of the subject under discussion’.

Not all the press coverage was so favourable. The *Queensland Times* (2 December 1936) noted by-election discord, and described Fadden’s claim that ‘it was only when the Country Party came into the picture to safeguard the interests of the producers that any suggestion of stability was attained’ in the Bruce-led government as ‘grossly misleading’.

Yet within the UAP there were some conciliatory moves afoot. Richard Casey, the federal treasurer, no doubt concerned about the health of the federal coalition, told radio listeners that the UAP was ‘not fighting the Country Party in the electorate’, and that the ‘opposition of candidates was really a matter of friendly rivalry’ (*Toowoomba Chronicle & Darling Downs Gazette* 17 December 1936). On the whole, personal attacks were kept to a minimum.
Country Party to his boot straps

Fadden was the ideal candidate for the aspiring Country Party. Federal Country Party leaders made much of his qualifications and his record in the state parliament. Campaign literature and newspaper articles noted that he staunchly supported Country Party ideals and values. The party promoted their candidate as a ‘young and energetic’ man who was ‘an excellent debater’ and an ‘unswerving supporter of the principles and ideals of the Country Party’ (*Aubigny Argus* 5 December 1936, Fadden’s 1930s scrapbook). According to local reports Fadden was an expert in taxation, finance and the marketing of primary produce … His natural ability and his qualifications both fitted him for the very great responsibilities of a Federal member, while his experience in finance and marketing would be of great benefit to primary producers, as well as to the Country Party (*Toowoomba Chronicle & Darling Downs Gazette* 25 November 1936, p.12).

For Fadden, the lure of politics must have been immensely powerful. In deciding to stand he was setting aside an increasingly lucrative accountancy business with successful branches in both north Queensland and Brisbane.

In an era when sectarianism, though declining, was nonetheless still a reality (former senior Canberra public servant, pers.comm., 20 February 2003), Fadden probably did not harm his chances of political success when in December 1936 he affiliated with the Brisbane Lodge of Freemasons, establishing another tie to the protestant elite of the state’s south-east region and joining the likes of Earle Page, Robert Menzies and Jack McEwen, prominent conservatives with Masonic connections. Whatever his reasons for becoming a freemason, there was possibly an element of political calculation about it, and of wishing to belong to the ‘group’. Until 1972, many of Australia’s conservative leaders had Masonic connections. The election of the Catholic Joseph Lyons to both the leadership of the UAP and the prime ministership had broken this pattern, but only temporarily (Henderson 2000, p.162).6

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5. For information on politicians who were freemasons see Endtime Ministries n.d.

6. Prime ministers who were Freemasons include Edmund Barton, George Reid and Stanley Bruce; Fadden’s contemporaries Earle Page, Robert Menzies and John McEwen; and, post-Fadden, John Gorton and William McMahon.
Fadden fought the by-election promising ‘sane economic tariffs, a fair deal to rural industries, a sound defence policy’ and, what was a sure vote winner, a ‘reduction of taxation’ (letter to Darling Downs electors, Fadden’s 1930s scrapbook). He funded his electoral campaign out of his own pocket, according to J McDonald, the organising secretary of the Darling Downs Campaign Committee.7

All bets are off

The UAP candidate, Mr James Douglas Annand, had already been mayor of Toowoomba for a number of years and so was well known locally. The Country Party and UAP exchanged preferences, while the ALP directed preferences away from Fadden, giving the UAP its fourth preference vote and Fadden its fifth.

Fadden was an outside chance at best, but he worked the electorate well and built up support among the local media – so much so that on the day before the poll, the Toowoomba Chronicle and Darling Downs Gazette (18 December 1936) declared its support for him:

In Mr. Fadden the electors have the choice of a candidate of exceptional merit. The greatest objection raised is that he was not cradled on the Darling Downs, which is so much ‘political tosh’. There are obvious reasons why he cannot say he will live on the Darling Downs if elected. The points that weigh are that he has lived all his life in Queensland, and has made a success of it. He has intellectual talent of a high degree. He is closely identified with primary industry, which is the lifeblood of the comfort of the Darling Downs electors. No other candidate is able to show greater qualifications, which we believe is a sound reason for asking the electors to support Mr Fadden.

Not long after the polls closed on 19 December 1936, it was clear that the electors agreed with this assessment. Despite his local status, Annand had proved no threat (Queensland Times 18 December 1936).

While the result gave no solace to the struggling Labor Party, it did highlight the marked difference between voters in the country and in Toowoomba, where Fadden

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7. McDonald wrote on Queensland Country Party, Darling Downs Campaign Committee letterhead, in a letter dated 11 December 1935 and addressed to farmers and businessmen of the Darling Downs, that while Fadden ‘pays all his own expenses’, the organisation still needed funds (original letter in Fadden’s scrapbook entitled ‘Complete History of the Darling Downs Bye-Election Campaign’).
scored much lower voter support. It seems the home town advantage may have played a role with Toowoomba electors in their preference for Annand. The local press suggested that ‘the people of Toowoomba do not take kindly to political strangers, of which abundance of proof was provided in the Toowoomba polling booths’ (*Toowoomba Chronicle & Darling Downs Gazette* January 2 1937).\(^8\)

Despite Fadden’s lack of support in the Toowoomba booths, however, the majority of Darling Downs voters responded favourably to the north Queenslander, with the Country Party winning 6741 more votes than their opponents.\(^9\)

Fadden’s victory was well received, and he was warmly welcomed by other federal Country Party members. JA Hunter, then an assistant minister, stated that Queensland’s newest member of federal parliament was

> free and easy to approach [with] a great fund of human understanding and sympathy that enables him to see the other fellow’s case. Above all he is not aggressive, but quiet and unassuming, and pleased to be able to help people. Like myself, he abhors the term ‘politician’ as it has come to be applied … It is to be hoped that personal animosities and jealousies will not prevent his great qualities from being used to the utmost for the good of the nation (‘Correspondence’, *Toowoomba Chronicle & Darling Downs Gazette* 30 December 1936).

It was a ringing endorsement charged with high expectation.

As is customary after an election victory, Fadden received congratulatory telegrams from friends, business associates and former and future political colleagues. He also received thankyou letters from people he had helped in the past, either personally or

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8. The booth tally clearly showed Fadden lagging behind in the Toowoomba booths, while winning overall. Annand received 8725 (first count) votes to Fadden’s 15,235 (Hughes & Graham 1974b, p.183). But in Toowoomba and East Toowoomba Fadden received 753 votes to Annand’s 1871. In both these booths Labor’s Buchanan outscored both conservative candidates, receiving 3425 and 2214 votes respectively (*Toowoomba Chronicle & Darling Downs Gazette* 21 December 1936). The other booths were located in Allora, Clifton, Crow’s Nest, Esk, Gatton, Greenmount, Helidon, Highfields, Ipswich North, Killarney, Laidley, Leyburn, Marburg, Oakey, Rosewood, Warwick and Yarraman.

9. In the final analysis after preferences Fadden received 57.32% support (26,380 votes) to Buchanan’s 42.68% (19,639 votes). Boyce (conservative) received only 17.82% support after preferences had been distributed to him, while the Douglas Credit candidate forfeited his deposit. Hannay was later to say of Fadden that ‘it had been a delight and a pleasure to be associated with gentlemen of the calibre of the winner’ (see Hughes & Graham 1974b, p.183; *Toowoomba Chronicle & Darling Downs Gazette* 31 December 1936).
through his role as trustee for the JS Love estate.\footnote{The late JS Love, a north Queensland identity, appointed Fadden as executor. In this role Fadden administered and controlled five cattle stations, as well as other businesses around Queensland.} One letter was particularly direct. Written two days before Christmas 1936, it began with the familiar ‘Dear Artie’ and then proceeded: ‘Could you possibly extend to me a small favour by the loan of £5 which at the present time I need rather urgently’. The writer goes on to offer condolences for Fadden’s recent loss of his brother, who had died a short time before (Fadden’s personal papers).

Whether Fadden was in the habit of lending money to friends and acquaintances is not proven, although Austin Donnelly (pers.comm., 17 May 2006), who worked as an articled clerk in Fadden’s Townsville office in 1938, remembered that Fadden used to organise loans and charge ‘procuration fees’ before this was made illegal. According to his grandson, Arthur Fadden jr (pers.comm., 16 April 2002), he was a strong advocate for saving, paid cash for personal items and did not believe in credit.

Other letters indicate that Fadden had established networks throughout Queensland. For example, correspondence dated 24 December 1936 from one JM Campbell of the Taxpayers’ Association, AMP chambers, Brisbane, offered his association’s help to Fadden. While the writer made clear that this offer was like ‘carrying coal to Newcastle’, it also stressed that the Taxpayers Association would be always willing to assist Fadden (Fadden’s personal papers).\footnote{Among the telegrams Fadden received were many from business associates, including Queensland Quicksilver (National Insurance Chambers, Brisbane), of which Fadden was a director. And Edith Charge, of Townsville, wrote on 7 January 1937 to thank him for his work as trustee of the JS Love Estate, mentioning the 25 guineas on Christmas Eve which ‘will enable us to carry on the good work for the coming year’; and to also ‘thank you for your support for “the Bush Book Club”’ (Fadden’s personal papers).}

### Jockeying for position

Fadden’s victory increased the number of Country Party members in federal parliament, and started a new set of rumours that this would increase tensions between the coalition partners. There was speculation in the press about how long the Country Party would remain content to be the junior party.
In 1919 the Country Party had emerged as a new player in federal politics. At the 1922 federal election it had risen from obscurity, winning fourteen seats and robbing the Nationalists (headed then by Billy Hughes) of government in their own right.

Earle Page, the Country Party leader, had extracted a heavy price for his cooperation. Doggedly refusing to work with Hughes, he had sought and achieved Hughes’ resignation. Stanley Bruce had been duly sworn in as prime minister, and he and Page had begun to build a workable coalition government. Page had been able to win many concessions from the Nationalists in return for his party’s support – including the naming of the government the Bruce–Page government. Page himself had become second in the ministry, and the Country Party had taken five of the eleven cabinet positions, including those of treasurer and postmaster-general (see Graham 1961, p.76).

Not long after, in January 1924, the electoral pact on three-cornered contests had been negotiated between Page and Bruce (Graham 1961, p.79).

But the relationship between the Country Party and the Nationalist Party’s successor, the UAP, was not always easy. Over the years that followed, the Country Party was in and out of the government. After UAP prime minister Joe Lyons died in 1939 his successor, Robert Menzies, initially refused to countenance the Country Party in his cabinet. Political realities and the replacement of Page with Archie Cameron in 1940 (see page 95) eventually provided the right environment for Menzies to take the Country Party back.

With Fadden’s election, speculation mounted that the Country Party could demand another place in cabinet. At the time the party held four cabinet posts, but only two were ministers with portfolios (see Martin 1993, p.224). Finally the speculation died down with an acknowledgment in the press that in all likelihood the party would not demand another place until after the next federal election. The need for stability and cohesion was no doubt the deciding factor in the decision not to push for more cabinet positions.

Still, the Country Party was buoyed by its recent electoral success. Referring to Fadden, its in-house journal was quite self-congratulatory at its ability:
A novice in Canberra: 1936–1939

[to attract] to its ranks a man with such attainments … In the Federal House today there is probably not his superior, while it is certain that there are few his equal. He will add lustre to the Federal Country Party (Australian Country Party, *Our Queensland letter*, 1 January 1937, p.12).

In his memoirs, Fadden (1969, p.40) recalled how the parliamentary atmosphere in his first term was dominated by two issues. On the international stage, there was growing concern over rising tensions in the northern hemisphere as Germany grew increasingly warlike. On the domestic front, frustration was building as the Lyons–Page government failed to pass its National Insurance Bill.

A side issue that caused domestic conflict was the decision to export iron ore to Japan. Waterside workers at South Australia’s Port Kembla refused to load ships bound for Japan on political grounds. Menzies, as the attorney-general, argued against any notion that unions should dictate policy, and threatened to implement the Transport Workers’ Act of 1929, which would enable the government to employ strikebreakers through a selective process of issuing licences to new workers prepared to work in accordance with government policy.

Arthur Fadden’s entry into the federal parliament coincided with increasing expectations of what governments should and could do to alleviate many social problems. In the post-Depression era governments began to reconsider actions taken during the harsh Depression years. John Maynard Keynes published his *General theory of employment, interest and money* in 1936. However, it was not until a decade later that his theories were put into practice in Australia – influenced greatly by a new generation of public servants, particularly those with backgrounds in economics, who believed that Keynes provided answers to the emerging problems of unemployment and economic instability that had engulfed nations during the 1930s (Groenewegen & McFarlane 1990; Copland & Barback 1957).

**First speech**

Fadden’s maiden speech in the federal parliament was delivered on 17 June 1937. In it he touched on a range of issues that confronted Australians, beginning with, but not confined to, his own constituency. One theme was the effect the current drought was
having on farmers in his electorate. He urged governments to consider alternative energy sources, including ‘power alcohol’ that could be produced from many crops grown in Australia – including sugar. He urged governments, state and federal, to look beyond state boundaries and other ‘artificially created limitations’ to assist Australians wherever the need arose – the emphasis being on the assistance needed by Queensland farmers following drought and depression. True to his party affiliations, he suggested the Loan (Farmers’ Debt Adjustment) Act be extended so as to ‘grant relief expeditiously’ (CPD 1937, vol.153, p.36).

The speech also had an international perspective, highlighting the importance of defence in a world that was increasingly troubled:

Nations are at a cross-roads. One road leads to a much needed peace, whilst the traversing of the other must bring about mistrust, intolerance, misunderstanding, selfishness and war. Which road will be taken depends upon the mental outlook and wisdom of the public men of the world. In this matter every member of this Parliament has a grave responsibility. We should make a united effort to bring about friendly international consultation for the purpose of solving the grave problems that confront us to-day (CPD 1937, vol.153, p.36).

Little realising the role he would have to play only a short time later as Australia faced the imminent start of a world war, he continued: ‘We should be cautious in our decisions, because upon them the final outcome may depend – the making or unmaking of Australia as a nation’ (CPD 1937, vol.153, p.37).

**Out on the hustings**

Over the next ten months Fadden worked hard, and familiarised himself with his constituents’ concerns. He travelled the electorate, sometimes accompanied by his wife, who acted as his driver in these early years before he obtained ministerial rank (Arthur Fadden jr, pers.comm., 16 April 2002). As a general election was due in less than twelve months, the new member of parliament had no time to lose in getting acquainted with his electorate and its constituents. His first federal election was called for 23 October 1937.
At his campaign launch in Warwick Fadden spoke to a packed town hall for almost two hours. For much of this time he was occupied with debunking statements made by his principal opponent, Labor candidate JW Bailey. Bailey, who owned one of Toowoomba’s major department stores, was a well-known local identity; so holding the campaign launch in the more neutral town of Warwick was a shrewd political move on Fadden’s part. He was greeted warmly by an attentive audience. Fadden, who enjoyed campaigning, skilfully shattered Bailey’s argument concerning the Lyons–Page governments’ financial record, citing an international report in the London Times which noted that ‘every trustworthy index of Australian economic life points to a remarkable recovering from the disaster … in 1931. Rather more, indeed, has been gained than lost’ (Warwick Daily News 30 September 1937).

In addition to financial and taxation issues, which made up the bulk of his address, Fadden spoke at length about the Ottawa Agreement\(^\text{12}\) – with which he agreed – and Labor’s proposal for a forty-hour week, with which he clearly disagreed. His major point of concern was how farmers could afford workers if the forty-hour week became a reality.

The federal election of 1937 consolidated Fadden’s hold on the seat of Darling Downs, confirming it as a Country Party electorate.

**Making up the numbers for government**

The return of the government depended on support from the Country Party. Both the UAP and the ALP won twenty-nine seats\(^\text{13}\); the Country Party assured the government’s return, claiming sixteen seats. The Labor Party fared better in the Senate, where they returned sixteen senators compared to the UAP’s total of three.

While Joseph Lyons continued as prime minister, his apparent ill-health fuelled speculation that tension was mounting within the government. Reports in the Murdoch-

\(^{12}\) Negotiated at the Imperial economic conference in Ottawa in 1932, the agreement altered Britain’s tariff policy on food imports and effectively introduced a policy of imperial preference (see Encyclopaedia Britannica 2010).

\(^{13}\) One of the 29 seats was held by an independent UAP candidate.
owned *Melbourne Herald* stoked the fires (Martin 1993, p.244). The premiers’ meeting in October 1938 precipitated a public statement from Menzies calling for strong, ‘inspiring leadership’. His comments were widely interpreted as a veiled criticism of Lyons, despite Menzies’ repeated denials (Lyons 1997). The death of Charles Hawker, member for Wakefield, in a DC2 airliner crash later that month did little to raise the government’s stakes (Whittington 1969, p.70). Policy dilemmas abounded. Cabinet was divided between pro- and anti-conscription camps, and meetings became no less tense following a reshuffle in November 1937. In an attempt to deal with these issues a senior cabinet group of six ministers was constituted, creating an ‘inner cabinet’ for the first time (Martin 1993, p.248). The newly appointed defence minister, Geoffrey Street, quickly set about making his reputation, announcing that an extra £20 million would be spent on defence over the next three years.\(^{14}\) While £5 million would come from consolidated revenue, the government was aware that it would have to go into deficit to fund the remainder.

Street’s proposals were akin to shutting the stable door after the horse had bolted. The opposition had been increasingly critical of the government’s defence policies; Curtin had been particularly concerned with the emphasis placed on sea defence, arguing that more should go into expanded air and improved munition systems (Day 2003, p.210).\(^{15}\) But the obvious need to increase spending on defence more generally placed other proposals in doubt – including the national insurance scheme, a policy plank of the government’s 1937 election campaign on which attorney-general Robert Menzies and treasurer Richard Casey had both placed their imprimatur.

**National health insurance: good policy, bad timing**

The Country Party was never overly enthusiastic about the national insurance scheme. Earle Page as Country Party leader had attempted several times to have rural workers

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\(^{14}\) Included in the policy was the building of two destroyers and twelve torpedo boats, and the construction of a new air force station at Townsville, a dock in Sydney and a naval and air base in Papua New Guinea (Martin 1993, p.249)

\(^{15}\) Defence spending in the years preceding the outbreak of war was low. Hasluck noted that in the year 1927–28 only 1.04% of national income was spent on defence. This dropped even lower in 1932–33 (at the height of the Depression) to 0.61%. By 1936–37 defence spending was still only 1.09% of national income (Day 2003, p.210).
exempted from its provisions, at least in the initial phases. Fadden was more cautious, especially at first, about the ramifications of the legislation, and used parliament to ask questions about different aspects. While he agreed that an insurance scheme was a worthy goal, he seemed anxious not to embrace the legislation too hastily:

A careful study of this bill emphasizes its magnitude, complexity and profound importance. Exhaustive and careful consideration and study is necessary before a bill of this sort, which is to be enduring and workable, can be brought in. Most honourable members believe in the principle of national insurance. I believe that national insurance is not only ethical and desirable, but also possible of achievement. The subject, therefore, resolves itself into a discussion of ways and means rather than of principle or policy, and it is from the mathematical aspect that I approach it (CPD 1938, vol.156, p.1694).

Fadden spoke about other non-contributory schemes already in existence in Australia, and raised the problems created by the federal structure in insuring a quick implementation:

We have been told in the course of this debate, with particular emphasis by the Treasurer (Mr. Casey), that the basic reason for this bill is the guarding of the future against too great a load of non-contributory pensions. The Treasurer stated that the budget expenditure on pensions had increased enormously from 1910 to 1937, but failed to parallel his statement and figures with figures relating to the growth of the productive capacity of the nation and to the growth of taxation to meet the social services. In order to place the matter on a comparable basis, I propose to compare the collections of taxes by the Commonwealth and the State governments in 1915–16 – the first year when the Commonwealth collected income tax – with those collected in 1936–37 (CPD 1938, vol.156, p.1696; and see Saunders 2003, pp.62–84).

Fadden was at ease with the financial aspects of this legislation. He seemed to relish the opportunity to examine its costings, and he was not afraid to disagree with his own government’s policy. He had researched the area of benefits, and was confident of his qualifications to claim that the treasurer’s calculations were inaccurate:

*Mr Fadden:* There is not sufficient justification for anything but a contributory scheme. The degree to which provision must be made for the future is a different matter and I do not altogether agree with the Government’s views. I submit that, as the first essential to the working of a national insurance scheme, there should have been evolved a scheme of unemployment insurance, for two very sound and, I submit, important reasons – first, in order to maintain the maximum amount of
contributions, and secondly, in order to reduce the enormous burden of taxation on industry. When unemployment taxation was introduced in this country in 1930–31, the governments extracted in unemployment relief taxes the amount of £6,316,947. For the year ended the 30th June last, when all the States claimed that they had solved the unemployment problem, irrespective of the Commonwealth grants to the States, we find that it was necessary to extract £11,327,934 from the same purse as supplied the money in 1930–31. In order to make this scheme economically possible, there must be some alleviation of that drain upon the public purse which is the means of employment. I exonerate the Commonwealth Govt for its inability to do as I have suggested.

Mr Rosevear: Why?

Mr Fadden: Because the States would not co-operate. It is obvious why they would not … The Australian States, particularly my own State, have seen in this taxation field an easy source of revenue. They are able to extract from pockets which they otherwise would not be able to touch, money for use on general purposes and not for unemployment relief, for which reason it is claimed to be taken … I do not accord this measure the enthusiastic reception which it has received from many honourable members on this side of the chamber. I can see its possible repercussions and its definite disadvantages (CPD 1938, vol.156, p.1699).

In opposing the non-contributory proposal, Fadden set about ploughing his own furrow. From the start of his federal parliamentary career he had shown an independent spirit, and a preparedness to speak against government policy when he saw the need. Indeed, particularly in the early years, he may have been a thorn in the government’s side. During the Sales Tax Bills (nos 1–9) 1938, for instance, he took the opportunity to ‘protest against an increase not only of the sales tax, but also of any other class of taxation’. On 16 June 1938, he voted with the ALP on an amending clause of the legislation; and on 27 September 1938 he reaffirmed his belief that taxation should be limited:

It is useless to assert that, in the final analysis, the bulk of taxation, direct or indirect, is not paid by the producer and the worker. I do not care whether it be an increased excise duty on beer which is paid by the brewer as the agent for the consumer, or an increased excise duty on tobacco, which is paid by the tobacco companies on behalf of the smokers, or whether it be increased local authority rates, income tax, land tax, sales tax or any other tax; in the final analysis the consumers pay the tax and the bulk of the consumers are the workers and the producers who cannot, in the majority of instances, pass on the tax (CPD 1938, vol.157, p.250).
In the budget debate on 23 November 1938 he once more criticised the government, and spoke again definitively against the national insurance proposals:

I regard this debate as very important because, through the budget, the Government should give a lead to the people of Australia in regard to economic and financial matters. I believe that there are abundant grounds for criticizing the budget. The Government should postpone, if not repeal, the National Health and Pensions Insurance Act, at least until there is some evidence of the recovery of commodity prices, and improved economic conditions … Nothing is gained by disregarding the statistical warnings contained in the publications of the Department of Statistics, which the Commonwealth pays a considerable amount of money to have collected and collated. According to the latest issue of the Statistical Bulletin, export values have declined since 1928–29, from an index base of 92.5, to one of 65.9 on the 13th October, 1938 … These figures should make honourable members sit up and think, and should make the Treasurer (Mr. Casey) realize how unwise it is to load the people of Australia, and the industry of the country in particular, with the cost of that half-baked scheme known as national insurance (CPD 1938, vol.158, p.1930).

Whether Fadden was aware of the likely ramifications or not, the fallout from the Country Party’s repeated assaults on the legislation was considerable. While Fadden defended his stance on the grounds of national security, inside the coalition cracks were deepening. Fadden told the House:

Defence is paramount. Money cannot be refused for the protection of the country and the population against attack by an enemy – and if that had not to be apprehended there would be no need for defence at all. It is invasion that the Government, the Parliament, and the people have to guard against. The heavy expenditure required for this purpose calls for all possible reasonable savings in other directions. It demands that other matters be subordinated to the great emergency of security (CPD 1938, vol.158, pp.1930–1).

Finally the Lyons government announced that it would defer its legislation on the national insurance issue. The Country Party had secured a small victory, but at great cost. The viability of the government was now seriously in doubt. Earlier attempts to appease through modifications by the UAP had seen Robert Menzies, then attorney-general, resign from the ministry in exasperation.16

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16. This exasperation went both ways. Costar (1995, p.94) recalled that Menzies had brought his ‘deeply ingrained distaste of the Country Party to Canberra’, and cited Whitington’s recollection that as a
While Menzies was praised by some colleagues for his actions, his resignation did not immediately jeopardise Lyons’ leadership position. There were a few positive signs, with the economy becoming slightly more buoyant after the announcement that a major contract had been signed between Britain and Australia. Australia was to build and supply to Britain three hundred Bristol Beaufort planes – the start of an embryonic aircraft manufacturing industry.

But Lyons was unable to bask in this for long. During a trip to Sydney he suffered a myocardial infarction, and he died there on April 7 1939 (Martin 1993, pp.264–5; Henderson 2000).

‘A nest of impatient egos’

Fadden had entered the federal arena at a time when there was clear instability within the government conservative parties. The UAP, according to Anne Henderson (2000, p.164) was ‘a nest of impatient egos’, including, but not necessarily confined to, the likes of Casey, Menzies and Bertram Stevens, the then UAP premier of New South Wales. Aware of mounting tensions both within and external to the government, Earle Page, the leader of the Country Party, had apparently written to former prime minister Stanley Bruce offering to resign his seat to make way for Bruce to return to the federal parliament. Bruce, who had led the Nationalist Party until 1929, was at this point the Australian High Commissioner in London. It appears that Bruce may have toyed with the idea of returning to Australia after being told that Lyons had indicated a willingness to resign in his favour, but ultimately did not do so (Martin 1993, p.258).

Tensions did not ease upon Lyons’ death. The resignation of Robert Menzies from the ministry left the UAP without an obvious replacement. Consequently Page, as deputy prime minister, was commissioned to form a government. As he had done in 1922 when

result ‘Cabinet meetings were a farce … Menzies criticised, obstructed, mischievously mocked’ and
‘the Country Party, butt of most of Menzies’ barbed shafts, was furiously impotent’.

17. Stanley Melbourne Bruce might seem a strange choice for the earthy Earle Page. Imperious and decidedly upper class, Bruce had failed during his own time as prime minister to unite Australians, was largely indifferent to social welfare issues, and probably would have been unsympathetic to the small farmer constituency represented by the Country Party (Brett 2000, p.143). Still, he and Page had worked very successfully together before; and in Bruce, Page had found a co-leader who had been willing to negotiate and grant considerable concessions to the Country Party.
he refused to work with Billy Hughes (see page 78), Page issued an ultimatum that reflected his own personal hatreds, saying he would not work with Menzies. He suggested that a national government be formed encompassing all the major parties, and then duly recommissioned Lyons’ old ministry. A few weeks afterwards Menzies became UAP leader and then prime minister; but not before Page had launched a vicious attack on him in the House of Representatives. While alleging that Menzies had been disloyal to Lyons, Page was venomous on the subject of Menzies’ lack of a war record. Having personally experienced such attacks on his character over his lack of wartime service (see page 44), Fadden leapt to Menzies’ defence against his own party leader. Political animosities ran deep.

**A matter of principle**

Before launching his attack on Menzies on 20 April 1939, Page had briefed his party room about his intentions. In that meeting Fadden warned his leader that he could not support him if he proceeded. In his memoirs Fadden (1969, p.42) recalled:

> The House met in an atmosphere of tension and Page spoke with great emotion and deep evidence of his personal affection for Joseph Lyons. He proceeded to express his feelings towards Menzies along the lines to which my three colleagues and I had so strenuously objected. This was a big disappointment to me but my course was plain. I immediately dissociated myself and my colleagues from Page’s attitude and wrote to the party accordingly. By doing this we expelled ourselves from the parliamentary Country Party and attended no further meetings.

While Fadden’s actions lead to his expulsion from the Country Party, Page’s attack on Menzies did little to further his career either. In September, with Menzies now Australia’s prime minister, Page was forced to stand down as leader of the Country Party. His attack had other unintended consequences – it confirmed Menzies long-held hatred for the Country Party, hatred that stemmed from his time in the Victorian legislative council during the 1920s (see Costar 1995, p.94). According to Menzies’ biographer, the most enduring legacy of his two years in the Victorian state parliament was ‘his hardening distrust of the Country Party as a selfish sectional interest’ (Martin 1993, p.105).
Parliament returned on 3 May 1939. It was a brief session that lasted until 17 June (Parliamentary Handbook), during which Menzies introduced some of the legislation that had been framed by the Lyons government (Frame 2005, p.18). He made one last attempt to breathe life into the national insurance issue, but Earle Page, who at that point was still leader of the Country Party, continued his attack on the scheme.

Fadden, now outside the Country Party, could not commit to the scheme either. For him it was more a matter of timing:

> It is very difficult to break new ground in connexion with the National Health and Pensions Insurance Act, because it was discussed in a debate of record length on the second reading of the measure in this Parliament. I am impressed by the perseverance of the Government in again bringing this matter forward, particularly in view of the present economic position of Australia. I have opposed national insurance persistently and consistently, not because I disagree with its ethics, or desirability, but because I consider that, in view of the need for national security, the time is not yet ripe for this idealistic plan of social service (CPD 1939, vol.160, p.1840).

With the medical profession generally offside and the parliament and the nation more generally focused on negotiations for peace in the northern hemisphere, the UAP’s policy was finally abandoned (Martin 1993, p.282).

War was declared on 3 September 1939. On 21 September Archie Cameron, who had just been appointed leader of the Country Party following Page’s enforced resignation, spoke on the government’s Defence Bill (no.2) 1939, which included a clause on conscientious objectors. The government, with the support of the Labor Party, had sufficient numbers in the House to have further exemptions from wartime service included in the bill. Cameron was livid:

> The decision just made will go down in the history of this Parliament as one of the greatest surrenders to threat and to minority dictatorship that has ever been made. During the last period of the session, this Parliament passed a certain law, which included the penalties for which the Government asked … If this be the best that the Government can do during a time of war, if it be the best exhibition of backbone the Government can give, this country is in for a sorry time … An entirely new principle has been introduced into the definition of ‘conscientious objector’. From now on, conscientious objection will not depend on a man holding certain religious beliefs. Any man who goes into a court and says that, under the
rules of the Communist party, of which he is a member, he is a conscientious objector, will be entitled to the benefits of the provision to which the Government has agreed (CPD 1939, vol.161, p.946).

The minister for defence was quick to defend the legislation and the government, saying that Cameron did not appear to be familiar with the Act as it currently stood. McEwen also spoke out against the allegations made by his leader. Arthur Fadden was the last to speak before the bill was read a third time, and he too dissociated himself from Cameron’s remarks, noting:

This bill is the very opportunity to remove … misunderstanding … if the Country Party is sincere in its efforts to bring about unity and national co-operation, it will take this opportunity to do so tonight (CPD 1939, vol.161, p.1693).

When asked if he was a member of the Country Party, Fadden was emphatic:

No, I am not, thank goodness, as it is now constituted and under its present leadership. For the life of me, I cannot understand why, if the then Leader of the Country Party was sincere in his effort to bring about unity, which is the first line of defence, it is that his former followers have strenuously opposed the passing of this measure to-night when they embrace and accept the first real measure of co-operation in the interest of the Australian nation (CPD 1939, vol.161, p.1694).

Fadden was not naturally a renegade. His affinity still remained with the Country Party. Yet in resigning from the Country Party after Page’s attack over a matter of principle, he established himself also as a man who would stand up for his convictions. The fact that three other Country Party members chose to follow Fadden into the wilderness signalled his ability to inspire loyalty. In the Queensland parliament Fadden had stood out for his hard work and well-prepared speeches. As a newcomer in the federal parliament, he had risked his parliamentary career by supporting a relatively untested prime minister.

Even then Fadden had a gut instinct for clever politics. Indeed, as luck would have it, he would soon be embraced by the party he had somewhat reluctantly eschewed.
A lucky break
1939–1941

From backbench to ministerial leather
The artful Mr. Artie Fadden stood precariously balanced between glory as the country’s new prime minister and obscurity on the Opposition benches (Whittington 1941).

Earle Page’s personal attack on Robert Menzies ensured the Country Party’s exclusion from the first Menzies ministry in 1939. Nonetheless, Menzies led a minority government that usually received support from the sixteen Country Party representatives in parliament.¹

With sixteen portfolios to fill, the first Menzies cabinet was the largest to that time in the history of the Australian parliament. And without the Country Party as part of the official government, the UAP needed to fill all its ministerial vacancies from its own ranks. It was in these circumstances that Harold Holt, at that stage still a relative novice, was given his first ministerial portfolio² (see Martin 1993, p.280; Spender 1972, p.25).³

During the recess after parliament rose on June 17, Menzies and several of his ministers travelled around the country in an effort to instil confidence in the government’s wartime preparation, which, according to one war historian, Jeffrey Grey (1990 p.143), had been to this point ‘a necessary measure amateurishly applied’. The government’s strategy was to tie Australian defence to the interests and defence of Britain. Percy Spender’s memoirs (1972, p.19) reflected that until this period Australia had paid little attention to foreign affairs, and its policies were ‘nothing but a pale reflection of whatever had been Britain’s policy from time to time’ (Spender 1972, p.21). In

1. After the 1937 general election the 75 members in the House of Representatives were made up of Labor 29 (including 4 members of Lang’s Non-Communist Labour Party); Country Party 16; UAP 28; other 2.
2. Holt would later be one of the UAP men who supported Fadden’s bid for the prime ministership (Martin 1993, p. 387)
3. Allan Martin (1993, p.280) details the most significant cabinet changes, which included Richard Casey leaving the treasury portfolio to head up a new department of supply and development.
retrospect, it is recognised that such faith in Britain’s capacity to defend Australia placed this country in extreme jeopardy. It is now also recognised that Britain regarded Australia as regretfully expendable (see Day 2003, p.36).

Australian dependence on Great Britain was clearly demonstrated in the internal debates that occurred over the Lend Lease Agreement in 1941. While Australian governments wanted direct access to the United States, the system of ordering supplies and negotiating provisions that was adopted indicated to the rest of the world that Australia was still a colonial outpost.

On 3 September 1939, Germany invaded Poland. Britain therefore declared war on Germany; and Robert Menzies declared that as a result, Australia too was at war. This announcement was made by the prime minister without first consulting parliament or cabinet. Ministers were summoned, and those not in their federal offices began to make their way to Melbourne to begin a period of ‘almost continuous cabinet meetings’ (Martin 1993, p.284). Parliament was recalled and met three days later, on 6 September. The prime minister reiterated Australia’s determination to support Britain, a sentiment that received unanimous and unqualified support from all in the House.

One of the first actions of the recalled parliament was to pass a National Security Act which, said Menzies, gave ‘wide powers of regulation and control in relation to the defence of the Commonwealth and its territories’ (Martin 1993, p.287). This was a major piece of legislation, effectively ensuring that any regulations passed by the parliament could be amended or abrogated by the executive (see National Security Act (Cwealth) 1939–1940, s.18). The executive made most of its decisions without consulting the parliament in the early months of the war. Later, and especially after the 1940 general election, the balance of power changed and the executive was increasingly called to account, leading one journalist to write that ‘an evenly divided House of

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4. The Lend Lease Agreement allowed for the transfer of war supplies, food, machinery and services to nations whose defence was considered vital to the defence of the US in the Second World War. In 1942 reciprocal agreements between the US and Australia, Britain, New Zealand and the Free French were announced, enabling those nations to supply provisions to the US.

5. Bailey (1942, pp.13–14) detailed the comprehension provisions of the National Security Act and concluded that as they were so diverse, it was doubtful how many could be related to the defence of Australia.
Representatives has taken the bit between its teeth’ (Gollan 1941c, p.8). In fact, apart from the National Security Act and the Trading with the Enemy Act, all the wartime legislation could have been achieved through regulations (Bailey 1942, p.12).

On 15 September Australia’s war cabinet, which had been in planning for some time, was constituted, with nine members, including the prime minister, the attorney-general, and the ministers for supply and development, defence, external affairs, and information and commerce (see Horner 1996, p.209). In what was another first, the secretary of the department of defence, Frederick Shedden, also attended the war cabinet (Encel 1956, p.106).

Parliament met infrequently after the initial frantic push to pass the necessary legislation. The lack of a guaranteed government majority in parliament goes some way toward explaining why the executive may have wanted to avoid more frequent sittings. But other reasons could include the sheer weight of wartime responsibility, and the need for ministers to travel between Sydney, Melbourne and Canberra for meetings on wartime administration.

The government continued to push through its legislation, leaving some journalists to comment that some ‘all-nighters’ and even an extra sitting might be needed to cover a ‘programme which would normally occupy at least a fortnight’ (Sydney Morning Herald 31 March 1941, p.8). With the House of Representatives evenly divided, getting legislation through and achieving consensus was a never-ending challenge that had implications for the war effort as the government desperately attempted to implement its agenda (see CPD 1940, vol.166, p.285).

Almost without realizing it, an evenly divided House of Representatives has taken the bit between its teeth. It, not the Government, is in control of the pace of proceedings. There are going to be further happenings to remind the Government that, in this House, back-bench Jack is as good as his Ministerial master,

6. Financial bills were an exception to this due to the restrictions of s.55 of the Commonwealth Constitution.

7. In 1940 the number of members was dropped from 9 to 6 in an attempt to make the cabinet less unwieldy and more able to arrive at rapid decisions (Daily Telegraph 29 October 1940).

8. The House of Representatives met on only 57 days during the 1st year and 41 days during the 2nd year of the war (Bailey 1942, p.12).
A lucky break: 1939–1941

sometimes even his Caucus master. The 30–30 division of last Wednesday night on the War Frauds Bill was from the UAP–UCP angle an unfortunate advertisement, not only to Parliament itself but to pressure groups outside, that the Government simply cannot rely on possessing the numbers to carry anything of which Labor does not approve (Gollan 1941c, p.8).9

Eleven days after war was declared, cabinet decided to raise one division of troops for ‘general war purposes’ (Day 2003, p.21). Valid concerns were expressed that Australia may not be able to mount an adequate defence if attacked. Menzies faced the paradoxical pressure of having to reassure Australians that home defence was a priority while at the same time considering requests to send forces overseas; for Winston Churchill, as the First Lord of the British Admiralty, had plans for Australian troop involvement.10

The outbreak of war was seen by some as an opportunity to reinstate the coalition.11 Earle Page approached Menzies suggesting that a ‘composite government’ be formed. Letters went back and forth over several days. Menzies also negotiated with the Labor Party to ascertain whether it would be willing to participate in a national governing arrangement. After consulting his Labor colleagues John Curtin refused to consider this option, although he pledged his support for the government’s war effort more generally.12 In a letter to Page dated 6 September 1939 Menzies admitted to this failed

9. The 30–30 division occurred during debate on the Defence Bill 1941. Spender (the minister for army), showing a lack of judgment, did not accept an amendment from the opposition, on which the House divided. The government was saved the embarrassment of having the amendment accepted only because 3 ALP members did not take part in the division. Such a failure would have been a further indication of how vulnerable the government was (see Gollan 1941c, p.8).

10. Australian defence would be below par for the entire period of coalition government. Lack of supplies, inadequate numbers of ships and aircraft and a complete reliance on Britain placed Australia in peril. For example, by the end of Fadden’s term as prime minister, Australia’s Empire Training Scheme had 1400 aircraft, none of which was suitable for frontline combat operations. Aircrew received their training in Europe. Australia had less than half the squadrons it expected to have for home defence (32 were planned, 14 were serving in Australia). To make things worse, aviation fuel was in very short supply. For a detailed analysis see Day 2003.

11. John McEwen remembered Page calling him following the announcement that Germany had invaded Poland and saying ‘there will be a coalition by midnight’. McEwen also thought that would be the likely outcome (McEwen 1983, p.21).

12. There was a greater degree of cooperation between the government and the Labor Party during this time. For example, the Labor Party sponsored several bills during 1939 after negotiations with the government. This did not necessarily mean the bills would have passed as Labor introduced them. The minister for defence, Geoffrey Street, when resuming the debate for the Defence Bill (no.2) 1939 stated: ‘This bill standing in the name of the Leader of the Opposition (Mr. Curtin), and introduced by the honorable member for East Sydney (Mr. Ward), is one with which I am substantially in
attempt, saying that while the ALP was ‘willing to support all necessary measures of defence, [it] would prefer not to be tied to the Government by actual participation in the Cabinet’ (NLA: MS 1006,28,3). Menzies reluctantly considered rejoining forces with the Country Party. His reticence was understandable, considering that only days before Country Party organisations from around Australia had met and announced they would vote down the Menzies government. However, before the formal vote was taken, the Melbourne Herald newspaper broke the news that ‘Hitler bombs Warsaw’ (McEwen 1983, p.21). Full-scale war between the UAP and Country Party had been averted once more through external circumstances rather than good management.

Menzies did not embrace the Country Party’s offer of a reformed coalition, expressing reluctance to even consider accepting the Country Party back into his government. His letters to Page indicate that he was hesitant about joining forces with someone who had expressed such ‘grave’ concerns about his personal attributes and capacities. Indeed, he told Page that it was only because of the government’s tenuous hold on power that he would ‘subordinate what are natural but … personal feelings’. Finally, he agreed that should the Country Party decide to ‘make its members available for selection’, he would be prepared to find cabinet positions for them (NLA: MS 1006,28,3). But he would not make way for Earle Page, and wrote accordingly in a letter dated 12 September 1939:

I could have no Minister in the Cabinet whom I had not selected myself … I would not be prepared to make any bargain as to the number I would take, though naturally I would want to promote the fullest co-operation between our parties. The guiding principle I think must be that I should endeavour to get the best possible Cabinet from the UAP and the Country Party, and this seems to me to depend primarily upon an assessment of qualifications of individuals rather than a mathematical calculation of relative Party strengths (NLA: MS 1006,28,3).

Page’s hopes of remaining leader were dashed. In a letter to Menzies dated 8 September 1939 he asked whether another leader of the Country Party might be allowed
to select potential ministers. Menzies’ response, dated 12 September 1939, was unambiguous, insisting that while the Country Party could recommend candidates, he alone would have final selection rights (NLA: MS 1006,28,3). There was noting left for Page but to resign. In a party room meeting, Archie Cameron was elected leader. Arthur Fadden played no role in the process, because at that stage his self-inflicted absence from the federal Country Party still stood.

It was ironic that Fadden did not participate in this ballot. If he had, his career might have had a different trajectory. According to McEwen (1983, p.23) ‘the barred members were all strong supporters of mine and, had they been allowed to vote, I would have won the election’. Instead he lost the ballot by one vote.

Cameron was a strange choice as leader – his appointment was a reflection on the small field of suitable candidates on which the Country Party had to draw. Harold Victor Thorby, a man McEwen (1983, p.130) described as one of ‘Page’s men’, was elected as the party’s deputy leader (CPD 1939, vol.161, p.iv).

Fadden was ambiguous about the Country Party’s choice of leader. After one particularly strident attack by Cameron (CPD 1939, vol.161, p.946) over the issue of introducing a broader definition of ‘conscientious objector’ into the Defence Bill (no.2) 1939 (see page 88), Fadden made it very clear that he had no party connection with the feisty Scotsman:

*I take this opportunity to declare without the slightest degree of reservation that the honourable gentleman is not my leader. Neither is he the leader of the honourable

that a definite Parliamentary majority would perhaps make my own position more secure, but I am not prepared to purchase that security by inviting into a Cabinet which is composed of men who have confidence in and loyalty to me, one who has repeatedly and bitterly (and I assume sincerely) charged me with a want of courage, loyalty and judgment. Surely you must see this yourself. A divided Cabinet could never hope to give Australia the lead and guidance and clear action which are so urgently needed’ (NLA: MS 1006,28,3).

14. Page would be made minister for commerce on 28 October 1940 on the recommendation of Arthur Fadden, and remain in that position until 7 October 1941.

15. McEwen (1983, p.19) stated that Earle Page’s attack on Menzies was supported by Cameron, and furthermore that Cameron supplied Page with some of the material he used in his attack.

16. Cameron’s hold on the leadership would be short-lived. Perkins (1968, p.108) attributes this to sectarianism, stating that ‘Cameron was a Catholic, and as Protestants they ganged up on him’. This seems unlikely considering his initial appointment.

17. The deputy leader in the period leading up to Page’s resignation was Thomas Paterson.
members for Wide Bay (Mr. Corser), Hume (Mr. Collins), or Grey (Mr. Badman). As honourable members know, we were excluded from opportunity to bring about constitutional changes in the leadership of the party … Honourable members will remember that the Leader of the Opposition (Mr. Curtin) met in conference with the Prime Minister … in order to arrive at this measure, which, as has been explained in this discussion, is the result of that conference. The then Leader of the Country party (Sir Earle Page) on the day on which that conference sat sent this telegram to the Prime Minister ‘Best wishes for success of to-morrow’s conference in removing the misunderstanding that might interfere with the satisfactory result of the national register’ (CPD 1939, vol.161, p.952).

Fadden’s reappearance in the chamber after missing the division in which Cameron’s motion was voted down was probably a strategic move by Fadden. If he had supported Cameron’s push to tighten the definition of conscientious objector, which he may have been tempted to do (the bill gave protection to Australian communists), his aspirations to higher office might have been compromised.

Despite reservations about Cameron, sections of the press urged Menzies to invite the Country Party back into government. Arthur Fadden’s was among the names mooted in reports as a likely candidate for a cabinet position (see Reid 1961, p.15). Even at this early stage in his federal parliamentary career, Fadden’s ability to get along with people was reaping dividends. Whether he consciously fostered these relationships is unknown, but his ability in this regard placed him ahead of many of his contemporaries in realising the potential power of good personal relations with the press.

With Menzies’ adversary Earle Page removed from the leadership, Menzies approached Cameron about the possibility of forging a new coalition. But Cameron insisted that the Country Party leader should select its cabinet representatives. Menzies refused, and for a time the chance of a coalition seemed in doubt. The UAP continued to govern alone.

Revenue to fund war expenses was an increasing preoccupation. One proposal was for a tax on gold. While apparently supportive, Cameron still chided the treasurer for his too hasty introduction of the bill legislating the tax (CPD 1939, vol.161, p.698). The Labor Party, and particularly Curtin, its West Australian leader, condemned the policy. Telling parliament that the west has ‘a great body of iron ore, which you would not allow us to sell anywhere’, he stated that other commodities like sugar and base metals which had
increased in price due to the war were being subjected to no additional taxes (CPD 1939, vol.161 p.691). Curtin continued that there was no profiteering from the sale of gold, and increasing the tax on gold would penalise workers and decrease gold production for years. He concluded that his state would be unfairly punished by this tax.18 Claiming undue favouritism for industries close to the government, he concluded: ‘This sort of thing is not done to the sugar industry in Queensland, or the important secondary industries in Melbourne and Sydney’ (CPD 1939, vol.161, p.695).

Two conservative West Australian senators (one UAP and one Country Party) also opposed the bill and crossed the floor to vote against a second reading in the Senate (Reid & Forrest 1989, p.28).19 Fadden had close links to the goldmining industry20, but remained unsympathetic to Curtin’s complaints. It no doubt helped that it was not sugar that was being subjected to increased taxation. Fadden’s contribution to the gold tax debate sounded like an audition for the job of treasurer, although at this stage in his parliamentary career that position would have seemed unattainable. He put government revenue before personal gain. In his speech, he echoed the government’s argument:

The most equitable method [of raising more revenue is] a tax on the increased price of gold, because that increase, having resulted from circumstances to which nobody in Australia has contributed, may be described as a windfall (CPD 1939, vol.161, p.707).

His response to the claim that the government was using the opportunity to introduce a new tax was unflinching:

It is new because gold-mining companies in Australia today are exempt from the federal income tax. Who will say, therefore, that that industry should not be

18. ‘We have the wheat industry, which is unprofitable, and the wool industry, which is doubtfully profitable. We have a great body of iron ore, which you would not allow us to sell anywhere. You would not even give to us a quota of the Australian market for iron ore. What have we left? We have comparatively no secondary industries; they cannot compete with secondary industries in the other States. Here is the one industry which has kept the State going; it has veritably been our spinal column during the last five or six years, and now the Government subjects it to a special levy’ (Curtin, CPD 1939, vol.161, p.695).

19. The UAP senator was Allan MacDonald, the Country Party senator was EB Johnston. Of conservative WA senators, only Herbert Collett (UAP), who was a member of cabinet, voted for the bill.

20. Fadden was a director of the biggest goldmining company in Queensland, Mount Morgan. He had financed prospectors and gougers, and was interested in the recovery of gold from dumps in north Queensland (CPD 1937, vol.161, p.708).
brought into the field of taxation when it stands to benefit immensely by virtue of world conditions? Honourable members of the Labor party have always strongly advocated the taxing of unearned increment. I ask them is not a price of £10 10s. an ounce for gold – a price which nobody in Australia would have dreamed of a month ago – a perfect example of unearned increment? (CPD 1939, vol.161, p.707).

During his statement, Fadden took time to justify why the sugar industry, also turning a profit, should be left alone. He argued that while the rumour mill suggested prices might rise by £10 a ton due to a deal with Britain, ‘there is no parallel between the increase of the price of gold and the increase of the price of sugar’ because the sugar industry was a taxable industry (CPD 1939, vol.161, p.707). During the period in which he was unaffiliated with the Country Party, Fadden spoke infrequently in parliament. However, when he did ask questions or make statements, his input was well thought out, detailed and often approached from the point of view of a cost–benefit rationale.

Meanwhile, the UAP minority government prepared for imminent war. While concerned about the threat posed by Japan, it was slow to act in ways that might foster a better relationship. For example, both Japan and Australia had agreed in principle to the appointment of an Australian ambassador to Tokyo. But the announcement was delayed while Menzies waited on approval from the British Foreign office (Day 2003, pp.20,43). Japan was proving a valuable trading partner. Unfortunately, Australia imported £7.2 million worth of goods from Japan in 1939–40, and exported £6.2 million worth. Australian exports to Japan included consignments of wool, wheat, zinc, iron ore, pig lead, iron and steel scrap. Its imports were far less strategic, including items like raw silk, crockery, ‘fancy goods’ and toys (NAA: A2697, vol.5, cabinet minutes, 27 November 1940).

During 1940 and 1941 Country Party advocacy for primary production persuaded Menzies to defy British demands to stop sales of Australian primary products to Japan (Day 2003, p.43). In a cablegram sent early in 1941 to Stanley Bruce in London Menzies detailed ongoing negotiations between Australia and Japan about the sale of Australian wool. Japan’s consul-general had ordered 300,000 bales in 1940.

21. It would be a profitable decision. Fadden told parliament on 19 November 1941 that the gold tax had returned £1,370,000 to government coffers to that date (CPD 1941, vol.169, p.553).
had agreed, but Britain urged the Australian government to reconsider. In his cable to Bruce Menzies made it clear that this would be an ‘obvious breach of faith and would constitute a serious menace to friendly relations with Japan’. He asked Bruce to reassure London that he had reached an understanding that no Australian wool would be exported by Japan to any country engaged in hostilities against Australia or Britain (Department of Foreign Affairs & Trade 1940). At this stage Australia seemed more concerned with its commercial interests than with Allied strategies. The government still remained hopeful that Japan would remain neutral. Moreover, at this stage in the war domestic concerns took precedence.22

Australia finally appointed Sir John Latham as the first Australian minister to Tokyo in late 1940 (Hasluck 1952, p.525).

Over the following months the government grew increasingly nervous as the garrison in Singapore became more vulnerable. Toward the end of 1940 the government received confirmation that both the United States and India had reviewed their policy on Japanese trade and had decided to stop exports to Japan after it indicated it was sympathetic to the Germans.23

Menzies was desperate for greater clarity on what Britain would do for Australia. To that end he sent Richard Casey24 as his envoy to England for meetings with other commonwealth ministers and key British officials. Casey had dual responsibilities. He was tasked with assuring Britain that Australia would fight overseas, but also with seeking confirmation that Australian defence was of vital importance to Britain, particularly against Japanese aggression. He was reassured. Day (2003, p.28) argues that Casey accepted the British line too easily; he cabled Menzies stating that Britain

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22. The parliamentary debates also indicate that the Country Party was unhappy about the competition for other types of Australian produce. For example, its members made strident attacks on the British decision to import dried fruits from Turkey.

23. The decision on whether to maintain a trade relationship with Japan was reviewed by federal cabinet after Japan announced that it would be willing to aid Germany if needed. Cabinet agreed that if Japan had made its decision on economic grounds only, it would have chosen the side of ‘democracy’. Therefore the decision to support the Axis nations indicated that Japan had already decided to enter the war (NAA: A2697, vol.5, cabinet submission 483, 27 November 1940).

24. Casey was minister for supply and development (1939–1940) before resigning from parliament to become Australia’s first ambassador to the US (1940–1942).
took the security of Australia seriously. His information conveyed the false impression that Britain took ‘full responsibility of defending Australia or Singapore from a Japanese attack … and have forces at their disposal for these essential purposes’ (Day 2003, p.29).

Menzies had already begun preparations for the dispatch of an expeditionary force from Australia, although the timing and details had not yet been finalised. First he needed the support of the Country Party. Thus he astutely linked the sending of troops to an increase in Australian wheat sales. Desperate for Australian troop involvement, Britain agreed to purchase larger quantities of Australian wheat than it needed or could transport (Day 2003, p.31).²⁵

While Casey was in London, Menzies had to select the first Australian ambassador to Washington. After some deliberation he invited Casey to consider the appointment, mentioning specifically to him that he may soon have to admit members of the Country Party back into cabinet, and any vacancy left by Casey could be a useful inducement (Martin 1993, p.294).²⁶ Somewhat hesitantly, Casey resigned from his seat of Corio (Daily Telegraph 23 December 1941).

The by-election to replace Richard Casey was held on 2 March 1940, and was a disaster for the Menzies government. Unexpectedly, the UAP lost Corio to the ALP’s John Dedman.²⁷ On the Monday following the by-election, the Country Party expressed concern over the direction the government was taking the nation (see Martin 1993, p.295). Menzies was increasingly vulnerable to attack, both from sections within his own party and from outside. Having a hostile Country Party in the wings was no longer

²⁵. Wheat was, at that time, Australia’s most important crop. Producers of wheat were the most highly organised group of farmers, and were an extremely influential interest group with significant political clout (Smith 1969, p.436).

²⁶. It has been suggested that Menzies offered this post to Casey in order to remove someone considered to be a leadership rival. After Lyons’ death, Casey had been nominated along with Menzies, Hughes and White for the leadership. Casey along with Page had also attempted to lure Bruce back to Australia to take over the prime ministership (Martin 1993, p.271).

²⁷. The UAP’s candidate, JT Smith, received only 45.33% of the vote, while Dedman received 51.76% (Hughes & Graham 1974a, p.194). Dedman retained the seat until 1949, when Hubert Opperman won it back for the Liberal Party.
practicable. With his numbers in parliament further reduced, Menzies had a new imperative to readmit the Country Party into the cabinet (Fadden 1969, p.42).

This period has been described as Australia’s ‘phoney war’ (Day 2003, p.40). Martin (1993, p.295) has suggested that Menzies was partially to blame for the initial apathetic response to the war. His appeal to ‘carry on through the months ahead with calmness, resoluteness, confidence and hard work’, and his slogan ‘Business as usual’ perhaps lulled people into complacency. While the eight months since war had first been declared had provided a much needed opportunity to ‘enlist, equip and train’ new troops for active service, the government seemed trapped between the dual pressures of the need to prepare a nation for a faraway war, and a desire to guarantee prosperity at home. Wartime preparation continued in an ad hoc manner (Grey 1990, p.149; Day 2003, p.40; Maldon 1956, p.58). 28 ‘Canberra, like many other capitals, hoped for the best and did very little to prepare for the worst’, claimed Edgar Holt (1969, p.8). 29 Later Fadden would defend the government’s war plans, citing John Curtin’s supportive declaration that ‘the war has been prosecuted to the maximum of Australia’s capacity’ (Mirror 21 January 1943). This ‘phoney war’ period would not last for long (Martin 1993, p.295). 30

The invitation for the Country Party to rejoin the government provided Archie Cameron with the necessary enticement to encourage its dissident members back into the parliamentary party. On 14 March 1940 a new cabinet was announced, with four Country Party ministers. One of those was Arthur Fadden, and he did not hesitate in accepting the promotion:

> To my utter surprise Cameron named me as a Country Party representative in the ministry. This was presumably because the aim of the composite government was to achieve unity over as wide a range of the House as possible and I was the nominal leader of the four Country Party dissentients (Fadden 1969, p.42).

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28. Maldon (1956, p.60) describes this period as having three ‘contradictory’ trends in policy. Price control was derived from First World War policy; manpower and supply was developed on an ad hoc basis; and in areas such as shipping ‘there was a drift and lack of any clear policy’.

29. Edgar Holt was Liberal Party PR director during the 1950s.

30. The period ended with the German invasion of Norway and Denmark in April 1940 (Day 2003, p.47). John Curtin was speaking in 1941 and was defending his party’s role in the advisory war council.
Fadden joins the federal ministry

And so due to luck and circumstance Arthur Fadden, at the age of forty-four, was appointed to the federal ministry as a junior minister. Initially he held two positions – the first as a minister without portfolio assisting the minister for supply and development, the second as a minister without portfolio assisting the treasurer, Percy Spender. There was not much love lost between Spender and Fadden, judging by Spender’s (1972, p.66) memoirs, in which he claims that despite doing ‘brilliant work’ he left the treasury portfolio ‘not of my own free choice. My going was part of a political arrangement between Menzies and Fadden’. With the government still recovering from the loss of Corio the new coalition was tenuous, with some state branches of the Country Party vying for separate identities. In Victoria, for example, some of Earle Page’s supporters broke away and formed the Liberal Country Party (Reid & Forrest 1989, p.34).

Menzies’ decision to readmit the Country Party to the ministry had some advantages, as the usual constraints of government solidarity quelled outright criticism. However, this did not stop the Country Party lobbying for a better deal for primary producers. In particular, the Country Party leader, Archie Cameron (as minister for commerce), upped the pressure for a decision on the wool stockpile.31 Different pressure was applied by the Communist Party, a small but ideological and passionate group who, until the entry of the Soviet Union into the war, were opposed to Australian participation because it represented ‘a struggle between two groups of imperialists for the repartition of the world’ (Hasluck 1952, p.585). While most viewed the communists in Australia as harmless (particularly after Russia became part of the Allied forces in 1941), their members did occupy key positions in trade unions and, as such, were linked to increasing industrial disputes which impacted on the war effort. Early in 1940, after the Communist Party had ramped up its protests though pamphlet drops, newspapers and advertisements, the war cabinet decided that the Commonwealth Investigations Branch

31. In response to demands from woolgrowers, who had recently formed their own association, and despite pressure from woolbrokers and grazier associations, a reserve price was placed on the entire wool clip, which was stockpiled when demand was low and sold when demand increased. The reserve price provided a guaranteed income for the woolgrowers. During the Second World War the British government purchased all the stockpiled wool for uniforms and other military requirements (for more see Harmon 1969, p.91).
of the federal police should investigate the organisation more thoroughly. The cabinet meeting on 8 April decided to censor communist literature. But many in parliament, including Arthur Fadden, were not content with this level of action; and on 15 June 1940 the Communist Party of Australia was made illegal (Hasluck 1952, p.589).

**Serendipitous escape**

With the government’s capacity to manage the demands of war already in doubt, the sudden deaths of three ministers on 12 August 1940 was a disastrous turn of events. Their plane, returning to Canberra from a cabinet meeting in Melbourne, crashed just outside the Canberra airport, killing all on board. Fadden had been scheduled to be on the flight but had offered his seat at the last minute to Jim Fairbairn’s secretary Dick Elford. Fadden returned to Canberra by overnight train and was in Canberra when news of the accident hit. While a tragic event for all concerned, it also proved the catalyst for Fadden’s political ascendancy. For an embattled Menzies, the loss of several of his key ministers was a terrible blow. He was urged by some to use the opportunity to create a new ‘win the war’ party, possibly with Labor members in a national governing arrangement (Martin 1993, p.301). Fadden would later claim to know ‘nothing of any suggestion to form a “Win the War” Party’, adding that no approach had been made to him to lead such a party:

> Petty party differences and sectional interests should have no place in a nation, the continued existence of which, depends to a great degree upon unity of effort by its people (NLA: MS 4936,25,1).

Two days after the plane crash, Fadden was promoted as minister for air and civil aviation. Ironically, one of his first duties was to ask cabinet to consider insurance for officers travelling by air to meetings. With the accident fresh in people’s minds, cabinet decided that air travel was an abnormal mode of transport and unless the meeting was urgent, or at a great distance from Canberra, ‘no officer should be required to travel by

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32. Ministers Jim Fairbairn, Sir Henry Gullett and AG Street were killed in the accident. They were among Menzies’ closest allies in cabinet.

33. Apparently Elford wished to remain in Melbourne overnight to celebrate his first wedding anniversary, so rather than taking the overnight train he took Fadden’s place on the morning flight.
air’, unless they served in the defence force or were a member of the civil aviation staff (NAA: A2697, vol.5, agenda item 112, 14 November 1940).

Stunned by recent events and leading a government wracked with internal divisions, it was with some apprehension that Menzies announced the election date for 21 September 1940. Wartime measures such as petrol rationing had not helped the government’s popularity. The election resulted in a hung parliament – twenty-three UAP, fourteen Country Party, thirty-two ALP, and six independents. Four of the so-called independents were members of Jack Lang’s Non-Communist Labor Party; so it was the other two independents, Arthur William Coles (Henty) and Alexander Wilson (Wimmera) who now effectively held the balance of power. This tenuous position did nothing to boost confidence.

**Creating a sound coalition**

In the election fallout the Country Party lost two seats (Calare and Riverina) and its deputy leader Harold Thorby. At the first party meeting after the poll on 16 October 1940, the leadership was put to the vote. Archie Cameron received no support, while both former leader Earle Page and Victorian John McEwen nominated for the position. After three attempts to elect a winner and still no resolution, the party room meeting was suspended. During the dinner recess Fadden was asked to nominate as the party’s ‘acting leader’ until the impasse between Page and McEwen could be resolved. Fadden agreed, on the proviso that both McEwen and Page support his nomination – a demand which showed considerable political nous.

Whether Fadden had long-term leadership aspirations at the time is open to speculation. John McEwen (1983, p.28) states that Fadden had already decided to run for the deputy leadership. It is likely that Fadden accepted the position with a mind to sorting out the difficulties and providing a smooth transition for the next leader. But once he won the

34. In 1940 Lang had formed the breakaway Non-Communist Labor Party which included Beasley, Rosevear, Sheehan, Gander and Mulchay (House of Representatives) and Armstrong and Amour (Senate) (see Ross 1977, p.189).

35. West Australian MP Henry Gregory did eventually nominate him – adding that this should not be taken to mean he supported Cameron, but that he thought it unfair that the current leader should receive no nominations (Davey 2006).
leadership ballot, there is little evidence he was keen to relinquish the title. According to Labor senator John Armstrong (NLA: TRC 121/68), Fadden won the nomination because ‘he was a man of great qualities and great ability’; while Spender (1972, p.70) observed that while ‘chance put Fadden into the seat of authority; he was not the man to be easily pushed from it; he was too informed in the art of politics’. Whatever his motives, Fadden had in four short years moved from novice backbencher to minister and then to party leader (and, consequently, deputy prime minister of Australia). His self-proclaimed mission was to ‘restore harmony in the party’ and bring the Country Party team into a sound coalition with the Menzies-led UAP (Fadden 1969, p.44).

Fadden was selected because the majority in the party room considered that he was the man most likely to be able to broker deals and negotiate with Menzies and the UAP. He was the one most trusted to take the Country Party forward. Fadden’s particular blend of personality traits and political acumen were starting to reap dividends. This challenges the assessment of McEwen’s biographer, Peter Golding (1996, p.3), who has argued that despite Fadden’s being there for ‘nine years’ he was ‘in reality a figure-head, that McEwen held the power’.

**Becoming treasurer**

After accepting the treasury portfolio for himself, Fadden’s first gesture as Country Party leader towards restoring harmony was his invitation to Archie Cameron to join the ministry. But Cameron believed he had been doublecrossed by Earle Page; he refused, saying he ‘would not be found dead with the Country Party mob’ (Fadden 1969, p.45). Percy Spender (1972, pp.70–4), the man Fadden succeeded as treasurer, remarked that Cameron had told him the Country Party was ‘a stew of simmering discontent, spiced by insatiable personal ambitions and incurable animosities’ (p.70). Spender added, though, that Fadden’s appointment meant that ‘one of the most popular of men in the parliament’ – ‘a hail-fellow-well-met associate of everyone’ – was now Australia’s treasurer and deputy prime minister (p.74).

At the time the selection of a rookie like Fadden was not so odd. He had already proved himself able and politically shrewd. He was relatively young; he had excellent contacts
and a demonstrated preparedness to stand up for what he believed in. The tensions within the conservative side of politics were systemic problems. The UAP had been formed for reasons of convenience, and had an ill-defined party structure. There was no federal organisational branch, which made a coherent message or sustained discipline difficult to achieve or maintain. It was born of discontent – its first leader, Billy Hughes, had once been a member of the Labor Party. And it had not been assisted by its relationship with the Country Party ‘horse-traders’ to date, according to Edgar Holt (1969, p.9). Fadden replaced older styles of idiosyncratic, at times bombastic, leadership with a more consensual approach. Likeability is not normally the quality that first comes to mind when explaining the success of political leaders. However, in Fadden’s case it was very much his capacity to get on with people, and the trust and rapport that he was able to engender, that set him apart from his contemporaries (J Wilson, pers.comm., 18 August 2005; H Henderson, pers.comm., 20 February 2003).

In the early 1940s, Fadden’s talents as an amicable conciliator may well have been his most enduring contribution to the fractious coalition. Certainly these personal qualities were in short supply among his colleagues. Robert Menzies was articulate and intelligent. He was also feared, and perceived as arrogant, pompous, aloof and judgmental (Brett 1992, p. 227; Spender 1972, p.152). John McEwen has been much discussed over the years and is lauded for his leadership qualities, his strength of personality and his cleverness (see for example Downer 1982, p.22; Brown 2002). This leads to the inevitable question: why was he not elected as Country Party leader? Wallace Brown (2002, p.62) suggests that he would have been, except for the ‘vagaries of party room voting’. This explanation does not do Fadden’s leadership justice. McEwen was not leader during this time because the Country Party room, for whatever reason, perceived Fadden and not McEwen to be the better choice.

It has been suggested that Earle Page conspired to ensure that McEwen did not win the leadership ballot:

36. Coalition difficulties were not new. Lyons’ own government had been rife with troubles, his cabinet meetings being described as ‘bitter and argumentative. There was an atmosphere of conspiracy and plotting. The struggle for power became naked’ (Holt 1969, p.10).
Page was inspired. Implacable as ever, he hit upon the compromise that would deny McEwen and find a leader. Suddenly the mantle over which they had wrangled fell on the unsuspecting shoulders of the member for Darling Downs. Arthur Fadden was a newcomer. He had reached Canberra by way of a by-election in 1936. He had no obvious ambitions and he suffered from no delusions of grandeur. He was amiable and gregarious. On that crazy day and in that turbulent room the Country Party elected Fadden as deputy leader with the status of leader. If this meant that when the clouds rolled by either rosy-cheeked Page or black-browed McEwen would take his destined place, the opportunists were to be confounded. Fadden stayed at the top, perhaps because even the Canberra farmers were tired of Page’s twists and turns, Cameron’s elastic-sided boots, and McEwen’s ambitions. By contrast Fadden had an enormous sense of fun, a zest for living, the gift of friendship (Holt 1969, p.24).

If McEwen had achieved his ambition and taken the leadership from Fadden in the first few years, Brown’s assessment might carry more weight. However, Fadden was able enough and clever enough to keep the ambitious McEwen at bay for almost two decades. Vagaries of party room voting over such a timeframe are not a satisfactory explanation. That is not to say there wasn’t any conspiring – but it was possibly more to keep McEwen out than to have Fadden as leader.

Prime minister Robert Menzies and his new deputy Artie Fadden did not automatically see eye to eye on every issue. Apart from Menzies’ inherent distrust of the Country Party, there were policy and ideological differences to iron out. The Country Party worried about how war restrictions would affect primary producers (NAA: A2697, vol.5, cabinet submission 512, 11 December 1940); and later Fadden pressured Menzies in relation to the Communist Party. Other issues, such as postwar credits, war bonds and contributory insurance schemes, were problematic (NLA: TRC 121/39). However, they settled into a routine of sorts, and for most of the time presented themselves as a united leadership team.

37. Toward the end of the Fadden period of leadership, when John McEwen was his undisputed successor, there may have been another reason why Fadden was not challenged. The government was stable; Fadden was popular, and was treasurer. McEwen did not want to be treasurer; he was already the minister for trade, the portfolio he wanted to retain. Harold Holt was also already in the ministry and was prepared to wait to be appointed as the next treasurer. It may have been as simple as the fact that there was no need to hurry Fadden from office.

38. In 1940 the Communist Party of Australia was outlawed. However, this decision was overturned in December 1942 (Bolton 1996, p.11).
What you see is what you get

On 28 October 1940, Arthur Fadden was sworn in as Australia’s treasurer. Newspaper reports at the time indicate a degree of informality that many did not approve; but it was typical of Fadden’s style. The *Daily Telegraph* (29 October 1940, p.5) headlined the day after the swearing in that ‘only five Cabinet ministers were dressed appropriately’. When asked about the lack of hats, Fadden’s response was unapologetic: ‘Half of us had the right clothes, but no toppers. We came as we were’ (*Daily Telegraph* 29 October 1940, p.5). He began the job the way he would continue. With Fadden there were no airs and graces.

As treasurer of a wartime government Fadden introduced rationing policies that were unpalatable to many, including himself. He abhorred higher taxes; yet, as treasurer, he usually followed his department’s advice and, to assist with war financing, took plans to cabinet not only to raise taxes, but also to commence rationing in goods such as petrol and paper (see NLA: MS 1538,45.2). This pattern of listening to advice from his departmental officers continued throughout his parliamentary career.

The 1940–41 budget was not an easy sell, and Fadden travelled the country explaining the rationale behind it. The restrictions he implemented won him few friends out in the rural constituencies but gained him the respect of his public servants, especially for the way he bore the criticism and defended treasury staff. According to media reports of the time Fadden was ‘showing resolution as treasurer, and solid common sense in Cabinet discussions’ (Gollan 1940, p.8).

First budget as treasurer

Fadden’s first budget was presented on 21 November 1940. Fadden understood the mindset of his treasury officials, who in the early 1940s still came predominately from commerce and accountancy backgrounds (Whitwell 1986, p.7). Yet the formal presentation of the budget made him apprehensive – and the obligatory budget speech

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39 Roland Wilson, who would later become secretary to the treasury, also felt criticism keenly. His relationship with Fadden was described by his second wife as the ‘closest ever experienced between a minister and a secretary’. When asked to elaborate on possible reasons for this, she stated, ‘Roland could trust Artie’ (J Wilson, pers.comm., 18 August 2005).
would never be among his favourite tasks. Heather Henderson (pers.comm., 20 February 2003) remembered Fadden as being always very nervous before his budget address:

I can remember every time he had to read the budget he would be terribly nervous. Much more so than you would imagine meeting him. Meeting him he was almost always full of bluster. He was a very outgoing, cheerful sort of bloke but he would be very nervous before he used to have to deliver the budget, and I can remember Dad [Menzies] saying to him always ‘Now look Artie, go slowly, there is no need to hurry, just go slowly, slowly’. So Artie would get up and he would start to read the budget quite slowly so that everyone could understand him but by the time he would get to the end he would be going [much faster].

The delivery of formal speeches was not where he excelled. He was far more at home with off-the-cuff talks and informal addresses, where he could use his considerable collection of stories and anecdotes of the north Queensland cane fields and personalities to add humour and colour (Cox 1968). He enjoyed the atmosphere of town hall meetings – electioneering out in the hustings was where Fadden was in his element. He enjoyed mixing with voters. At one event he met someone who asked if he was Arthur Fadden. Fadden’s enjoyment of pranks came to the fore; he whispered to the man so that only those closest could hear that he wasn’t Fadden but ‘for Christ sake don’t tell anyone … as he had a rip-roaring time with his missus last night’ (C Cameron, pers.comm., 17 October 2002). Fadden got the desired laughs, and he left the town with everyone impressed by the deputy prime minister’s approachability.

Fadden was an avid reader of newspapers, and quickly learnt how to use the media to promote a particular theme. Writing in the Telegraph early in 1941, he laid out his plans for the upcoming budget in simple terms (Daily Telegraph 11 February 1941, p.15). Noting that the war was costing Australia, ‘in terms of real effort’, three times as much as the previous war had done, he warned Australians that they needed to be prepared to go without one-fifth of the ‘good things we would otherwise have produced and enjoyed’ in peacetime. Responding to criticism of his economic measures, he cited data such as employment levels (which had steadily increased throughout the year) to support his fiscal credentials.
Fadden’s first budget was notable for its increased levels of taxation. For many Australians the reality of the war had yet to make an impact. Geoffrey Bolton (1996, p.12) attributed Australians’ grudging acceptance of war restrictions to the fact that, for most, there was now full-time employment. War or no war, these people were relatively better off than they had been in the previous decade, and ‘it was still war at a distance, and business, politics and pleasure on the home front went on much as usual’.

Fadden’s first budget took a hardline approach. In his opening address, delivered on 21 November, he stated that it was his ‘unfortunate task to introduce a Budget of £150 million’. Reminding Australians that it was a wartime budget, he stated that:

> The planning and preparation of a wartime Budget call for courage and judgment – judgment that we may see the financial problem of war as a whole and in its right relation to the physical realities which constitute our war effort, and courage that we may face the task boldly and not be led away in false pursuit of the easy way. The need for courage to face such a task is evident. No ingenuity can make the financing of such a total anything but a grievous burden, and I am obliged to lay before you taxation proposals which represent the heaviest financial imposts ever placed upon the people of Australia (CPD 1940, vol.165, p.77).

His first budget was not well received. Spender’s budget of the preceding year had canvassed the need for increased levels of taxation to meet war demands and had begun the process of getting the public’s mind attuned to the possibility of higher taxes. It had been informed by the finance and economic committee, recently transferred to treasury, which had pushed for higher taxes and for a commitment to decrease levels of private spending. While some criticised Fadden for not using taxation measures more thoroughly (see Butlin et al. 1941, p.23), his first budget reduced the tax-free threshold for individuals from £250 to £150 and increased company taxes on profits over eight per cent, as well as introducing a tax on undistributed profits (Sawer 1982, p.141). Fadden’s later nemesis Arthur Coles spoke against the budget, arguing alongside the Labor Party that there was a ‘big field at the top of the income class that has not been properly ploughed’ (Worker 6 December 1940). Coles, assisted by Curtin, Spooner and

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40. In a letter from Arthur A Chresby to Billy Hughes (31 January 1941), Fadden’s ‘unpopular budget’ gets special attention. Of particular concern to Chresby was that the treasurer was taking British promises on trust, and in the meantime funding projects that ‘continue to dry up the financial resources of all individuals by taxation’ (NLA: MS 1538,45.1,9).
McColl in parliament, effectively thwarted Fadden’s attempts to reduce the income tax threshold (DeMaria 1991, p.278).

For a time it looked as if the government would be defeated on its budget. In response to the opposition’s stalling tactics, Menzies threatened a double dissolution election. After a specially convened meeting of the advisory war council, in which the government gave some ground, the crisis was averted for the time being. Menzies announced on 5 December a new threshold of £200 as the individual exemption rate (Sawer 1963, p.141), and the resultant budget, passed after extensive negotiation, led economists to state that relative to other countries, Australia’s war effort had been moderate (Butlin & McMillan cited in DeMaria 1991, p.278).

During the first months of 1941 Fadden was in negotiations with the premiers over the introduction of uniform taxation, considered necessary to fund the war effort. The premiers seemed initially supportive of Fadden’s efforts. A press statement dated 1 February 1941 quoted the New South Wales premier congratulating Fadden for seeing that ‘the Commonwealth and States were partners’, while the Queensland premier also conceded that Fadden’s talk of partnerships was helpful (NLA: MS 4936,25,1).

Fadden’s conciliatory style was on display in his own release about the meetings:

With the co-operation and sympathetic guidance and support of the States [I hope] … to achieve something for Australia. Because of intolerance, there [is] considerable misunderstanding in Australia today but so long as the people could understand the other fellow’s viewpoint and try to meet it, many of our difficulties would be overcome (see NLA: MS 4936,25,1).

But ultimately state’s rights arguments came to the fore, and the premiers’ backflipped on supporting the uniform taxation measures.

Fadden’s response was decisive. He had few qualms about using the power of the press to argue the commonwealth’s case and refute the remarks made by the various premiers. In a statement entitled ‘For press: statement by the commonwealth treasurer, Hon. A.W. Fadden’ and dated 1 July 1941, he said:
I make a plain statement of fact, that the States had rejected our proposal for taxation uniformity and that we were now obliged to bring down our own wartime finance proposals without delay (Fadden’s personal papers).

While he was lauded in the press for his deft handling of a potentially combustible situation, some former state allies, and foes, were beginning to have doubts about the new treasurer.41

In February 1941, while Menzies was overseas, Fadden returned home to Queensland for the first time as acting prime minister. He would quite often perform in this role, both in this first period and again in the 1950s (see box on page 113).

Apologising to Queenslanders for not coming home before, he assured them that their requests and problems were being attended to and explained (in a speech to the Chamber of Manufactures and Chamber of Commerce at a luncheon in Brisbane on 21 February 1941) that he was ‘working to a strict timetable, and in between cabinets and War council meetings’ had been ‘fully occupied with the administration of the prime minister’s, treasury and defence co-ordination departments’ (NLA: MS 4936,25,1).

On 12 March 1941, despite some tough decisions that made him unpopular with elements in his own party, the Country Party officially confirmed Fadden as their federal leader in a unanimous party room vote. He had been acting in the job for six months (CPD 1941, vol.166, p.15). Along with the usual messages of congratulations he received some pointed comments in the House, such as the one from Charles Morgan (ALP, Reid, NSW) who in noting Fadden’s hectic timetable said ‘on one day, I believe, he attended 40 engagements, some of a social character’ (CPD 1941, vol.166, p.20).

What could not have been realised then was that one of Australia’s most enduring political partnerships had now officially commenced.

41. Gollan (1941a, p.6) wrote ‘To emerge from the discussions with the increased esteem of the States’ representatives was a feat to be proud of’. But in Queensland, for example, the Labor premier criticised Fadden’s budget as being harsh, and press reports seemed to enjoy the ongoing rivalry between the two men (‘Artie boomerangs on Forgan: there are others he must duck’, Courier-Mail, Fadden’s 1940s scrapbook).
Arthur Fadden’s periods as acting PM in the absence of Robert Menzies

- 1941: 20 January–24 May (Menzies in UK and Egypt)
- 1950: 9 July–23 August (Menzies in UK, USA, Japan)
- 1950–51: 22 December–13 February (Menzies in UK)
- 1952: 14 May–2 July (Menzies in UK)
- 1952: 22 November–24 December (Menzies in UK)
- 1953: 12 May–7 August (Menzies in UK)
- 1955: 11 January–25 March (Menzies in UK, USA)
- 1956: 27 May–18 September (Menzies in Canada, Malta, UK)
- 1957: 10 April–28 April (Menzies in Europe, USA, Egypt Canada)
- 1957: 28 May–7 August (Menzies in UK, Asia, PNG)

(NAA: A463, 1958/131)

On the same day that parliament was informed of Fadden’s change in status, Jack Beasley announced that he and his followers had left Lang’s Non-Communist Labor Party and rejoined the official ALP opposition.

Fadden represented the commonwealth as chairman of the Australian Loan Council at four meetings between October 1940 and October 1941. During this time he negotiated three loans worth a total of £165 million, and floated two conversion loans in London.

To assist with wartime preparation Menzies and Fadden discussed establishing a select public accounts committee similar to the one that existed in Britain (NAA: CP290/9, 14, 11 April 1941). Fadden chaired several committees during this first term, including the Power Alcohol Committee of Inquiry in August 1940. During its deliberations the committee travelled to Queensland, New South Wales and Victoria and heard from a variety of stakeholders. But while he was appointed as chair, Fadden found it impossible to carry out these duties alongside those of treasurer and acting prime minister. His addendum to the committee’s report admits as much, but also highlights his natural tendency to acknowledge and thank others for their hard work:

42. A treasury official had calculated that Fadden had acted as prime minister for a total of 676 days; or 96 weeks, 4 days; or 24 months.
I regret that my duties as Treasurer and later as Acting Prime Minister have prevented me, almost from the inception of the Committee, from attending more than a few meetings. I am therefore unable to sign the report as Chairman. I am however aware of the thorough way in which the Enquiry has been conducted and the Report prepared, and desire to express my appreciation of my colleagues’ actions in relieving me of this work (NAA: A2697, vol.6).

As the leader of the federal Country Party Fadden travelled extensively to attend state Country Party meetings. He was not shy about entering state political battles, especially in his home state. One example followed the March 1941 Queensland state election, where ill feeling between the state conservative parties had reached crisis levels. The Country Party, desperate to increase its chance of winning, looked into the possibility of forming an anti-Labor conservative coalition. But the organisational wing of the party was not convinced about the merger. On 27 April, while still acting prime minister, Arthur Fadden convened a clandestine merger meeting between federal and state parliamentarians from the conservative parties at Parliament House in Brisbane. The parties’ organisational wings had no clue that the meeting was taking place. As a result an alliance called the Country–National Organization was formed. It seemed that the impetus for this merger originated with Fadden, who, along with Menzies, hoped to form a national government in Canberra. But Fadden’s motivation for the Queensland merger was not entirely clear. He was to become a loyal coalitionist; but a desire for a merger between the state conservative parties appeared to be outside his ambit. It seemed, though, that this merger might have been regarded as a showcase for what could be achieved federally. Fadden said that he hoped

the step taken in Queensland will be the forerunner of the closing of the ranks in other spheres, the sinking of party political differences everywhere, and the formation of a National Government (Courier-Mail 28 April 1941).

Sceptics suggested more personal motives for the Queensland merger. Allan Campbell (Courier-Mail 29 April 1941) noted that ‘nobody was deceived by such a nonsense or plausible excuse’. Pointing to the fact that no Labor parliamentarians were invited to the Brisbane meeting, Campbell suggested that Fadden wanted to be the leader of a united anti-Labor party, and that the war had provided the perfect excuse to marshal the rural

43. Fadden’s note of thanks concluded the extensive report.
and urban conservative sides together (Stevenson 1985, pp.2–3). Frank Nicklin, the Queensland opposition leader at the time, supported Fadden then but would later agree with Campbell’s analysis (Stevenson 1985, pp.2–3).

It seems that Fadden’s strategy did not endear him to the Country Party stalwarts in Queensland. The Courier-Mail (8 August 1941) reported that the Queensland Country Party would have expelled him but ‘the party already regard[ed] him as outside it’.

But Fadden did not stop at the Queensland border. Also in April he travelled to Victoria, where he urged party representatives to consider the benefits of a national government. He recalled Curtin’s support for the principle of a unified government⁴⁴, and then made clear that he spoke not as the acting prime minister – ‘negotiations for a national Government would have to be conducted … by the Prime Minister’ – but as the leader of the federal parliamentary Country Party. As such, Fadden proclaimed that he was ‘at liberty to voice my opinion that at such a critical stage in our history an all-Party administration would be in the best interests of our nation’ (Courier-Mail 17 April 1941).

**Acting prime minister**

In addition to his duties as treasurer and his political efforts to foster increased unity within state conservative politics, Fadden was now too a member of the war cabinet. As acting prime minister he chaired its sessions during the absences of Menzies overseas. While there never would be a national government, the ALP did participate in the advisory war council. When United States President Roosevelt signed the Lend Lease Agreement in March 1941 Fadden was delighted, claiming this was an ‘important portent for U.S. involvement’ (CPD 1941, vol.166, pp.118–19). As acting prime minister Fadden received cabled updates about the progress of the war and, along with the rest of the advisory war council, of which he was spokesman, was called upon to

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⁴⁴. Fadden said of Curtin: ‘He recognizes that an all-party Government is desirable at this time. Like us, too, however, he recognizes that there would be little gained by his joining the Government unless he could bring with him the support of those who put him in power and were keeping him in power. Unless Labor members could bring into the Government the support of the trades union movement a national Government would not function any better than the War Advisory Council’ (Courier-Mail 17 April 1941, p.3).
make many decisions about troop numbers, troop protection during transportation, and home defence (see NLA: MS 1538,45.2, ‘Summary of the decisions of the war cabinet’, 14 February 1941).

As acting prime minister, Arthur Fadden had exclusive authority to issue press statements. For national security reasons, statements on war cabinet and advisory war council considerations were subjected to censorship laws. Sometimes Menzies felt that Fadden took these laws too lightly, cabling his acting prime minister on 4 February 1941 that he was much disturbed and embarrassed by reported statements from Australia … it was because I knew from experience how easy it is to spoil your case by advance publicity that … I gave a Censorship direction before leaving Australia. Was this direction relaxed and by whose authority? You will fully appreciate how important it is that I should be able to face … my work quickly in Great Britain without occupying a lot of time breaking down prejudices created by indiscreet statements in Australia (NAA: CP290/9, 14).

But closer to the ground in Australia, Fadden was aware that the ALP continued to have serious apprehensions about Australia’s war preparedness. Despite Menzies’ clear message in previous cables, Fadden issued another statement on 12 February 1941, warning that Australia’s ‘very existence’ was at stake (Horner 1996, p.31). This was backed up on 13 February when Fadden, Curtin and Beasley issued a joint statement declaring that the war had entered a new and dangerous stage (Day 2003, p.112; Courier-Mail 14 February 1941):

We think we should tell the people of Australia that it is the considered opinion of the War Council that the war has moved on to a new stage involving the utmost gravity … What the future has in store is at present not precisely clear. What is clear is that Australian safety makes it essential that there should be neither delay nor doubt about the clamant need for the greatest effort of preparedness this country has ever made (Fadden 1969, p.53).

Whether Fadden authorised the release of statements of this kind without consulting his prime minister out of frustration with Menzies’ slowness to act, or out of an inflated sense of his own importance, is up for interpretation. Certainly the cables emanating out
of the advisory council prompted Menzies to write back to Fadden on 5 March 1941, stating:

[I] do not know how this impression arises. In reality my speech was primarily addressed to the Foreign Office which, though I am not to be quoted on this, seems to me to have adopted a fatalistic attitude towards our relations with Japan. If a realistic attitude means that we are to drift inevitably into war with Japan I cannot accept it (NAA: CP290/9, 14).

But in Australia the feeling intensified that war with Japan was only a matter of time. It was in this atmosphere of fear that Fadden recalled parliament for a secret session to discuss the British sentiment that war in the Pacific should be regarded as a ‘holding’ war (CPD 1941, vol.166, p.25). While some in the House expressed their disdain for the secret sessions, most, including John Curtin, supported Fadden and were glad to have the opportunity to collectively and confidentially discuss war preparations and strategy. Parliament also provided members with the chance to grill Fadden on issues as broad as uniform taxation (Clark, CPD 1941, vol.166, p.143), his friendship with media baron Sir Keith Murdoch (Calwell, CPD 1941, vol.166, pp.174–5), and the ‘extraordinary headache that his budget has given to the honourable members of this House’ (James, CPD 1941, vol.166, p.252). Fadden replied to James that the system of taxing by instalments was working well! While he appeared confident and on top of his game, the questioning from members made it clear that they regarded Fadden very much as an ‘acting’ prime minister, simply holding the fort till the boss returned.

While Fadden and Curtin were stressing the need to be increasingly vigilant, Robert Menzies, now in London, issued a statement expressing his hope that peace with Japan could be realised. Due to his travelling commitments Menzies had not seen the most recent communiqués, which among other things noted that the United States would not commit to entering the war should a British dominion be attacked. Meanwhile Fadden and Curtin were reprimanded by their respective parties over what was viewed as their consistent cooperation (‘The case for unity’, Sydney Morning Herald 26 May 1941, p.8; Day 1999, p.400). But they seemed to share the belief that there were more important issues at stake than party politics. Fadden and Curtin worked well together, a fact confirmed a year later when, in a political wrap-up of 1941, one journalist noted that
under Arthur Fadden and John Curtin the advisory war council ‘was developed … into an instrument of all-party cooperation’ (Gollan 1941b). Fadden acknowledged Curtin’s ‘wonderful Nation-first’ attitude, and his assistance while Menzies was away (Fadden, draft of ‘Australian politics: as I knew them’, Fadden’s personal papers). But Menzies too was grateful for Fadden’s work in his absence, as he wrote on 4 March 1941:

I have noted with great pleasure with what activity you have been carrying the business on in my absence. The knowledge of this has been a source of real encouragement to me at this end. Regards, Menzies (NAA: CP290/9, 14).

While Menzies was in Britain, he was often ill-informed about the Australian situation. Fadden informed him via cable of the German assault in North Africa; and only after receiving a flurry of cables from home did Menzies express reservations about the position of Australian troops in Tobruk (Martin 1993, p.345). In its wartime planning, the Australian cabinet was guided by British advice and information. With the advantage of hindsight it is obvious that this advice was often partial, and, on occasions, completely biased or wrong. The ill-fated Greek campaign was an example of this.

The Australian government was not advised of the Greek campaign until late February 1941 (Woodward 1978, p.219). Reluctantly Menzies was persuaded by Churchill to send Australian soldiers into Greece. The Australian cabinet was unsure about this strategy (Robertson & McCarthy 1985, pp.90–1). While the war cabinet, chaired by Fadden, did agree to the request to send two Australian divisions to Greece, within two weeks the overall war situation had rapidly deteriorated (Robertson & McCarthy 1985, p.93). German troops had invaded Bulgaria, and it was clear that the Greeks did not have the resources or manpower to meet them. In the British war cabinet Menzies noted that now there seemed little reason to hope ‘the operation should succeed’ (Robertson & McCarthy 1985, p.95). While Menzies outwardly supported the British resolution to send troops, his personal diary of the time indicates the inner turmoil involved in sending fellow countrymen into such danger:

Momentous discussion later with the P.M. about defence of Greece, largely with Australian and New Zealand troops. This kind of decision, which may mean thousands of lives, is not easy. Why does a peaceable man become a Prime Minister? (Martin 1993, p.323).
A cable from Fadden dated 10 March 1941 indicates that despite grave doubts, the assessment of the British government continued to hold sway. He wrote:

We assume full consideration has been given to extremely hazardous nature of operation in view of disparity between opposing forces both in number and training … There can be no doubt that landing of British troops in Greece will result in every effort being made by Germany with large available forces to inflict an overwhelming defeat particularly upon British forces engaged. Notwithstanding these considerations War Cabinet is undivided in its view that if military advisers, having properly evaluated risks which must be run, the large fully equipped and numerically superior German forces which can be directed to these operations … [we will] make troops required available for this adventure with profound conviction that they will worthily uphold glorious traditions of Australian Imperial Force … Commonwealth Government steadfastly stands beside United Kingdom Government in this high enterprise should it be now decided to embark upon same (Robertson & McCarthy 1985, p.98).

While the Australian war cabinet did not agree to send troops without consideration for the possible consequences, it was clearly felt that this support was vital to Australia’s long-term interests. But after great losses, Fadden called for the ‘immediate evacuation of our troops from the Mainland of Greece’ (Robertson & McCarthy 1985, p.102).

Menzies clearly felt that remaining in Britain was his best way of guaranteeing Australia’s voice in wartime planning. On 14 April 1941, he notified Fadden of his decision to remain in Britain for another week or so. The following day he cabled a more confidential memo to his acting prime minister, explaining his reasoning:

my decision to remain for another week or two arises from the fact that I appear to be the only Minister outside the Prime Minister who will question any of [General Wavell’s] views … and as Australia has so much at stake it would be most unwise for me to leave here in the middle of a crisis (Robertson & McCarthy 1985, p.102). Day (2003 p.150) concludes that Menzies achieved very little during his stay in Britain. Paul Hasluck (1952, p.533) provides a different perspective, suggesting that the hope was that Australia would be granted a more ‘favourable place in the higher direction of the war when the conflict did eventually spread to the Pacific’. Day (2003, p.156) is only slightly less damning of Fadden’s contribution, saying: ‘Although his successor, Arthur Fadden, was prepared to give greater priority to local defence, it still came a
poor third behind the needs of imperial defence and the competing needs of Australia’s civil economy’.

While it is true that more could have been done, the fact was that Australian defence centred around support from Britain. Churchill’s management style for the dominions was based on the technique of stalling. It would have been extremely difficult for the government to take a hardline, individualist approach to wartime strategy during this period.

**Fadden for PM!**

On 24 May 1941 Menzies returned to Sydney after four months overseas. After a brief official greeting, Menzies left in the car that had delivered Fadden to the dock to greet his returning leader. It was not until their public meeting at the Sydney Town Hall on 26 May that they would meet again. It was clear that tension existed between the two men, but Fadden (1969, p.60) always maintained he did not understand why this was so. His recollection of the encounter was as follows:

> When I met the Prime Minister on his return by flying boat via New Zealand I was surprised at the cold reception he gave me. He seemed about as happy as a sailor on a horse. After curt greetings he drove away from the Rose Bay flying boat base in the official car in which I had arrived. Left without transport I obtained a ride back to the city with Senator Harry Foll of Queensland … After this brief meeting I did not see or hear from Menzies until we both attended a reception for him in Sydney two days later … He did not make any comment of appreciation at the time, in Parliament or out of Parliament, publicly or man to man.

While some disagree with this interpretation, including Menzies’ biographer Allan Martin⁴⁵, the majority consensus was that Fadden was treated badly. For example, Judith Brett (1992, p.251) states that:

> Artie Fadden, who had held the fort during his extended stay in London and had come to welcome him home, was left standing at the airport without a word of thanks after Menzies commandeered his car.

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⁴⁵. Martin (1993, p.365 fn 16) argued that Fadden’s assertion that Menzies ignored him on returning from the UK in 1941 were ‘manifestly untrue’.
And Souter (1988, p.336) reported that the prime minister greeted Fadden with ‘a coolness verging on rudeness’.

A letter to Fadden written around the time of the publication of his book further supports Fadden’s claim. The letter, dated 28 May 1968 and written by a private secretary of Menzies’, recalled:

My recollection of the return of the P.M. in May 1941 is briefly as follows. You will recall that Tritton went overseas with him and I remained in Canberra and joined your staff. Tritton decided to take a job with the B.B.C. which meant that the P.M. would be coming home minus a Private Secretary. The arrangement was that I would go to Auckland to meet him and return with him by flying boat. This I did. Frankly, I cannot recall that Winkler was with me … What I do however recall is that when I met the P.M. in Auckland his mind seemed to me to have been already pretty much influenced by the information fed to him from back home. I very vividly recall that when stepping off the flying boat at Rose Bay he almost ignored you and then went in to smoke. If my memory is correct, I think he went – without telling anybody of the arrangements – to either Moss Vale or Mittagong. He then returned to Sydney to give the speech in the Sydney Town Hall … My memory of his reaction to you is … quite vivid because I myself was bitterly disappointed with it. You had done a very good job in his absence under very difficult circumstances (Fadden’s personal papers).

Menzies had heard rumours about mounting disquiet in relation to his leadership. It is difficult to ascertain whether or not Fadden played a role in undermining the prime minister. Following Fadden’s official welcoming remarks, in which he expressed relief that Menzies had returned to lead Australia through the difficult times ahead, Menzies spoke about the ‘diabolical game of politics’ being played out in Australia, comparing it unfavourably to the British example. No public mention was made by Menzies of Fadden’s role as acting prime minister during his time away. It was left to John Curtin in parliament to pay credit to Fadden’s contribution. He said:

During the absence of the Prime Minister abroad, the Treasurer (Mr. Fadden) who served as Acting Prime Minister, set a standard of service to Australia, and of association with parliament, which I greatly admire … I believe that during the past four months there has been a vigorous development of the policy for which the Prime Minister himself stands. I shall not, nor will my party, engage in cheap, idle, or miserable political disputation. I say that tonight because I think that I should say it tonight (CPD 1941, vol.167, p.25).
Fadden would always vehemently deny that he played any role in Menzies’ downfall. Certainly when dissatisfaction with Menzies’ leadership came to a head, Fadden was the only Country Party minister to support him (Costar 1995, p.95). Publicly, Fadden was unequivocal about where he saw his position in the coalition: ‘So long as Mr. Menzies is Prime Minister and leader of the Government, he will continue to receive my loyal and wholehearted support’ (‘Loyal to his chief, Mr Fadden is emphatic’, Age 25 July 1941).

And when asked if he had any prime ministerial aspirations, Fadden continued:

That would entirely depend upon the circumstances under which Mr. Menzies relinquished the leadership of the UAP, the nature of the request made to me and my assessment of the extent of the support offered.

Fadden may have been encouraged by his ‘mates’ in the press and by others in the Country Party to consider making a move on Menzies, but throughout his life he maintained he had not contributed to the intrigue that so characterised the middle months of 1941:

As I was leading the Government at home it would have been quite natural for some personal correspondent to mention my name as a potential successor. If this happened it was certainly without my knowledge or consent. I was much too busy as his deputy to associate myself with conspirators seeking to thrust on me a job I did not want. I had enough troubles in the already divided Parliament to want any more (Fadden 1969, p.63).

An examination of Fadden’s personal newspaper clippings is instructive, at least on how Fadden would like history to remember his role. A Sun article (undated) headlined ‘Fadden’s “IF” to rebels’ reports Fadden’s claim that ‘I would have to consider the circumstances under which Mr. Menzies relinquished the leadership before I accepted the offer’. At the top of the article is a typewritten note saying: ‘This is a sample of the publicised and general evidence of my sustained attitude and loyalty to the Prime Minister’. It is assumed that this note was part of the information Fadden supplied to Elgin Reid, his friend and the ghost writer of his memoir They called me Artie.

46. Gavin Souter (1988, pp.334–5) asserted that Ross Gollan, a journalist with the Sydney Morning Herald, was ‘instrumental’ in the promotion of Fadden. Souter suggests that Fadden utilised Gollan as a source of advice, and that Gollan exerted undue power over Fadden.
But in 1941 rumours abounded that Fadden was in line for the prime ministership. The *Daily News*, for example, reported on 25 July 1941 that:

Interesting moves by a section of the UAP to depose Mr. Menzies were intensified to-day by the indication by Mr. Fadden that if the position of leadership were vacant and he were asked to accept it, on being assured of adequate support he would do so. Mr. Fadden emphasized, however, he remained unshaken in his loyalty to Mr. Menzies’ leadership and was prepared to continue to work under it.

While this might be seen as Fadden having a buck each way, throughout the following months disquiet about Menzies’ leadership intensified. The UAP was in disarray, and UAP party meetings were held to try to find a solution.

**The meteoric rise**

By August 1941, Menzies’ leadership hung in the balance. The general feeling was that the government had failed in its war effort. But there was also a feeling that there was no-one who could take over and run the country. Newspaper reports reflect the frustration of many as the drama unfolded:

> The truth – and Mr. Curtin knows it – is that his party is no more capable than any leader of the UAP–UCP coalition of commanding the majority needed to establish stable government. If he couldn’t tip out of office a divided coalition led by an unpopular man what hope has he got of controlling the House against an opposition that would be united solidly against him. The only advice that Mr. Curtin should presume to offer the Government now is a request of an immediate election … If we postpone that inevitable solution till the Budget session the country will lose precious weeks of preparation for war. For in the present state of the parties no useful work can be done. Instead of tackling the big administrative problems that must be settled Ministers will waste these weeks scheming to outwit their opponents when Parliament meets again (*Daily Telegraph* 29 August 1941).

John Curtin faltered, and no election was called to clear the air. Instead, after the failure of a last ditch attempt to get the Labor Party to form an all-party government, Menzies resigned from the leadership of the UAP.47 At the joint meeting of the two conservative parties that immediately followed, Arthur Fadden was elected to the leadership

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47. After a caucus meeting that lasted 15 minutes, Labor rejected the suggestion of an all-party government on the grounds that it would ‘stifle honest patriotic criticism without which a successful war effort is impossible’ (*Sun-Pictorial* 27 August 1941).
unopposed. It was a poisoned chalice; but he seemed the only contender. Menzies publicly declared his support for Fadden, and indicated a preparedness to serve in whatever position Fadden choose.

At forty-six, then, Arthur Fadden became the second Queensland prime minister, and the first and only Country Party prime minister to hold office in his own right. It was a rapid rise for the man from north Queensland who had less than five years’ federal parliamentary experience.

Fadden’s elevation to the prime ministership was greeted warmly by the press. Clem Lack (1941) wrote:

He owes his meteoric political career of ten short years to his outstanding ability as a financial debater, plus the gift of being the best “good mixer” the political game can show.

Fadden’s wife in Brisbane claimed delight ‘for my husband’s sake’, but reflected a degree of pragmatism when she admitted there were no plans to move to Canberra in the immediate future. Winning the prime ministership was easy in comparison to what came next.

48. Andrew Fisher was the first Queensland prime minister.

49. Ilma Fadden agreed she would ‘take her family down to see their father open the budget session as Prime Minister’ (unattributed clipping, ‘Mrs. Fadden will have to face the snows of Canberra’, August 1941, Fadden’s 1940s scrapbook).
Prime minister Fadden
1941

Politics is a funny game (John Curtin to Fadden after being told Fadden didn’t have the numbers to remain prime minister – Fadden 1969, p.68).

I had no illusions concerning the difficulties, worry and anxieties which lay before me, either in the conduct of the war or in the handling of political relationships. In short, I knew quite distinctly and assuredly that I would be a very short-term Prime Minister (Fadden 1973, p.8).¹

After his swearing-in ceremony at Government House Fadden announced that he would combine the offices of prime minister and treasurer, while Mr Menzies would hold the ministry for defence coordination. No other ministerial changes were announced. While Menzies busied himself filming the proceedings with his cinecamera, Fadden pointedly told the gathered press that he did not want to be regarded as a Country Party prime minister but rather as a prime minister for all Australia. Even in his moment of triumph Fadden was spruiking for unity among the conservative parties:

My appointment by the joint parties does not involve my resignation as CP leader. In any case we Queensland members are members of the one organisation, because of the recent decision of UAP and CP Parliamentarians in Queensland to come together … It is with a real sense of the responsibility attached to the office that I assume the Prime Ministership. I deeply appreciate the honour conferred upon me, and it will be my earnest endeavour to do my best in the interests of Australia. My predecessor did everything in his power to achieve that degree of unity which I feel sure every Australian will agree is so vital. Now that I have been entrusted with the task of administering the affairs of a nation at war I will do everything in my power to bring home to Parliament and the people a realisation of the urgent need to close our ranks. To that end I ask everyone to give me full co-operation in the task ahead (Argus 31 August 1941, p.1).

¹ Some assert that Fadden moved into the Lodge (see Barrow 2008, p.41). This belief is backed up by memos of the day from charities asking Mrs Fadden’s permission to use the grounds, as well as a briefing note ordering supplies for the Lodge (see NAA: A461, E4/1/12 Part 2). But Fadden never mentioned moving into the Lodge in his memoirs. Mrs Fadden was interviewed not long after Fadden assumed office, and said she had no plans to move to Canberra in the short term (see Barrow 2008, p.49, fn.6); while Hasluck (1997, p.31) wrote that Fadden decided against moving there after Archie Cameron told him he would ‘scarcely have enough time to wear a track from the back door to the shithouse before you’ll be out’.
Arthur Fadden: a political silhouette

Fadden had now twice prospered by being a compromise candidate – first in his own party and then in the coalition. He was very aware of the ‘compromise candidate’ tag, and was conscious that his tenure in all likelihood would be short. He was a relative newcomer to federal political machinations, but over the previous five years had witnessed the internecine struggles, plotting and accompanying paranoia that characterise political life. There have been some suggestions that Fadden was a willing participant in these political games. Don Whittington (1969, p.83) claims that Fadden’s role in forming the Queensland Country–National Organization was part of the plot against Menzies, and he cites a *Sydney Morning Herald* article (29 August 1941) to support his case. Allan Martin (1993, p.365) too asserts that Fadden was involved in the anti-Menzies push. This potentially overplays Fadden’s role; but Fadden must have been aware of ‘the whisperers in the corridors, and to the Press, against Menzies, demanding … that he should resign, and make way for Fadden’ (Spender 1972, p.105).

Despite his meteoric rise, Fadden was a member of the junior coalition party and had been persuaded to assume the office of Australian prime minister because he was, at that point, the only candidate acceptable to the majority in both party rooms.² Put bluntly, Fadden was the last non-Labor hope left. According to one observer:

> Fadden, who had not been angling for the post, received a shock at first when he realized the suggestion was serious. He was not enthusiastic; he was frightened of the job, and doubted his ability to meet the challenge should it come his way (Perkins 1968, p.130).

This view was echoed by Fadden’s reflection of the time:

> Most people would have imagined that I would be delighted by my appointment. I had been in the Parliament less than five years and a Minister for little over a year. Now I was Prime Minister of Australia. When I returned to my room that night my feelings were the direct reverse. Having led the Government from January to the end of May, I had no illusions concerning the difficulties which lay before me either in the conduct of the war or in the handling of political relationships (Fadden 1969, pp.64–5).

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² Members of the press were not uniformly pleased about Fadden’s promotion. While Sir Keith Murdoch of the *Melbourne Herald* considered Menzies ineffectual and was desirous of a new leader, ‘he did not have Artie Fadden in mind’ (Perkins 1968, p.128).
Fate and happenstance had altered the course of his life several times, and he was not one to ignore opportunities. Right up until the leadership spill, however, he had continued to publicly affirm his loyalty to Menzies (Age 25 July 1941; Perkins 1968, p.126). Fadden was not a traditional leader, and he lacked a ruthless streak. His success depended on the rapport and trust he engendered in those around him, on his approachability and likeability. His success was centred on the relationships he built up around himself. Fadden led from the centre. He allowed others to share his glory.

A generosity of spirit

Fadden’s generosity was appreciated among his parliamentary colleagues across the party spectrum. For example, Harold Holt was the beneficiary of Fadden’s particular brand of mentoring when he was encouraged to introduce the innovative universal child endowment policy in January 1941. Important and groundbreaking legislation was usually introduced by the prime minister (or a senior cabinet minister); but treasurer Fadden, who was also acting prime minister at the time, ‘passed the responsibility to Harold as I felt it would be to his great advantage to be associated at this stage of his career with such a major measure’ (Fadden 1969, p.149).

He was equally generous in his treatment of rival Country Party leadership aspirant John McEwen, whom Fadden acknowledged for his contribution as minister for air and civil aviation in his opening remarks at the third annual conference of the Liberal Country Party, Melbourne, on 16 April 1941:

[He] carries a very heavy responsibility for which I am afraid he is not given the credit he deserves. One only has to think of the development of the Royal

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3. Adding substance to the idea that Fadden was behind the plot to oust Menzies was an internal Country Party letter, placed accidentally in the postbox of the NSW UAP president, Sir Sydney Snow, and allegedly seen by Percy Spender. Spender wrote to the PM saying his ‘political grave was being dug’. The letter suggested that in order for the coalition to be preserved, the leadership of the government would have to go to a Country Party man (Souter 1988, p.334; Martin 1993, p.364; Spender 1972, p.158).

4. This was a view reflected in many of the interviews conducted for this thesis, but it was Lady Jane Wilson (pers.comm., 15 August 2005) who articulated it in this way.

5. This policy ensured that every family with more than one child would receive an endowment of five shillings for each child after the first, regardless of income.

6. The passage of the Bill through both Houses was more problematic. The main sticking point for Labor was that the government intended to find the funds through a payroll tax.
Australian Air Force in recent times, growth of personnel and of the outstanding part its members have played and are continuing to play in the fight … to appreciate what a really big job Mr. McEwen is doing. He is one whom I would call a really big Australian. Though a keen contender for the leadership of the Parliamentary Country Party … he showed his ‘bigness’ in March by seconding my nomination.

Cabinet colleagues were not the only beneficiaries of Fadden’s cooperative spirit, and David Day (2003, p.109) noted that ‘Fadden’s … affability allow[ed] a spirit of cooperation with his Labor opponents that the more arrogant Menzies had been unable to produce’. This was reflected in press reports on Fadden’s 1941 trip to the Darling Downs electorate in Queensland. Fadden told reporters that ‘this was no time for scoring off political opponents. The ranks must be closed, and the people must strive for the utmost unity in their war effort’ (Courier-Mail 14 February 1941). He specifically acknowledged the help he had received while acting prime minister from John Curtin, adding ‘no man could have given greater or more practical support’. Such comments led Queensland Labor parliamentarian John Duggan to say that Fadden had done ‘more than any other man to help remove the fears and justifiable suspicions of the Labor movement’ (Courier-Mail 14 February 1941).

Fadden did not often initiate policy. Once convinced, however, he would push hard for issues he believed in. He had a great ability to understand how issues would play out in the electorate. According to Downer (1982, p.21), Fadden ‘displayed a canny instinct for public reaction to Cabinet proposals’. Throughout his career, he used this talent to good effect.

**No time to celebrate**

Wartime planning continued. The government remained hopeful that war with Japan might be averted. After the United States unequivocally stated it would retaliate if its security was threatened, a new phase in dialogue was established that provided further hope (Hasluck 1952, p.533). The Anglo–American agreement (the Atlantic Charter)

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7. In a cable to Senator McBride dated 13 April 1941, Sir Bertram Stevens urged the government to increase its supplies of foodstuffs, clothing and other essentials to troops in the Far, Middle and Near East (Department of Foreign Affairs & Trade 1941). Later a press report would describe Stevens as ‘the man … who created an acute shortage here’ (Daily Telegraph 23 December 1941).
further engendered belief that a new phase in the Pacific war situation had commenced, as the agreement meant that the United States was now ‘for all practical purposes, an unpledged ally’ (Sydney Morning Herald 16 August 1941, cited in Hasluck 1952, p.535). Churchill meanwhile sent a telegram to Fadden, dated 31 August 1941, assuring him that ‘we shall never let you down if real danger comes’ (Hasluck 1952, p.535).

Arthur Fadden soon appointed Earle Page as Australia’s special envoy to the British war cabinet. His reasons for selecting Page might have been twofold. Page had mentored Fadden but had also been the source of much aggravation, especially in relation to his stand against Menzies. While Fadden acknowledged that the ‘doc’ could be difficult, he held him in warm regard. Page was sent to England to ‘discuss with the United Kingdom Government vital war matters of common interest … [and] to inquire into many vital matters which closely affect the welfare of this country’ (Fadden, CPD 1941, vol.168, pp.293–4). Curtin supported Page’s commission, agreeing that Australia needed strong representation in London; and after the fall of Fadden’s government he confirmed Page as the ‘special representative of the Australian government’ (Hasluck 1952, p.536).

The Fadden cabinet

The make-up of Fadden’s eighteen-member cabinet continued virtually unchanged, leading Curtin to claim that the Fadden ministry was only ‘a face-lifting device’ (Hasluck 1952, p.505). McEwen retained his previous portfolios of air and civil aviation, Fadden’s good friend Larry Anthony remained as minister of transport, and Joseph Abbott was appointed as minister for home security. Another New South Wales member of the Country Party, Tom Collins, was made postmaster-general. In a demonstration of his coalitionist leanings, Fadden also appointed Eric Spooner (who

8. Page later recalled that as he had known Fadden’s term as prime minister was likely to be stopgap, he also called on John Curtin as leader of the opposition to approve of his appointment. Curtin replied that he had full confidence in Page’s capacity, ‘recognizing that I would act for the whole parliament and the whole of the people and not for any sectional interest’ (Page 1963, pp.298–9).

9. Fadden (1969, pp.82) wrote: ‘Earle Page had been like a father to me from the time I entered the House. He was sometimes an irritating and exasperating colleague but always the soul of kindness and understanding, with an unending flow of good advice and a veritable flood of ideas on every conceivable subject from my personal health to political tactics.’
had been a severe critic of the New South Wales Country Party) as minister for war organisation of industry (Davey 2006, pp.130–2).

The full Fadden ministry was constituted as follows (NAA: A5447, 39):

• prime minister and treasurer: AW Fadden (CP)
• minister for defence coordination: RG Menzies
• attorney-general and minister for the navy: WM Hughes
• minister for the army: PC Spender
• minister for air and civil aviation: J McEwen (CP)
• minister for supply and development: G McLeay
• minister for the interior; and minister for information: Senator HS Foll
• minister for commerce: ECG Page (CP)
• minister for external affairs; minister for health and social services: FH Stewart
• minister for munitions: Senator PAM McBride
• minister for trade and customs: EJ Harrison
• minister for labour and national service: HE Holt
• minister for repatriation: Senator HB Collett
• postmaster-general: TJ Collins (CP)
• minister for aircraft production: Senator JW Leckie
• minister for transport: HL Anthony (CP)
• minister for war organisation of industry: ES Spooner
• minister for home security: JP Abbott (CP)
• minister for external territories: AM McDonald.

Fadden’s attention quickly turned to the 1941–42 budget. While the government seemed less fractious now, he understood that two independents held the balance of power in the House, and that Arthur Coles had made it very clear he disapproved of Menzies’ dumping. 10

10. Wilson’s comments at the time were less hostile but no more reassuring. During the Supply Bill debate (CPD 1941, vol.168, pp.201) he stated ‘The people are saying to me, “you hold the balance of power in the House; what are you doing about it?” My reply is that the statement that I hold the balance of power is based on an illusion. Unless there is a challenge, there is no balance of power and there has been no challenge so far’. For more see Hasluck 1952, pp.505–23.
Fadden (1969, p.66) later said his 1941–42 wartime budget was one of his best. With the increasing need for revenue, the budget featured a scheme for compulsory loans – much like the postwar credits adopted in Britain, with the intention being to repay the loans after the war ended. The budget was centred on the firm belief that personal spending should be curtailed. Yet it avoided implementing higher personal taxes, and in general the treasury department’s approach, adopted by successive treasurers, was to ‘maintain investible funds so that public loans may be filled … keep interest rates down and … encourage the stability of industry so that taxation yields may be high (Whitwell 1986, p.88; Hasluck 1952, p.512). While Fadden’s job was undoubtedly difficult, he showed some humour in adversity when asked by Arthur Calwell (who, Fadden once noted, could ‘bring politics into the Lord’s Prayer’ (Howson 1984, p.27)) whether he had utilised the skills of Professor Copland who was the ‘Sydney Myer Professor of Commerce at Melbourne University’. Fadden quickly replied that he ‘didn’t know Professor Sydney Myer … so he cannot be my economic advisor’ (CPD 1941, vol.168, p.370).

What is clear through Fadden’s personal papers is that, at this stage of his career, he was involved in the drafting of these early budgets. His notes contain alterations in his own hand, expressing points he wanted to stress. In the early 1940s Fadden had a clear vision of what budgetary measures were needed for Australia.

Throughout his short tenure as prime minister, there was still hope that all-out war with Japan would not eventuate. Parliament through the month of September debated relatively mundane bills such as the Raw Cotton Bounty Bill, and resumed discussions on the value of ‘power alcohol’ – a subject close to Fadden’s heart – with sugar producers a likely beneficiary. But with Australia’s losses in Greece mounting, the war suddenly came much closer to home. Australians faced the prospect of an extended and bloody campaign.11 Following the defeats in Greece, the safety of the Tobruk garrison came into question.

11. The Greek campaign was a disaster, failing in its military objectives and resulting in heavy Allied losses. Besides those killed, some 3000 Australians became prisoners of war (see Australian War Memorial Encyclopaedia n.d.).
The Tobruk garrison

Tobruk was considered vital to the Allies because it provided the only port for thousands of kilometres. During the later months of Menzies’ prime ministership, rumours had circulated that Australian troops guarding the garrison were in poor physical condition. General Blamey, commander of the second AIF, called for their relief. While one brigade of the 7th Division had been replaced, prime minister Fadden was not satisfied (Fadden 1973, pp.9–10). His cables to Churchill show something of the tension between the Australian and British governments. In his calls for respite for the troops, Fadden ordered that Blamey be given full control of Australian soldiers. It appears that Blamey did not have confidence in the British command of Australian troops, due in no small part to the failed Greek campaign. He thought the Australian government had been lied to by the British, and mentioned, for example, the fact that while the British had told him the Anzacs would make up a third of the expedition they had actually made up over half. Blamey later wrote:

Past experience has taught me to look with misgiving on a situation where British leaders have control of considerable bodies of first-class Dominion troops, while Dominion commanders are excluded from all responsibilities in control, planning (Deighton 1994, p.264).

In his attempts to regain control of Australian troop deployment, Fadden had the complete support of John Curtin’s opposition. Churchill was reluctant to accede to his requests, however, and cables between Churchill and Claude Auchenleck12 indicate that Fadden’s government was viewed somewhat patronisingly.13 It took several more communiqués from Fadden before Churchill realised he was adamant. Fadden’s recollections (1973, p.12) cite the reply he sent to Churchill:

I am bound to request that the relief be proceeded with. Any reverse suffered by the garrison of Tobruk in the light of reports and the requests that have been made over an extended period, would have far-reaching effects. We do not consider that the military considerations outweigh the case for the relief of the garrison.

12. In July 1941 Auchenleck was appointed commander-in-chief of the Allied forces in the Middle East.
13. In a cable from Churchill to his minister for state (Middle East), Lytton, Churchill notes his ‘astonishment at the Australian government’s decision’ … but suggests that ‘allowances must be made for a Government with a majority only of one faced by a bitter opposition – parts of which at least are isolationist in outlook’ (Robertson & McCarthy 1985, p.132).
Auchinleck’s biographer wrote of Fadden’s determination in the face of Churchill’s stubborn resistance:

Mr Fadden, in a reply of the most uncompromising nature, totally rejected [Churchill’s] appeal and set out his reasons for doing so, which were summed up in one sentence: ‘It is vital to Australian people to have concentrated control and direction of its Expeditionary Forces’ (Connell 1959, cited in Fadden 1969, p.78).

Yet still Churchill stalled. He perhaps considered that Fadden’s government would be of short duration and hoped that the request would be reviewed by the next government. It was not. But Churchill conceded defeat only when John Curtin, who succeeded Fadden as prime minister, cabled him stating:

War Cabinet has considered your request, but it is regretted that it does not feel disposed to vary the previous government’s decision which was apparently reached after the fullest review of all the considerations involved (Fadden 1973, p.11; Hasluck 1952, pp.616–24).

It has since been stated that the conservative government was ill prepared for war, the allegation being that it was not up to the task of wartime administration. Clearly Australia was not well prepared; but blaming the Menzies–Fadden government overlooks the economic situation leading up to hostilities. As Percy Spender (1972, p.113), minister for the army, noted:

Both the Labor Party and the Government of the day must accept equal responsibility for the poor state of Australia’s defences when war broke out. Australia was just climbing out of the depths of the depression, and attention was directed principally to the problem of unemployment … What little discussion as there was on our defences was elementary, and based upon the false notion, commonly accepted, that all Australia needed to concern itself with in the event of war was the possibility of sporadic raids on the coast.

Hasluck (1952, p.541) also contends that the optimistic opinion that war might be averted reflected views held elsewhere and was not ‘simply a failure by Australians to read the portents’. Earle Page suggested that the United States believed Japan was too busy fighting China to get into another conflict with Russia, and that following the

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14. Not all troops were withdrawn from Tobruk. One hundred and nine men left after the sinking of the ship that was sent to pick them up became part of Auchinleck’s Crusader offensive. The siege of Tobruk occurred on 9 December 1941.
reinforcement of the Philippines the American forces would ‘constitute such a serious menace to Japan that she would be forced out of the Axis’ (Hasluck 1952, p.543).

David Day’s (2003) comprehensive coverage of this era misinterprets Fadden’s motivation during his brief tenure as prime minister. For example, in relation to the agreement that Australia would purchase Beaufighters produced in Britain, Day asserts that;

[Fadden’s] inordinate rush to commit Australia to the British program suggests that Fadden was anxious to prevent his Labor successors from establishing a program more suited to the defence of Australia, rather than to maximizing its export earnings (p.172).

But this projects a contemporary adversarial approach onto events that were more complex, and complicated, than this interpretation implies.15 Fadden had continuously campaigned for a unified government. For much of the war he remained a ‘unity man’, although some of his actions to that end ‘stirred a hornet’s nest’ (Davey 2006, p.134). Throughout his prime ministership Fadden had kept Curtin apprised of events, and Curtin was given access to government cables. Alan Reid referred to their arrangement during this time as an ‘unofficial official arrangement’, and stated that:

Fadden had a great deal of time for Curtin, a great respect for Curtin and a great respect for Curtin’s integrity, and he used to … supply Curtin with information which, I think, did not even go to the Advisory War Council (NLA: TRC 121/40).

It is therefore unlikely that Curtin was not aware of the purchase of the Beaufighters from Britain, and he may have taken part in the decision.

War cabinet minutes indicate that Fadden was often frustrated with the delays and constraints inherent in wartime planning. He cited the Committee on Review and Consolidation of Munitions Programme in a memo dated 28 April 1941 which, among other things, noted that ‘the demands exceed our present and potential capacity both in

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15. Fadden always weighed up financial considerations. In a draft statement from him dated 9 July 1941, explanations for why certain policies were used in the 1914–1918 war were initially included, then later deleted from the public release. The statement asserts that ‘the 1914–18 war was largely financed out of loans and by means of inflation, the disastrous effects of which are too well known to need recapitulation’ (NLA: MS 4936,25,1).
man-power and machines’ (NLA: MS 1538,45.2, ‘For war cabinet – some notes on increased war effort’). Yet finding solutions proved difficult. The finance and economic advisory committee, comprising public servants such as Roland Wilson, Leslie Melville, DB Copland, JB Brigden, Sir Harry Brown and Nugget Coombs, advised the government, but many of the solutions proffered were unpalatable. Directions to ration consumer goods, to decrease personal home spending and enable resources to be employed elsewhere, might sound sensible; but both Menzies and Fadden, especially during the early war years, thought this too hard a political sell (Rowse 2002, p.93; Butlin 1955, p.473).

Interpreting historical events using a modern framework is potentially misleading. It is easy to fall into the ‘wisdom after the event trap’ (Wagenaar cited in Boven & ’t Hart 1996, p.8). And Brett (pers.comm., 13 May 2005) makes the valid point that ‘while the government wanted to rally support at home, it did not want to terrify the population with the truth of Australia’s potential vulnerability’.

Political conflicts also took energy and time away from war planning. John Curtin appreciated the difficulties associated with wartime leadership, but many in the opposition continued to play hard politics. One such example occurred during the March 1941 debate on the Defence Bill 1941. The political machinations that went on clearly showed that the opposition was not above making the most of the government’s tenuous standing in the House (CPD 1941, vol.166, pp.284–5).

**Cabinet meetings and independents**

Cabinet met in Sydney and Melbourne as well as in Canberra during the 1940s, meaning time-consuming and frequent travel for ministers whose time was divided between parliament, war council and advisory war council meetings. At least one journalist, Ross Gollan, suggested that this travel was akin to lunacy. If Gollan was as close an adviser to Fadden during this time as Souter (1988, p.334) suggests, his writing may be indicative of what others, including the acting prime minister, felt:

Members of Cabinet and Council go straight from strenuous duties in one city to a 14½ hour train journey which deposits them, unshowered and imperfectly rested in
another city. When the trip is to Melbourne they have to move direct from the train to their meetings. They are not, cannot be, in the state of mind and body in which their fullest attention can be spent on affairs vital to Australia. If Canberra were now the site of all Government secretariats, its claims as venue for all such meetings would be unanswerable (Gollan 1941c, p.8).

In parliament another battle loomed. Since the election in 1940 the government had depended on the support of two independent conservatives. One of these, the wealthy Alex Coles, had travelled overseas to see the progress of the Allied forces at first hand, and upon his return submitted a twenty-two-point plan to Fadden, who at the time was acting prime minister. Fadden, who did not see eye to eye with Coles, showed none of his usual tactfulness in dealing with colleagues, and left Coles waiting outside his office. In addition to this slight, Fadden then apparently ignored Coles’ memorandum.

Fadden and Coles have different versions of their relationship. Fadden suggests that Coles lobbied hard for a cabinet position, whereas Coles denies this emphatically. The truth that is known is that Fadden’s refusal to countenance Coles’ presence and his views had lasting implications for his prime ministership.

As if the vicissitudes of war were not enough to contend with, almost immediately on his being appointed as prime minister Fadden’s government was jeopardised by damaging allegations. Parliament resumed on 17 September 1941. One day later the opposition was telling parliament that the prime minister had fallen into the Serbonian bog, into the slime and mud of suspicion, of bribery and corruption and it seems likely that unless he handles this matter very carefully he will sink into political oblivion, unwept, unhonoured and unsung (Baker, CPD 1941, vol.168, p.487).

Winkler’s case against the government

In what was later known as the Winkler Case, it was alleged that Fadden had known of a payment the attorney-general, Billy Hughes, had made to unionists in an attempt to

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16. Fadden refers to this as a 23-point plan, but archival records indicate there were only 22 points.
17. Fadden was not alone. Lloyd Ross (1977, p.214), Curtin’s biographer, wrote that Coles was ‘unstable politically, subjective to the extreme, a conceited supporter of Menzies, patriotic in excelsis, and impulsive in reversing his political loyalties’.
quell industrial unrest. Curtin was provided with a copy of a damaging memorandum and, while personally disbelieving the source, felt compelled to take the matter up with Fadden and Menzies. Eddie Ward, no friend of the conservatives, ensured that the allegations were aired. They originated from a journalist, Joseph Winkler, who had been briefly employed in prime minister Menzies’ office. For his part Menzies was quick to disassociate himself from Winkler’s actions and to state that he had no part in organising the release of the information:

While I have no doubt [this matter] has been made mysterious by those who are opposed to me in order to work up an atmosphere of mystery against me … [it] is equally clear that there is no foundation … that this officer … passed into my employment for a day or two, presumably in order that I might use him (CPD 1941, vol.168, p.460).

In a secret session of both Houses Fadden disclosed that a secret fund had existed since 1916, and that it had been used by various governments to ensure Australian security. In this particular case money had been given to a group known as the Australian Democratic Front; through this group it had been paid to fund ‘meetings, salaries, travelling expenses, and printing’ (Fadden, CPD 1941, vol.168, p.437). There was no proof that the union had received the funds. Curtin, and most in the opposition, did not object so much to the secret fund as to the idea of paying a private organisation out of public monies. For Fadden, the fact that the amount of £300 could not be traced after it had been given to

18. Curtin was provided with a duplicate copy and knew that the original was in the hands of someone (possibly Beasley) who would not let the matter rest. Alan Reid retold the story in his oral transcript (NLA: TRC 121/401:2/2). Reid explained that after the ‘presentation of a carbon memorandum from Joe Winkler to Mr Curtin … a series of informal things … preceded the formal … Evatt and Beasley were aird for power. They believed that the Fadden Government was disintegrating and that Labor should move in to take over government, and they were on Curtin’s back to move … Curtin asked questions in the House and the pressures built up until finally Fadden was in a situation that he was forced to set up a Royal Commission … The Commission took place, it was quite a lengthy and exhaustive one, such important personages as William Morris Hughes himself gave evidence at it, and there was a report in which the truthfulness of Mr. Hughes was questioned and this was a factor contributing towards the decision by Coles and Wilson to vote against [Fadden’s second budget].’

19. Fadden had sacked Winkler not long after becoming prime minister. While a receipt for the amount of £300 paid to Mr Winker was found, there was no evidence that the union itself received any money (Fadden, CPD 1941, vol.168, p.444).

20. Since its inception in 1940 over £4800 had been paid to this organisation (CPD 1941, vol.168, p.438). On 8, 10 and 20 March 1941, £300 had been paid to the Australian Democratic Front to enable members of the Miners’ Federation to travel to every lodge to spread word of the need for industrial peace during the war. Fadden alleged that communists in the union had prevented moderates from accessing funds needed for such purposes.
Winkler must have irritated his accountant’s sense of order. After an intense debate in the parliament (CPD 1941, vol.168, pp.407–64), Fadden appointed a Royal Commission. This commission, which reported after Fadden’s resignation as prime minister, found no substance to the allegations, which were described by Menzies (CPD 1941, vol.168, p.484) as ‘a great noise … over such a little matter’. While the two independents, Coles and Wilson, voted with the government during this episode, the whole affair provided little succour to an already troubled administration, and further undermined Fadden’s standing as prime minister. According to Alan Reid, Winkler’s allegations ‘brought about the downfall of the Fadden Government’ (NLA: TRC 121/40).

The Winkler case was a damaging distraction, and the allegations did not help Fadden’s government. But the case also highlights the respect, or sympathy, Fadden engendered, even among some in the opposition. John Curtin, in supplying Fadden with information ahead of time, prepared Fadden as best he could for Ward’s parliamentary outburst. That speaks to Curtin’s personal regard for the beleaguered Fadden. It can only be wondered whether Curtin would have done the same for Robert Menzies.

**Fadden’s second budget: a domestic battleground**

On 25 September 1941 Arthur Fadden presented his second budget. Its focus was war finance. Fadden expressed his reluctance to impose further taxation burdens on Australians, but admitted that a core aim was to reduce private spending. A system of uniform postwar credits, and the establishment of a mortgage bank, were central planks (Hasluck 1952, p.513). Fadden concluded his budget speech by saying:

> I submit this budget to the decision of Parliament with full confidence that nothing will divert us, individually or collectively, from our plain duty. We must continue to provide the sinews of war without consideration of privilege, creed or party. No more is asked than is necessary for the responsibilities we all must share. We have to meet the challenge of the most powerful and ruthless foe that has ever attempted to strike at the foundations of our national security. It is a challenge that we shall meet with fortitude and courage. Let us face our responsibilities with the same grim determination as is being shown by our fighting allies, resolved to do everything in our capacity in the common cause. We can contemplate doing nothing less, if we wish to preserve our democratic institutions, our way of life, and our very existence as a free country (CPD 1941, vol.168, pp.578–9).
The budget proposed an increase in war expenditure from £170 million in 1940–41 to £217 million for 1941–42. Fadden admitted that even this increase might not be enough to meet war demands for the full year. The budget allowed for increased pay and allowances to members of the armed services, the expansion of housing facilities for munitions workers and the provision of funds to develop alternative fuels – including power alcohol. The child endowment scheme remained, and the government announced it would seek loans, including some from the public (to be repaid after the war) amounting to £122 million. A new feature was a ‘a national contribution’ to be collected on every income in Australia over £100, which would then be included in the federal income tax payable in that year (see Hasluck 1952, p.512).

On 1 October, Labor moved an amendment that the ‘budget should be recast to ensure a more equitable distribution of the national burden’ (CPD 1941, vol.168, p.609). The atmosphere in the House was explosive, as former parliamentarian John Armstrong remembered:

The Government lined up all their best speakers and I remember all the stars of the Opposition being lined up, Curtin and Rosevear … I do remember very clearly Beasley making a most magnificent speech and he was like a fighter. He came back to the Non-Communist Party room after it was over and I remember him taking his coat off, he was sweating like a fighter or a wrestler just done fifteen rounds in the ring, one of those dramatic and extraordinary occasions (NLA: TRC 121/68).

Fadden’s writing about his last day as prime minister was laced with memories of betrayal and raw ambition:

The final challenge to the Government was not long delayed and my budget was chosen as the battleground. Labor opposed various details of my financial proposals including the system of postwar credits which Coles, one of the independents, had previously advocated. On the day that the vote was to be taken … I had no lunch. My table was piled with files and I worked on these to give my prospective successor a reasonable start. As I worked, Jos. Francis my old Queensland colleague and loyal mate came to my office and said he had just left Coles, who was annoyed that I had not seen him to ask for his support. I advised Jos that I had not condescended to do so, whereupon Jos said – ‘I have reason to think it might pay you to have a yarn with him’. I told Jos that if it would please him I would be willing to see Coles. Jos left the room hurriedly and returned with Coles so quickly that he (Coles) must have been very close to my office door
pending the outcome of Jos’ request. Jos left the room and Coles began the conversation by asking for a cigarette, which I provided from the box on my table. Coles then told me that he agreed with the budget by and large. I answered – ‘That being so, Arthur, you will not find it difficult to support it’. He looked at me and said – ‘But I want the Cabinet reconstructed’. I replied – ‘That might be on the cards, but where do we move from there’. He tapped himself on the chest and looked at me inquiringly. ‘You mean’, I said, ‘with you included’. He nodded, but I gave him no encouragement. When he got to the door, he turned round and said – ‘I do not intend to vote with the Government’. I retorted – ‘And I’ll tell the House why’ (undated typed note headed ‘Public lecture given by Sir Arthur Fadden on 25 September 1972’, Fadden’s personal papers).

Later, in the House, Fadden did speak of this meeting, while Coles always denied the allegation that he had asked for a cabinet post (Coles cited in Hasluck 1952, p.517).

Curtin and his Labor colleagues had no substantive criticism of Fadden’s budget, leaving the outgoing prime minister to record for posterity:

A week ago this day I produced, on behalf of the Government, and consequently, the people of Australia, a record budget for the consideration of this Parliament. That budget set out the methods by which the Government proposed to raise in this financial year the amount of £322,000,000, including £217,000,000 for the special purposes of war – purposes designed to ensure the security of this country, through collaboration and co-operation with the other units of the British Empire and with our allies. The Government had given the maximum degree of deliberation to such ways and means of obtaining that colossal sum from the 7,000,000 people of Australia as would cause the minimum amount of dislocation, and would distribute requirements and sacrifices equitably throughout every section for the community … It appreciates that the provision of £217,000,000 for the extraordinary and inescapable requirements of war necessitates a departure from peace-time conditions; in other words, facing the stern realities of war, we must recognize that peacetime conditions cannot be maintained and sacrifice avoided. The diversion of more than 20 per cent of the national wealth production to the activities of war is inescapable. This amount has been calculated, not by the Government, not by the treasury officials, but by experts in matters of defence who are attached to our own services, in collaboration with the experts of the other members of the British Commonwealth of Nations; consequently, it is the irreducible minimum required for the safety of Australia and the successful promotion of the cause which we have been compelled to uphold. It is not a pleasant task, it is not a happy responsibility for me as Treasurer to have to ask the people of Australia to provide such a huge sum; but they must recognize to the fullest degree that there is no avoidance of the obligation if we are to retain our constitutional form of government, our freedom, our standard of living, and all those other conditions which are at stake in this war (CPD 1941, vol.168, p.626).
Curtin’s speech in reply offered little in the way of criticism of Fadden’s budget. Frank Forde, speaking for Labor, promised similar objectives to those of the Country Party, including the establishment of a mortgage bank, extra assistance to primary producers and aid to the powerful wheat industry.

**Passing the baton**

The debate might have gone on for longer except for the fact that Arthur Coles rose and announced that he would vote against the government. In this he was supported by the other independent, Alex Wilson. The Labor opposition finally won control of the House by thirty-six votes to the government’s thirty-three. Accordingly, on 3 October 1941, Fadden’s government of forty days and nights ended (Ross 1977, p.2170). Fadden handed his commission back to the governor-general, and so ended the Country Party’s claim to the prime ministership of Australia.

Despite his disappointment at not being able to secure the stability he craved for the conservative parties, Fadden’s reaction to his defeat is telling of the man:

> In passing over the reins to Curtin I did so with the greatest confidence in his leadership abilities, his wisdom and his general capacity … The best and fairest I ever opposed in politics is easy to nominate – John Curtin (Fadden 1969, pp.80–1).

Arthur Fadden’s short tenure came as little surprise to anyone, especially him. As Costar and Vlahos (2000a, p.211) noted:

> Fadden’s sudden demise also revealed his strength of character and his affability even in the most difficult of situations. On the day the House was expected to vote on Curtin’s amendment, Curtin called at Fadden’s office on his way to lunch. ‘Well, boy,’ Curtin asked, ‘have you got the numbers? I hope so, but I don’t think you have!’ Fadden calmly replied, ‘No, John, I haven’t got them. I have heard that Wilson spent the weekend at Evatt’s home, and I can’t rely on Coles’. ‘Well there it is,’ said Curtin, ‘Politics is a funny game.’ Fadden simply smiled.
The political wilderness
1941–43

The worst disease which can afflict any Opposition – or any Government for that matter – is internal disunity (Fadden 1969, p.96).

The defeat of Fadden’s government was widely expected. The Labor Party was prepared for the coup that swept them onto the treasury benches for the first time since 1932.1 It was a moment to be savoured.

After John Curtin’s confirmation as Labor leader and prime minister on 7 October 1941, interest over who would lead the opposition intensified. According to a press report (‘Election may be needed’, Sydney Morning Herald 6 October 1941, p.1), discussion over who would be chosen only exacerbated the differences between the UAP and the Country Party. As the UAP was the larger conservative party it was expected that they would nominate the leader from among their ranks; and Robert Menzies and Percy Spender were named in newspaper reports as the two most likely to contend the ballot (Canberra Times 8 October 1941). Fadden acknowledged that Menzies had a legitimate claim on the post, but not all were as encouraging in their assessment (Fadden 1969, p.82). The UAP meeting voted nineteen to twelve against Menzies’ motion that they should select the opposition leader. It seemed that many UAP parliamentarians believed a joint UAP and Country Party meeting should decide the question. A disappointed and bitter Menzies refused to renominate, and Billy Hughes was ultimately chosen as the UAP leader (Reid & Forrest 1989, pp.58–9). The result of the joint party room meeting was eagerly anticipated.

At the joint party meeting Arthur Fadden was selected to lead the opposition – another first for a Country Party leader. In the absence of Menzies, and with a divided UAP, there was little alternative:

1. The Scullin Labor government held office from 22 October 1929 to 6 January 1932. Preceding it was the Bruce–Page ministry, 1923–1929 (Hughes & Graham 1968, p.15).
Fadden was popular with many UAP members, and Hughes was unacceptable to the Country Party. Fadden’s election was reportedly unanimous … and the parties agreed to the formation of a joint executive comprising members chosen by the two leaders (Reid & Forrest 1989, p.59).

Unlike Menzies, who had had the opportunity to regroup after his defeat as prime minister, Arthur Fadden was now thrown immediately into a new challenge. While being elected as the leader of the opposition was an honour, leading such a disunited rabble would be no easy feat. But he acquired the role with a reservoir of goodwill, not just from his party colleagues but also from among the journalists in Canberra. Part of their rationale seemed to be a belief that Fadden would work cooperatively with the new prime minister, John Curtin, and that he had the personal qualities to put aside party differences to allow ‘the war machinery to work easily’ (Canberra Times 4 October 1941).

Fadden’s words immediately following his defeat as prime minister had indicated a preparedness to support the government in its task of wartime administration. On becoming opposition leader Fadden confirmed this, stating that ‘the parties which I lead will give to the new Government general support towards the implementation of a vigorous war effort’ (Hasluck 1952, p.519).

Just as Fadden’s government had done, the Labor government now required the support of independents. Initially the conservative parties agreed to provide the speaker, which gave the government a majority with the support of two independents. In Australia the speakership is not a neutral position, however, and while the arrangement held for some time, finally speaker Walter Nairn resigned his post in 1943 in the dramatic circumstances of a no-confidence vote. But in 1941, the opposition’s provision of a speaker was an indication of a willingness to cooperate – along with the fact that they were utterly defeated and exhausted (Hasluck 1952, p.518; Reid & Forrest 1989, p.39).

When parliament met on 7 October, Fadden officially informed the House that he had been elected in a joint party room meeting as leader of the opposition. It was no easy row to hoe. As Hasluck (1970, p.365) was to remark later:
Fadden as the accepted leader of the opposition, was a member of the weaker partner in the coalition and had little chance of healing the differences inside the stronger party or escaping the UAP jealousy of his office.

Fadden remains the first and last Country Party politician to hold the position of joint leader of the opposition. True to his word he threw his support behind Curtin, and one week after the defeat of his government he travelled with the new prime minister to Sydney by car to discuss the latest commonwealth war loan at a town hall meeting. While he continued to press for a national style of government, he was clear that he would assist the government in whatever capacity he could. He wrote to Curtin in a letter dated 12 December 1941:

> The imperative necessity at this vital hour is to secure the greatest degree of cooperation between all parties in the National Parliament. It is, however, my profound conviction that Australia’s needs will not be satisfied unless and until the brains and experience available in the Commonwealth Parliament are called upon irrespective of party. In short, the country needs as never in its history the best wherever in the House they may sit – the test to be applied being which men in what positions will secure the utmost efficiency in this hour of peril (NLA: MS 4936,31,497,9).

**Fadden’s budget take two**

While Fadden had a deep respect for John Curtin, he continued to despise Labor Party ideology (Lyons 1997, p.98). The opposition, true to his commitment to the new government, offered no resistance to its first two bills (the Loan Bill and a supply bill).\(^2\)

It would take a little while for Fadden to adapt to the adversarial political imperative that opposition required.

One of the first tasks for the Curtin government was the successful passage of its budget. On 29 October the new treasurer, Ben Chifley, introduced a budget that was a revised version of the Fadden budget that had so recently been defeated (Fadden 1969 p.85; Hasluck 1952, p.520). When Fadden (CPD 1941, vol.169, p.78) spoke on 5 November, he could not resist mentioning that the budget measures were so similar the

\(^2\) On March 1942 the House reconvened, and Chifley introduced the Loan Bill 1942 in which a further appropriation of £75,000,000 was proposed to finance war expenditure. It was expected that this amount should cover expenses to June (CPD 1942, vol.170, p.133).
opposition could justifiably move the same amendment as Curtin had done six weeks previously, because the budget remained ‘harsh on low income families’. According to Fadden Labor’s budget went further, and placed ‘an additional and unfair burden on the family by its indirect taxation’ (Hasluck 1952, p.522). While Fadden’s budget had planned to ‘reduce the statutory limit on single incomes down to £100’ to raise more revenue, Chifley’s budget had the same effect in reality, according to Fadden:

The plan of my budget has not been altered. The plan of the revised budget is the same as that of the budget which I brought down but the specifications, the bills of quantities and the materials are decidedly different. The Government has adopted the Opposition’s financial policy … We can appreciate the enormous difficulties that confronted the Prime Minister and the Treasurer in persuading some of their colleagues to accept such a budget (Fadden, CPD 1941, vol.169, p.78; and see DeMaria 1991, p.280).

Showing his capacity for figures, Fadden methodically analysed each section of the financial statement, highlighting those elements he viewed as particularly worrysome. His chief concern was how the government would meet its expenditure aims without any additional revenue sources. He particularly criticised Chifley’s preparedness to go into deficit funding, and emphasised the need to find further sources of revenue:

The Government’s direct taxation proposals will place a severe impost upon a single section of the Australian tax-paying community … Consider the incidence of direct taxation under this budget. Let us analyse the capacity of the community to bear taxation. On incomes of £1500 a year or more, the field of taxation is £67,000,000. On incomes ranging from £1000 to £1500 a year, the field of taxation is £28,000,000; from £400 a year to £1000 a year it is £145,000,000, and under £400 a year it is £560,000,000. Therefore, of a total taxable capacity of £800,000,000 incomes of under £400 a year represent £560,000,000 or 70 per cent. Yet from that huge reservoir the Government proposes to obtain only 8 per cent of its direct taxation revenue … This is a good vote-winning budget, but it is not a good war winning budget. The Government has failed to measure up to its responsibilities (CPD 1942, vol.169, p.79).

Fadden was at ease in his role as shadow treasurer; he was working with material he understood. At various times ideology crept into his arguments. For example, he expressed concern that the treasurer had arranged for the Commonwealth Bank to hold a percentage of trading bank deposits, the amount of which would be decided upon by the treasurer (CPD 1942, vol.169, p.81). When it was pointed out by an opposition speaker
that Fadden had had a similar measure, Fadden defended his plan on the grounds that it was based on the banks voluntarily holding back some funds, a proposal that had also received the support of the banks (Hasluck 1952, p.521); whereas the Labor policy was more prescriptive and gave more power to the treasurer, a fact that could be attributed to their inherent distrust of the banks. Fadden could not resist reiterating his financial plans for the introduction of compulsory loans – ‘postwar credits’ – promoting this as better policy and stressing that, if implemented, postwar credits would have diverted more finances to help fight the war (Fadden 1969, p. 84; and see ‘Test of Labor stand on budget in war council’, Courier-Mail 11 September 1941, pp.1,3; ‘Labor begins fight on budget in war council’, Courier-Mail 13 September 1941, p.1).

His support of such policies had an interesting history. Early on in the war the treasury department had advised him as treasurer that the war should be financed from taxation and public loans, in order to avoid problems such as inflation and recession. While Fadden believed that this advice was sound economically, he had also believed early on that it was not politically feasible (Coleman, Cornish & Hagger 2006, p.188). While he had later attempted to implement strategies that impinged on personal spending, he had always been acutely aware of the political cost involved.

In opposition, political imperatives are different. Fadden went from being the cautious pragmatist to the person pressing the government to implement a policy he himself had delayed. At the same time he pushed the government to plan for postwar reconstruction and advocated uniform taxation measures – a policy he had unsuccessfully promoted during the premier’s conference in 1941. Noting that ‘one of the biggest disadvantages of our economic system is the inequality of taxation burdens as between the states’, Fadden stressed that tax equalisation would be an important goal to strive for:

I have been chided with having lacked the courage to make the adjustment. I called together representatives of the different States, and asked for their cooperation in connexion with this particular matter. When they refused to give it, I resolved to make the adjustment through the medius of the postwar credits scheme. It is a shame that that opportunity has been neglected. I predict that a scheme of postwar credits will be put in operation before this Government is many months older (CPD 1941, vol.169, p.84).
Despite his earlier assurances that he would refrain from adversarial politics, Fadden could not resist the temptation in his concluding comments. Considering his admission that Chifley’s first budget was remarkably like his own recent effort, his criticism was something of a cheap shot:

I disagree with the budget … because I do not think it measures up to the problems with which we are confronted. The Government has not accepted the responsibility of a nation at war. This is not a wartime budget. We have been told that we must have an all-in war effort. A financial policy which over-taxes one section, and leaves untouched a large taxable capacity in another section, in order to obviate diversion from civil to war needs, cannot be described as a proper wartime budget (CPD 1941, vol.169, p.84).

Not surprisingly, the government leapt to the defence of its financial policy. Fadden was accused of hypocrisy by Lazzarini (the minister assisting the treasurer):

When [he] … sat in the Country Party corner before his inclusion in the Ministry, he was one of the loudest applauders of some of the speeches that I made on financial policy, and on one occasion interjected that the Government had no answer to the statements I was making (CPD 1941, vol.169, p.85).

Reminding the House of the short timeframe for the budget’s preparation, he further chided Fadden:

The budget cannot, and must not, be analysed as if it were a financial statement which would be made at the commencement of the financial year, laying down the whole plan of revenue and expenditure. The Treasurer has said that he may have to bring down further proposals in March next … The Treasurer practically had to go without sleep in order to bring down this budget in three weeks. Although the Leader of the Opposition, when Treasurer, had been in office for some considerable time, and had all the details of administration at his finger tips, he took more than three months to perform a similar task (CPD 1941, vol.169, p.85).

Finally, as Hasluck (1952, p.119) noted, the budget debate carried on and ‘both Houses plodded dutifully through [it] … and completed their routine task by the end of November’.

In subsequent debates over wartime funds Fadden could not resist the urge to return repeatedly to his rejected budget:
Two months ago, the Government’s avowed policy was based upon extreme confidence … that the people would voluntarily contribute to war loans and war savings certificates, and deprive themselves of luxuries in order to divert their spending power from civil consumption to war activities. In a few weeks, the Government has discovered to its dismay that its optimism, as the Opposition prophesied, was ill-founded. The previous Government recognized that the nation cannot possible finance an adequate war effort by handing round the hat … and that Australians have to be compelled to contribute their just proportion to war finance.

… The Fadden budget, if it had been adopted, would have honestly met the situation and would have created a wise psychology of saving among citizens, who would have accepted their responsibility to Australia by sharing in this great national effort (CPD 1941–42, vol.169, pp.1183,1184).

Just as Fadden had predicted, the need to raise money to finance the war soon had the Labor government pushing for a widespread war levy (DeMaria 1991, pp.279–80). But as shadow treasurer he was critical of how the government planned to extract the necessary funds (CPD 1941, vol.169, p.941). During the debate on the War Time (Company) Tax Assessment Bill (1941), he made his feelings clear:

Every Treasurer has known how governments have depended upon companies to contribute to public loans. Now the Government asks the companies to be satisfied with a return on capital of 4 per cent. Despite the difficulties, disabilities and risks that private enterprise encounters in business, the bill imposes a severe tax upon profits exceeding 4 per cent. Yet a fortunate investor in Commonwealth loans receives a return of 3¼ per cent, which enjoys special concessions regarding taxation and is guaranteed by the security of the Commonwealth (CPD 1941, vol.169, p.818).

The War Time (Company) Tax Assessment Bill introduced two new measures – a tax on the sale of capital assets and what Fadden described as a marriage tax – ‘the aggregation of the incomes of man and wife, but only if living together’. On the first measure Fadden asserted that the bill extended the secrecy provisions that provide that ‘returns of income upon which assessments are based shall be known only to the specific officer designated in the Act’. His concern was that of an accountant, and centred on his belief that individual private tax records should not become accessible to a minister of the crown (CPD 1941, vol.169, p.551). His background and his allegiance

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3. Fadden specifically mentioned the Broken Hill Proprietary Company Limited and the Colonial Sugar Refining Company Limited.
to rural industries were not forgotten when he remarked that wartime industry favoured metropolitan areas, and that ‘any factor that encourages investment in country industries should not be removed by new methods of taxation’. In relation to the government’s plan to disallow concessional deductions for children when the parent was entitled to child endowment, Fadden was quick to attack the government on what he considered to be a backflip, and delighted in mentioning individual members by name and quoting them at length to prove his point (CPD 1941, vol.169, p.553–6).

**Opposition business**

Meanwhile the daily cut and thrust of politics continued. One memo from the opposition’s publicity officer, Mick Byrne, dated November 1941, advised Fadden that the Labor government had published three editions of its *Digest of decisions and announcements and important speeches* since taking office. Promotion of the government’s actions was an innovation, and Byrne urged Fadden to request an allowance to enable the opposition to publicise their achievements too (NLA: MS 4936,25,451,4).

Robert Menzies was acutely aware of the power of the media. After some prompting from the UAP executive in New South Wales, he had begun to provide commentary on international affairs through a regular Friday night radio broadcast (Black 2006). Beginning in January 1942, he would continue to deliver these broadcasts to the Australian people until April 1944 (Brett 1992, p.15). Modelled on Franklin Roosevelt’s ‘fireside chats’ of the 1930s, the broadcasts gave Menzies an opportunity to communicate to the Australian public, and were a constant reminder to Fadden of the tenuousness of his own position as leader of the opposition. Menzies was a man who was biding his time.

Despite his assurance that he would cooperate with the new government, not all of Fadden’s actions in opposition made Curtin’s job easier. For example, his call for the ‘declaration of a zone of Australian defence within which our defence forces could be
employed” brought up the issue of conscription, a personal and political hornets’ nest for Curtin. Fadden’s call to arms noted that:

Our frontier to-day is definitely in Malaya. Our destiny is linked with the fate of the Philippines, the Netherlands, East Indies, Borneo, and the other stepping stones on which Japan is seeking to establish bases in a drive towards Australia (CPD 1941, vol.169, p.1083).

At this stage in his prime ministership, Curtin wanted no part in the conscription debate. Despite the adversarial approach to some aspects of policy, when parliament went into recess on 26 November 1941 John Curtin was sufficiently satisfied with Fadden’s cooperation to thank him for his ‘complete generosity’, which had been extended to himself as a ‘novice’ (CPD 1941, vol.169, p.1004). Fadden for his part reiterated his promise to ‘lend all possible assistance to the government in order to achieve a maximum war effort’, noting particularly how much the parties could achieve through compromise (CPD 1941, vol.169, p.1006).

**Unity through the supreme war council**

But parliament did not stay in recess for long. In a few short months the war had gone from being an event on distant shores to one that presented a very real threat to Australia. The loss of the Australian cruiser *Sydney* and its crew of 644 sailors had taken a heavy toll on prime minister Curtin (Day 1999, p.427). The United States had entered the war after the bombing of Pearl Harbor; while off the coast of Malaya two British battleships, the HMS *Prince of Wales* and the HMS *Repulse*, were attacked by the Japanese navy (see Hamill 1981). On 16 December 1941, Curtin addressed the

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4. Fadden was referring to an extension of the area in which Australian troops could be expected to serve for the direct defence of Australia itself.

5. In a radio broadcast in mid-November, Curtin appealed to Australian men to volunteer in what Day (1999, p.426) calls a ‘desperate appeal’ made on the understanding that if not enough responded he may need to introduce conscription for overseas service. In 1943 conscription for overseas service was introduced, but only for a defined zone to Australia’s north.
The political wilderness: 1941–1943

House of Representatives formally seeking approval for his historic declaration of war on Japan, Finland, Hungary and Rumania⁶:

The organization of a non-military people for the purposes of complete war must necessarily effect a revolution in the lives of the people … Whatever be the inconveniences or losses which the citizens of Australia may have to experience as the result of the complete conversion of the nation from the pursuits of peace to those of war they will be as nothing compared with what is at stake … The Advisory War Council will be constantly engaged in ensuring for the administration that co-operation of political parties which will demonstrate to the enemy the essential unity of the nation (CPD 1941, vol.169, p.1070).

Fadden was the first speaker for the opposition. Aware of the difficulties facing Curtin, he pledged the wholehearted cooperation and the practical support of the opposition parties, imploring the government to use its resources of ‘men who have had practical experience of administration in wartime’. He urged Curtin to establish a supreme war council – effectively a national government in another guise (CPD 1941, vol.169, p.1082). Recalling the joint statement that he, Beasley and Curtin had issued back in February, he spoke of the need for consensus, stating that the parties had previously shown they could work together for the greater good. He also boosted the achievement of his and Menzies’ governments, saying:

The government then in office and the Advisory War Council assessed the position correctly, and, as a result, the nation is much better prepared today than it would have been if those warnings had been ignored (CPD 1941, vol.169, p.1082).

Curtin remained unconvinced of the need for a national government, but agreed that the decisions of the advisory war council would be as binding as war cabinet decisions. Fadden’s recommendation was implemented, and Australia now had a ‘Supreme War Council in practice, without conceding it in principle, and thereby averting unwanted political disunity in Labor’s ranks’ (Horner cited in Day 1999, p.436). Fadden’s understanding of the difficulties facing John Curtin was made clear when he stated:

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⁶. This was the first time the Australian government had independently declared war on a foreign country.
The Government will be called upon to do many unpopular things and to implement much unpopular legislation. But the opposition will not shirk the responsibility of aiding it in this task (CPD 1941, vol.169, p.1083).

**1942: a new and dangerous year**

Australia now entered a new phase in the war. As DeMaria (1991, p.280) explains, while the first phase was presented to the public as a ‘collage of smiling diggers … heroic tales from the Women’s Land Army, troop ships leaving port … higher and higher production figures’, by 1942 it was clear that Australia was in real peril. Upon assuming office Curtin had accelerated Australian defence capabilities; but while production levels increased, so did the number of industrial disputes (Alexander 1982, p.9). Eddie Ward (minister for labour) compared Menzies’ record of 2,215,025 lost man-days, Fadden’s 180,000 and Curtin’s record to date of 126,000, saying that many of those could be attributed to strikes that Labor ‘inherited from the previous regime’ (CPD 1941, vol.169, p.545). Industrial relations problems would plague the government throughout the war. Fadden’s rhetoric did not lessen the pressure:

> An idle miner is a dangerous liability – if he will not work he should be made to pull his weight in the fighting forces … Every miner who is idle because of an unjustifiable strike has the blood of an Australian soldier on his hands just as surely as if he had stabbed him in the back (*Melbourne Herald* 4 July 1942).

Fadden pulled no punches in his attack on striking workers. His statements were in part driven by concern for the war effort, but he also had an eye to political advantage. Certainly by the middle of 1943 strikes on the New South Wales coal fields and on the waterfront had led to a three hundred per cent increase in lost man-days compared to 1942. Fadden exaggerated the point, however, by implicating communist sympathisers in the industrial unrest. For while there were strikes in communist-controlled industries, particularly after the entry of Russia into the war, these made up a small fraction of the overall number of disputes. Fadden, however, vehemently anti-communist, continued with the rhetoric that such action was akin to treason.

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7. Fadden’s quote was republished in the Weekly Information Bulletin for members of parliament on July 4 1942 (NLA: MS 4936,4).
Australia under attack

The precarious position of Australia was confirmed by the bombing of Darwin in February 1942. Parliament reconvened for a secret joint meeting of both Houses. Archie Cameron was a lone voice protesting that parliament should not meet ‘in-camera’.

Fadden, however, used his allocated time to issue a call to arms and make a plea for unity of purpose in fighting the war:

The time has come when we should refrain, as much as possible, from making speeches, and should concentrate on action! Members of Parliament must face their responsibilities. We met a little over two months ago for the purpose of declaring war on Japan, Finland, Hungary and Rumania … Within the last few days, a part of our own territory has been occupied by enemy forces, and Darwin has been bombed. Therefore, there should be a full realization in the minds of all people regarding the need for unity in the prosecution of the war. We have to consider the needs of Australia, and we must also look beyond Australia and consider the position of the British Empire and our Allies … We must learn the lesson of the attack on Darwin. This war cannot be won in Australia. If the Japanese were to take Australia they still would not have won the war; and if they should be beaten in Australia we still should not have won the war … We must not consider the position from the point of view of Australia only. Naturally we have our responsibilities to Australia, but Australia has its responsibility to other members of the alliance (CPD 1942, vol.170, pp.59–60).

With the prime minister and his cabinet occupied with war, much necessary legislation was amended through regulations when parliament was not in session. During Menzies’ and Fadden’s time in government, notices of changes to regulations had been sent to members’ postal addresses. Upon John Curtin’s appointment as prime minister, an apparent oversight meant that some parliamentarians did not see these notices (which were not posted but placed in the Parliament House mailbox) until they returned to Canberra. After a barrage of complaints Curtin, assisted by Fadden, sought to quell the criticism by establishing a special committee to examine the system of regulations (Hasluck 1952, p.313).

As strikes continued in essential industries such as the coal fields and in factories, trade union power was increasingly criticised by the opposition (Hasluck 1952, p.313; Holt 1969, p.41). Fadden was invited by Curtin to examine claims of inefficiencies at the Lidcombe aircraft factory; and he subsequently wrote to Curtin that Lidcombe was, ‘a
unique place where men had to be … trained to operate the wide variety of special machines to undertake a task hitherto unattempted in New South Wales’ (NAA: A5954, 221/7, letter dated 19 January 1942). His examination was commissioned after an advisory war council meeting on 12 January heard allegations, led by Menzies and Spender, that ‘fifth column’ (communist) activity was occurring at the factory (Daily Telegraph 12 January 1942). In appointing him, Curtin showed he was confident that Fadden would not play party politics with the inquiry. Fadden’s final report found that there had been a ‘slackness of work and idleness of employees and machines’ at Lidcombe, and recommended an immediate supply of ‘outstanding machinery and tools’ to help the factory meet its production schedules.

After Fadden’s report, Curtin appointed a High Court judge, Sir Owen Dixon, to investigate further. During question time on February 25 1942 the prime minister acknowledged Fadden’s contribution, and told parliament that as a result of his and Dixon’s inquiries, ‘action has been taken in respect of certain features of the report, which included accepting the resignation of one highly skilled engineer (NAA: A5954, 221/7).

The conservatives were still in disarray. The UAP was divided but ambitious for power. During 1941 Robert Menzies and fellow Victorian UAP member TT Hollway began agitating for action. Increasingly Menzies seemed to be the de facto UAP leader, as his March 1942 ‘Statement of commonwealth opposition policy for 1942–43’ indicated (Martin 1993, p.401). Menzies continued to boost his public profile through his weekly radio broadcasts; but with everyone’s attention on the war, the time was not yet right for him to make a new bid for the leadership.

Civil liberties are a repeated casualty of war, and Fadden showed little concern for ideals such as freedom of speech or rights of association. During an exchange in the

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8. In a press statement dated 25 November 1941 Menzies and Holloway called for ‘a vigorous reconstruction of the party’s organisation’ (Hazlehurst 1979a, p.216).

9. Fadden called for Australians naturalised over the previous 5 years to be investigated, saying the safety first principle must apply (CPD 1942, vol.170, p.517). Curtin was less reactive in stating his position, telling the parliament that ‘an alien who has been naturalised for more than five years is not necessarily a better security risk than an alien who has been naturalised for less than five years’ (CPD 1942, vol.170, p.967).
House on 27 March 1942 he called for an adjournment to discuss the statement of the minister for the army, Frank Forde, that ‘treasonable activity’ had been engaged in ‘by members of the Australia First Movement’ (Fadden, CPD 1942, vol.170, p.516). Fadden reacted strongly to the news that three people in Western Australia and eight people in New South Wales had been detained using wartime powers (Hasluck 1970, pp.718–42). In his speech he seemed genuinely concerned about the allegations that Australians had been assisting the enemy. He pulled no punches in stating his views about how anyone accused of such actions should be treated:

Mere internment of persons believed to be guilty of treason is utterly unsatisfactory. The handling of the alien question since the outbreak of war has been characterised by the usual British consideration for the individual, but that can no longer be tolerated … If people of our own race have been so base as to enter into commitments to the enemy, or to conspire to do so, they should be tried for their lives (CPD 1942, vol.170, p.516).

A later investigation into the conspiracy found that the people detained and, in some cases, held for several years had no capacity to carry out any of the suggestions some of their leaflets recommended.

Hasluck (1970, p.742) asserted that the urgency of war enabled governments and oppositions to act in a way that would be unacceptable in peacetime. Not many in the parliament were concerned with civil liberties; and the freedoms Australians were fighting for got lost in the debate.10

When Fadden called for the immediate removal of aliens from coastal settlements, he made particular mention of Queensland communist (and Townsville alderman) FW Paterson, who would later contest the 1943 federal election in the seat of Herbert in Queensland.11 In the midst of the war against fascism Fadden could not put aside his dislike of the communist doctrine, even while the Russians were assisting Australia’s allies.

10. But Fadden’s personal attitude to immigrants, particularly Italians (who he continued to employ in his businesses), was at odds with his public comments.

11. Paterson would go on to be the first member of the Communist Party elected to a state parliament, becoming the member for Bowen in Queensland in 1944. He had stood in the 1943 federal election, outpolling all but the sitting Labor member (Fitzgerald 1997).
Conscription

Throughout 1942 and into 1943 Fadden’s leadership looked in jeopardy, with press reports noting his increasing frustration over the tactics used by some on his own side of politics (Canberra Times 19 March 1943, cited in Hasluck 1970, p.361). Keen not to be labelled weak, he used the conscription issue in the parliament. In one of the most acrimonious debates up to that time he reiterated his commitment to helping the government amend the National Security Act to enable a conscripted reserve force to fight on foreign shores:

The opposition stresses the importance of meeting the enemy outside the shores of Australia as well as within, and the distinction which must be drawn between Australian Imperial Forces and militia at the present moment may seriously hamper the strategy of your Government and interfere, the Opposition feels, with the adequate defence of this country. While having no desire to raise any controversial political question, but animated with a sincere wish to free the hands of your Government, the Opposition would be prepared to give unanimous support to a measure amending the National Security Act in such a manner as to enable the Government to employ any of our troops in any area vitally necessary for the defence of the Commonwealth (CPD 1942, vol.1970, p.798).

Knowing that the issue was controversial and personally difficult for Curtin, Fadden made his comments as much for political advantage and with an eye to the next election as out of a desire to see conscription introduced.

Curtin’s response reminded Fadden that neither he nor Menzies had introduced conscription:

I tell the country that this motion is not a service to national unity. It is no service to present military requirements. It is not sought or asked for by anybody in the country except a few disappointed politicians who seek an issue upon which to rehabilitate themselves (CPD 1942, vol.170, p.802).

On the whole Fadden attempted to work with the government, but at times his efforts were attacked from elements within the coalition, who accused him of ‘undue passivity’ (Sydney Morning Herald 6 August 1942). He responded to these claims by becoming more critical of some policies, especially in relation to industrial unrest in the coal
fields, the introduction of a tax on service pay and censorship laws (Hasluck 1952, p.354; *Sydney Morning Herald* 6 August 1942).

But the issue of conscription was always the most difficult for the government. In parliament, following a statement by Curtin on the international situation, Fadden moved for an amendment to allow the government to weld ‘the Australian Imperial Force and the Australian Military Force … into one fighting army available for offence as well as defence’. Yet even then Fadden attempted to give the government some room to move on the issue of conscription, noting that even if the legislation was passed it need not necessarily be used. Media reports suggested that Fadden did not want to move this amendment, but did so to placate dissidents within the conservative ranks (Gollan 1942).

After Fadden had spoken, the parliament descended into chaos. Rosevear suggested that the amendment was ‘the first serious reversal for Mr. Fadden as Opposition leader, and a triumph for the Menzies group’. He quoted a *Daily Telegraph* report that suggested Fadden had voted against the amendment in the party room, and added:

Mr. Menzies’ success in the party room to-day is significant because of persistent reports that he intends challenging Mr. Hughes for the United Australia Party leadership. It is reported also that if he succeeds he will later attempt to oust Mr. Fadden from the Opposition leadership. It is argued that Mr. Menzies was certain of victory today because the majority of the Opposition has always advocated conscription. In a fight for the leadership he might not command such strong support (CPD 1942, vol.170, p.805).

Curtin responded to Fadden’s claim that the amendment was necessary by saying curtly that ‘Australian forces have been used effectively in several places outside Australian territory’ without implementing such a provision, and was subsequently asked by Harrison to ‘be fair to Fadden’. Curtin’s reply alludes to the backroom intrigue that precipitated the amendment in the first place: he had ‘played fairer with the leader of the opposition’, he said, ‘than his own supporters have’ (CPD 1942, vol.170, p.800). The journalist Ross Gollan (1942) captured the feeling in the House:

Mr Fadden … found Thursday night the most miserable of his political career – one in which he was torn between the twin knowledge that if he remained leader of
the Opposition he would have to move an amendment against which his instincts revolted; and that if he resigned the amendment would be moved anyhow, and the chances of effective war co-operation between Opposition and Government would be immeasurably diminished … It was well that he stayed at his post. His speech in moving the amendment was one of the few that tried to lift beyond the party plane a debate that soon became a shambles, with national self-respect the unwilling victim. Almost as impressive was Mr Hughes’ continued silence, more eloquent than most of the great orations of his heyday. Mr Curtin’s speech sounding better than it read still did not do justice either to the occasion or Mr Curtin. There are observers who believe that the Prime Minister was enraged by his idea that the knowledge possessed by all five Opposition War Councillors should have prevented the debate ever coming on: that he was also embarrassed by a belief that the whole move presaged a Menzies comeback, which would restore complete partyism in Parliament, and so make him entirely dependent on his own side of the House … All told, the day will rank as the Black Friday of Parliamentary Government in Australia. It can only be redeemed if, during the remainder of these sittings, members drop partyism and try to make up for the harm they have done by letting their one and only thought be the most efficient organisation of the nation for successful war.

Curtin personally abhorred the notion of compelling men to fight against their will.

There were also party considerations to take into account. Eddie Ward, Labor’s minister for labour and national service, was the most outspoken in his proclamation that should conscription be introduced ‘the trade unions would withdraw their support of the Government’ (CPD 1942, vol.170, p.835). After an intense bout of political lobbying and several attempts by Fadden’s opposition to force Curtin’s hand, limited conscription was introduced (Day 1999, p.489; Ross 1977, p.299). Curtin was criticised by parts of the press (see Lee 1983, p.133)\textsuperscript{12}, and there was much handwringing when Curtin finally introduced a bill on conscription in January 1943. It became law in February.

**Disunity in the ranks**

Billy Hughes, meanwhile, continued as the leader of the UAP. Throughout this time he and Fadden had a congenial relationship. According to Hughes’ secretary:

> Fadden’s warmth and genuineness attracted him, and they had high spirits in common. Fadden was the soul of kindness to Hughes, and frequently made time, though other occupations were more pressing or more inviting, for a game of

\textsuperscript{12} Lee spoke about Sir Keith Murdoch’s campaign to support Fadden’s policy of one army.
Billiards with this notoriously trying player. In return, one long Budget session Hughes devoted himself to teaching Fadden, over dinner each night, to sing ‘Botany Bay.’ The creaky old voice and the cheerful bellow rang strangely enough through the low hum of the parliamentary dining-room (‘In good king Billy’s olden days: reminiscences of WM Hughes’ secretary’, Nation, no.106, January 3 1959, pp.15–16).

But it would take more than bonhomie and goodwill to keep the conservatives together. Billy Hughes had had a controversial career in politics and was not universally popular in his own party. He was very much a caretaker leader. In February 1943 Menzies resigned from the opposition’s executive. On 25 March 1943 the spill was on to replace Hughes, and the leadership of the UAP was declared vacant. While this initial effort to remove Hughes was defeated twenty-four votes to fifteen, it was clearly only a matter of time before he would be ousted. Menzies had formed a breakaway group of seventeen UAP men who called themselves the National Service Group. Their aim was to ‘re-organise the UAP under new and vigorous leadership’ (Hasluck 1952, p.357; Reid & Forrest 1989, p.35; Joske 1978, p.128).

Fadden’s term as opposition leader was not made easier by the continuing internecine struggles within and between the conservative parties. There were reports that the relationship between Fadden and the opposition leader in the Senate, Senator McLeay, had broken down. It was suggested that Fadden viewed McLeay as ‘the hot-headed leader of parliamentary forces out to prevent the House of Representatives Opposition treating wartime measures on their merits’, while McLeay believed Fadden to be weak and the ‘too conciliatory leader of cohorts which wouldn’t know how to grasp a political opportunity if they saw one’ (Gollan 1943a). Fadden still had loyal supporters in the media, but his leadership was on shaky ground:

The opposition lobbies dripped with minority intrigue against both the leader of the Opposition, Mr Fadden, and the UAP leader, Mr Hughes, both privately convicted by a self-constituted jury, principally South Australian, of the heinous and abominable crime of over-cooperativeness with a Government whose job is to win the war (Gollan 1943b).

13. Menzies wrote to Fadden on 10 February 1943 that: ‘Through no fault on your part or on the part of my colleagues, my continued membership of the Opposition Executive has become embarrassing to all of us. I therefore regretfully tender my resignation’ (NLA: MS 4936,573,40,8).
The opposition increasingly was a ‘cacophony of differing views’ (Gollan 1943b). Fadden’s pleas for unity among the fractious elements within the conservative parties fell on deaf ears (Canberra Times 19 March 1943, p.3).

It was not a good prelude to fighting a general election. And it would not be long before another politician-made crisis threatened to destabilise the political arena even further at a crucial time.

**The Brisbane line (or the Brisbane lie)**

Eddie Ward continued to attack the opposition, but his volatility increasingly became a rod for Curtin’s back (Hoyle 1994, p.101). Toward the end of 1942 he introduced a new adversarial tactic that would become known as the ‘Brisbane line’\(^\text{14}\). Sensing the Labor Party’s altered stance toward conscription, he began a full frontal attack on the opposition, based on the allegation that ‘when the present Government took office a plan was in existence whereby the “patriots” [on the opposition benches] intended to abandon an important part of northern Australia without firing a shot’ (Hoyle 1994, p.111). The crucial part of Ward’s allegation was that the conservative government had planned to abandon much of Queensland and Western Australia should the country be invaded. While Fadden, Menzies and Hughes denied his assertions (Daily Mirror 27 October 1942), Ward’s claim quickly assumed great importance. General Macarthur’s entry into the debate, claiming that the Brisbane Line was part of the Australian defence plan (Hoyle 1994, p.273 ), only made things worse.\(^\text{15}\)

Fadden immediately understood that the voters in northern Queensland and in Western Australia would regard any such plan as an act of treachery. He protested in the strongest possible terms – for the sake of both his own reputation and that of the former government – that the allegation was untrue. Curtin was in no hurry to put the matter to

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14. The Brisbane lie, according to Fadden (see Burns 1998, p.155)

15. Later it was suggested that Macarthur had confirmed the theory to inflate his own importance in the war (see Burns’ (1998) assessment of the Brisbane line controversy; and see Horner 1982, pp.178–86).
rest. It was alleged that he allowed Ward to air his views knowing the damage it would cause to the opposition in an election year (Daily Telegraph 17 June 1943). As the controversy unfolded he continued to obfuscate, refusing to release documents that would have settled the matter once and for all. In May 1943 Ward announced on a radio broadcast that:

I lay two charges against the Menzies and Fadden Governments. First, I charge them with creating a position in the country which necessitated the contemplation of such a defeatist plan and secondly I charge them with becoming so panic stricken as the threat of invasion increased, that they turned to a treacherous plan under which large portions of Australia were to be given away to the enemy (Hoyle 1994, p.113).

The cooperative atmosphere in the House evaporated. As one journalist commented, ‘Mr Ward’s “Brisbane Line” fable has suddenly transformed itself from a sawn-off electioneering shot-gun into a high velocity boomerang’ (Gollan 1943c).

After weeks of heated discussion, Fadden moved a ‘motion of want of confidence’ in the government when parliament resumed on 22 June, claiming that:

By its actions the Government is branded as one whose administration has been distinctly partisan; as a Government that has placed party political, before national, considerations; as a government that has deliberately misrepresented the actions of its predecessors for party advantage; and as a Government that has permitted industrial anarchy because of its craven fear of its trade union masters (CPD 1943, vol.175, p.8).

Fadden was angry and clearly felt betrayed by the government. He recalled with some bitterness the cooperation he had given the new government in 1941:

Immediately upon his Government taking office, the Prime Minister was given a firm assurance of Opposition co-operation. We have honoured that assurance in every way. Our criticism has always been constructive. Our actions, both inside and outside Parliament, have been taken irrespective of party political considerations … We co-operated in every way possible. As practical evidence of our co-operation and sincerity we left two of our own members in the positions of Speaker and chairman of Committees … I as leader of the Opposition, and also the Deputy Leader of the Opposition (Mr. Hughes), have extended every consideration

16. It has been suggested that Curtin acted quickly (see Faulkner & McIntyre 2001, p.81), but time-lines indicate otherwise (see Hoyle 1994; Hasluck 1952, pp.711–17).
and co-operation to the Prime Minister and to members of his Ministry. That co-operation has been misinterpreted in very many circles, and very much to our detriment. It has been misinterpreted as a weakness on our part, whereas we accepted it as our duty and as a responsibility that transcended all party considerations. I set out these facts to show that the Opposition has persevered in its attempts to co-operate with the administration of this Government as long as it possibly could, having regard to its responsibilities and duties as a vigilant opposition (CPD 1943, vol.175, p.9).

He continued:

Is the Prime Minister going to let this baseless lie, this scandalous propaganda, be persisted in? There is one man in this Parliament who should clear the matter up, and that is the Prime Minister … I expect from him a statement of the facts that will present in a true light the position of myself, my colleagues and my supporters (CPD 1943, vol.175, p.24).

Finally, Curtin admitted that the plan to abandon tracts of Australia had been presented to the Labor government, not the Menzies or Fadden governments (CPD 1943, vol.175, p.32).

The debate over the Brisbane line was so bitter that it threatened the existence of the advisory war council. Menzies warned that he might withdraw from it, and while Fadden did not go so far, he put out a statement that unless Curtin issued an unequivocal denial of Ward’s allegations future cooperation with the opposition in the council would be endangered.

In the end Curtin suspended Ward from his ministerial duties and called for a Royal Commission into the allegations (Faulkner & Macintyre 2001, p.81). The Royal Commission’s findings were tabled on 28 September 1943. They cleared Fadden and the conservatives of proposing a Brisbane line (CPD 1943, vol.176, p.73; see also CPD 1943, vol.176, pp.670–96).

**The gloves are off**

Despite the Royal Commission clearing the Fadden and Menzies governments of Ward’s allegations, the damage had been done. The announcement of the 1943 election soon after the controversy played into Labor’s hands. As Spender (1972, p.216) stated:
The campaigning of Labor was waged largely on the basis of the constantly reiterated charge that the Opposition had, in office, been ‘defeatist’ – a damaging word used deliberately by Curtin himself – incompetent and worse … I do not doubt that the ‘Brisbane Line’ and the charges repeated ad nauseam and embellished … played a critical part in the overwhelming defeat these parties sustained in the election of 1943.

Fadden’s election blues

The federal election on 21 August 1943 would be the first and only one Fadden fought as opposition leader. In Queensland, the Country Party was beset with factional feuding similar to that being played out on the federal political scene within the UAP (Lee 1983, p.127). This conflict did not assist Fadden’s plea for unity.

The leaders used radio technology to broadcast their messages. While Curtin delivered his policy address via radio from Canberra (Day 2003, p.395), Fadden travelled to Queensland where he broadcast his policy speech from radio 4BK in Brisbane.

Fadden delivered the joint UAP–Country Party policy speech in the Brisbane town hall on 22 July, and followed that with the Country Party policy launch in Toowoomba four days later (Hasluck 1952, p.365). His campaign produced a series of advertisements criticising Curtin’s rationing restrictions and his socialist tendencies, while promoting his own scheme of postwar credits, pay-as-you-earn taxation, one army, and a promise to ban the Communist Party (Martin 1993, p.413). Fadden promised to relax manpower restrictions in country areas to enable more workers to produce food ‘enough for all … and to spare’ (Sydney Morning Herald 10 August 1943). With the threat of Japanese invasion receding, it was time to turn attention to postwar issues. The UAP also pushed the theme of food supplies, alleging soldiers were often doing without adequate nourishment. The censor was alerted to these ads which appeared under the caption ‘If your soldier hasn’t enough to eat blame the Curtin government’ – leading to some acrimonious press coverage (see ‘Advertisement protest’, Melbourne Herald 6 August 1943; ‘Censor’s view about advertisement’, Sydney Morning Herald 7 August 1943; editorial, Daily Telegraph 6 August 1943).
The election campaign was physically exhausting. Fadden travelled to every state except Western Australia, covering an estimated nine thousand miles. He spoke at over fifty-five meetings, and repeated his call for a national government (*Courier-Mail* 21 August 1943, p.3). He received mostly good press, and was the favourite of the *Courier-Mail’s* editor who urged voters to support the conservatives at the polls (editorial, *Courier-Mail* 21 August 1943, p.1). Menzies would later suggest that Fadden’s campaign technique let the conservatives down (Martin 1999, p.3), but other reports suggest Fadden handled the noisy mobs with panache (*Courier-Mail* 4 August 1943). As the campaign progressed Fadden grew increasingly comfortable in dealing with the hostile crowds, and ‘convincingly dealt with cries of “Give us something constructive” elicited from a Victorian audience, with the retort “You wouldn’t understand it”’ (*Courier-Mail* 30 July 1943). In Brisbane, suffering from a chest infection that marred the last week of his campaign, Fadden’s response to interjectors was ‘I see the old gang is here … If you had twice as much brains … you would still be a half-wit’ (*Courier-Mail* 13 August 1943, p.3).

The lowest point in the campaign came when Robert Menzies repudiated Fadden’s policy of postwar credits. Fadden had travelled the country, heavily promoting the scheme. His argument was emblazoned in full-page advertisements in major newspapers under the headline: ‘Postwar Credits: The UAP Plan Explained, What it means to the war effort, what it means to YOU!’ He used radio broadcasts to explain how ‘money taken from you in taxation is to be put back in your pockets’ (NLA: MS 1538,28,3188; see also MS 1538,28,3211; MS 1538,28,3183). While the UAP had officially endorsed the policy, Menzies would later claim he had not personally agreed with it. His attack on the policy was extremely damaging to Fadden’s reputation. His unexpected comment during the election brought their relationship to breaking point, as Fadden angrily declared:

> This stab in the back makes another betrayal in the series for which Mr Menzies has become notorious. The statement came as no surprise to me for I heard last week in Sydney that some such thing might happen because the personal ambition of one man thought it preferable that we should lose this election (Martin 1993, p.412; Hasluck 1952, p.365; Spender 1972, p.219; Ellis 1963, p.264).
Curtin was a deservedly popular wartime prime minister, and it was always unlikely that Fadden could have won back the government after two years in opposition. There was a general view that Labor had readied Australia for war much better than the conservatives had done. But the open hostility so evident between Fadden and Menzies sealed the election result. Labor was returned with an overwhelming majority of forty-nine seats to the UAP’s fourteen and the Country Party’s nine (Souter 1988, p.358); while the Senate returned Labor candidates in all the nineteen seats contested (Hughes & Graham 1968, p.369). Labor settled in for three more years while Fadden’s opposition team waited for the dust to settle.

This would not take long. Despite writing to Hughes on 8 September 1943 that together they could build something useful out of the decimation (Martin 1993, p.417), Fadden would have known that his leadership of the joint parties was coming to an end. Later he would say that as he handed over the reigns of opposition to Menzies, he ‘retired to the corner to lead my own party in a happier atmosphere of mateship and unity’ (Fadden 1969, p.88).

Fadden’s leadership of the opposition had been an uphill battle from the start. The fact that he was the leader of the minority party, combined with the general disunity within the conservative parties, virtually ensured that Fadden would never succeed in restoring the UAP–Country Party to government. Despite these difficulties, Fadden had in his years as deputy prime minister, prime minister and opposition leader ‘set a standard of service for Australia’ (Curtin, CPD 1941, vol.167, p.25) that should be acknowledged.

After the 1943 election, Fadden returned to Queensland to spend time with his family and replenish his spirits. It was time well spent. Dramatic changes were just around the corner.
Working with the leader of leaders

1943–49

[Fadden] is the hand-shaking, back-slapping, anecdotal politician, energetic, impetuous, forceful, and with a good deal of crude ability (Australian Outlook March 1950, p.11).

After the loss of the election, the opposition parties were at an all-time low. There was some suggestion that Richard Casey might return to Australia to lead the UAP, a false rumour that was possibly circulated to worry Menzies (see Martin 1993, p.420), and talk that Earle Page might resume the leadership of the Country Party (Courier-Mail 22 September 1943). The majority of the press speculated that a return to Menzies was most likely. Press reports also rumoured the break-up of the coalition, with journalists noting that the ‘marriage of convenience’ had now ended, and both parties were ‘hot for divorce’ (‘Political roundabout out of the depths: Menzies again,’ Sunday Telegraph 19 September 1943, p.8).

In September 1943 Fadden met with New South Wales United Country Party officials. It was argued that the federal party should ‘sever all connection with the UAP’ (Davey 2006, p.136). This was changed to a motion that ‘the Federal Country Party Member should sit in the Parliament as a separate Party with its own Leader, who shall be that Leader alone’. This motion was carried unanimously. When Menzies was elected UAP leader later that month, Fadden was glad to ‘be shot of the “joint Opposition”’ for a while (Davey 2006, p.136; and see Ellis 1963, p.264; Fadden 1969, p.88). He was re-elected as the Country Party’s leader, while John McEwen became deputy leader. Around this time the Country Party changed its name to the Australian Country Party (Federal) (Ellis 1963, p.265). The coalition arrangement was officially over.

1. During the election campaign of 1943, Curtin said: ‘You cannot risk a government from the United Australia Party and the Country Party. They would make the same terrible mistakes they made before Japan came into the war. Who would be the boss among them all? Who would be the leader of leaders’? (Griffiths 2005, p.17).
Parliament returned on 21 September 1943. The war effort had taken its toll on prime minister Curtin’s health. He had already announced his cabinet and the make-up of the advisory war council, which was to include three representatives from the UAP (Menzies, Hughes and Spender) and two from the Country Party (Fadden and McEwen). After the return of the writs, the first business of the day was to elect a new speaker. With John Rosevear installed in the chair, Menzies and then Fadden announced their new leadership arrangements (CPD 1943, vol.176, p.19).

These routine matters dealt with, the debate quickly turned to issues such as the government’s food program, a central plank in the opposition’s electoral campaign (CPD 1943, vol.176, p.42). The debate in reply allowed participants to speak across a range of issues, and Menzies (CPD 1943, vol.176, p.55) used the time to admit that the opposition had ‘suffered a complete, unqualified, [and] uncompromising defeat’ in the election, adding that he was ‘the last person in the world to stand here and endeavour to explain away that defeat in terms comforting to myself or my colleagues’. Whether he intended this as a slight to Fadden’s leadership is hard to tell. Fadden remained silent throughout Menzies’ address, which quickly turned to issues of postwar reconstruction, the need to supply labour to industries with critical shortages and the return to civil life after the war ended (CPD 1943, vol.176, p.60). Not until he acknowledged the role of secondary industries, to which, he said, ‘this country owes its salvation’, did Fadden, possibly somewhat deflated by Menzies speech, interject that ‘rural industries also … played a part’. Menzies was quick to respond: ‘I am taking about the production of materials for war. I have already made mention to the rural industries’ (CPD 1943, vol.176, p.60). Clearly Menzies was not yet ready to appear too conciliatory towards Fadden.

Menzies set about consolidating his position, both within the party and in the minds of the electorate. He realised quickly that in order to do so he needed a media relations assistant, akin to John Curtin’s press secretary, Don Rogers, who had professionalised the office of the prime minister and been of great assistance in getting the prime minister’s message out effectively. Eventually Menzies settled on Charles Meeking, from the department of information, a man with whom Menzies had a good working
relationship. The professionalisation of the office of the opposition had begun (Martin 1999, pp.2–3,17). It was an important step for Menzies, and a sign that he viewed his role in opposition as a staging post on the way to resuming the leadership of the country.

**Chifley’s 1943–44 budget**

On 29 September Chifley introduced his budget for 1943–44. Menzies, now leader of the opposition, was first to respond. During the initial stages of this session Fadden said nothing, content to allow Page and McEwen to make the running. But on 8 October he entered the debate, agreeing that the government had received an unmistakable mandate (CPD 1943, vol. 176, p.288). Noting that the budget included raising £715 million, of which £569 million was to be spent on the war effort, he promised the Country Party’s support in that endeavour (Souter 1988, p.362). But he admitted that certain aspects of Chifley’s budget worried him:

> It is in regard to the use of bank credit that some difference of opinion may occur. The Treasurer is asking for £715,000,000 of which he expects to obtain £312,000,000 from taxes and other sources, leaving £403,000,000 to be obtained by loans from the people and the use of the banking system. Should his estimates of expenditure be exceeded and his anticipated receipts not be realized the gap of £403,000,000 will be increased (CPD 1943, vol.176, p.287).

Fadden was cautious about Chifley’s ability to raise money from small investors, and mentioned the National Welfare Fund trust account. When speaking of financial matters he often used examples to illustrate his points, and this occasion was no exception. He cited previous difficulties in raising money from small investors, and estimated that around £300 million might be received from the investing public that year. His speech was a straightforward financial appraisal of the situation, although his faith in the public’s generosity and willingness to part with savings was much less than the treasurer’s. He reminded the House that Chifley had been unable to raise the necessary amount in past budgets, and that Labor had had to print treasury bills to make

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2. The National Welfare Fund was established by the Labor Party in 1943. It covered invalid pensions, funeral benefits and non-means tested maternity allowances, and was funded out of general revenue from income taxes (see Australian Academy of Medicine and Surgery, n.d.).
up the deficit. Using the opportunity to promote his postwar credit scheme, Fadden also agreed to assist the government in convincing Australia of the need for the measure because of the risk of ‘insidious inflation, which is the worst possible form of taxation’ (CPD 1943, vol.176, p.287).

Arthur Calwell responded to Fadden’s remarks by reminding the House that voters had disapproved of Fadden’s solutions in the previous election. Fadden could not disagree with this, but would not be deterred from insisting that his financial policies were the best way forward (CPD 1943, vol.176, p.286–9). In what was a subtle dig at Calwell for having recently taken the place of George Lawson in the ministry, he stated:

[The voters] were not … impressed by a number of Opposition policy proposals, which, however, will soon be forced upon the Government. The people were not impressed with pay-as-you-earn taxation, but the stark necessities of the situation will force the Government in the very near future to bring pay-as-you-earn taxation into the operation. I do not intend to go into the merits and demerits of the scheme now … I repeat that whether the Government likes it or not, stark necessity, let alone justice and common sense, will compel it to accept pay-as-you-earn taxation. In order to demonstrate how necessary it is that the pay-as-you-earn system be instituted I need only cite the case of the honourable member for Brisbane [George Lawson], whose earnings have dropped this year from about £2300 as a minister to £1000 as a private member. The tax payable in respect of the honourable gentleman’s [income] will be about £1,400 which will have to be paid during a year when he will earn only £1000 … In other words after paying tax out of his £1000 a year income, he will have left, approximately £700 from which to pay about £1100 in respect of the previous income of £2000 … I want honourable members and the people generally to realize that the money to be set aside for the National Welfare Fund will be appropriated from and not superimposed on taxation (CPD 1943, vol.176, p.288).

But sarcasm aside, Fadden also expressed some sympathy for the federal treasurer:

I did not envy the Treasurer his job of taxing people in the lower brackets of income, who had never paid income tax. It was inevitable, in the circumstances, that they should be taxed, but it was a hard task for the Treasurer to undertake. I lent him all the assistance that lay within my power and complimented him on his success. But we all know that in order to sugar the pill which the earners of low incomes were loath to swallow the Treasurer held out … an inducement to them to accept the indispensability of their making a direct contribution by way of tax to the conduct of the war … All he did was to tax those lower ranges of income and appropriate a part of the tax for the purpose of the National Welfare Fund. In
essence that is exactly what I intended to do in the postwar credits scheme (CPD 1943, vol.176, p.289).

In his contribution to the debate Fadden portrayed himself as keenly interested in the direction of the nation, not only at that point but also after the war. His interest, and his comments about how the government intended to fund ambitious schemes such as postwar housing, the unification of railway gauges and hydroelectric schemes, were salient. Both the UAP and the Country Party were increasingly concerned at the socialist inclinations of the government (Souter 1988, p.362).

**Leading the Country Party**

Fadden’s speeches in the House differed in tone and substance from those of Menzies. His contributions were neither eloquent nor memorable in the way that a great orator’s might be. His approach was direct; and yet he was confident in his assertions. His financial views were usually based on careful research. For example, his position on Chifley’s financial plans for bank credit was given additional credibility when Claude Reading, the chairman of the Commonwealth Bank, also publicly expressed reservations about Chifley’s policy. When Chifley replied that Reading’s opinion was expressed in a private capacity, Fadden reminded the House that the Commonwealth Bank board had fully endorsed Reading’s concerns (CPD 1943, vol.176, p.294; Waters 1970, p.54). Admittedly there was a degree of self-interest in the reservations expressed by Reading, who would have realised that Chifley had plans to alter the Australian banking system and be more prescriptive in relation to the operation of banks generally.

No longer leader of the opposition, Fadden still made it into the headlines. In December 1943 his role as managing director of a large sugar interest in Queensland made the news (*Daily Telegraph* 11 December 1943; *Telegraph* 2 December 1943). On 9 December 1943, he appeared in the Supreme Court of Queensland after suing the AWU and the Labor affiliated newspaper the *Worker*, seeking £5000 in damages. The story that so affronted Fadden alleged he employed ‘alien enemies’ on his sugar farms instead

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3. See *Sydney Morning Herald* 10 August 1943 for Reading’s statement. Fadden cites it in Hansard, also noting Reading’s warnings that the improper use of bank credit could destroy the purchasing power of the currency and wreck the standard of living.
of workers of British descent, allegedly for much lower wages. The Worker also claimed that Fadden was a hypocrite in that his private business activities were ‘in conflict or inconsistent with his public political professions’. Fadden told the court that these allegations had caused him ‘great mental pain and distress’ (Telegraph 22 December 1943). He also stated that ‘he was not taking action to get money; he did not require money’ (‘£5000 claim by Mr Fadden’, Sydney Morning Herald 9 December 1943, p.7). He was vindicated. A sympathetic judge and a four person jury found against the newspaper and the AWU, and ordered them to pay compensation of £1000 (Sydney Morning Herald 11 December 1943, p.11).

As already noted Fadden was a prosperous man before his election in 1936. He did not need the money; but he cherished the moral victory. According to his grandson (A Fadden jr, pers.comm., 16 April 2002), he laughed loud and often at the thought of his win against the AWU. His grandson added that Fadden never cashed the cheque, but instead had it framed and hung, at least in his later years, in his house in Toowong.

As the war was in its final stages, Menzies and some of his UAP colleagues believed that if they were to build a viable alternative political strategy they had to separate themselves from the government. The cooperation that had been necessary during the war, and their ongoing participation in the advisory war council, made this difficult. Menzies reached the conclusion that timely withdrawal from this all-party body was needed (Fadden 1969, p.88; Martin 1999, pp.14–15). In a letter to Curtin, on 13 February 1944, he wrote:

   In the absence of an all-Party administration, [the UAP ] feels that it can assist in the essential war and reconstruction effort of Australia best by resuming full freedom to express its views on the floor of Parliament (Martin 1999, p.15).

Not all in the UAP agreed with Menzies’ stance. Billy Hughes and Percy Spender refused to tender their resignations to the advisory war council, an act of defiance that resulted in their expulsion from the party (see Daily Telegraph 15 April 1944; Melbourne Herald 15 April 1944). The UAP now numbered twelve in the House of Representatives. Throughout 1944 and into 1945 Hughes and Spender continued to serve on the advisory war council, although slowly signs began to appear that they
might be coming around to Menzies’ idea of a unified Liberal Party. Ian Hancock (2000, p.43) is more judgmental in his view of why they suddenly decided to agree with Menzies, suggesting that preselections and re-election might have started to play on Spender’s mind.

The Country Party remained in the advisory war council, and both Fadden and McEwen continued to attend meetings.

Fadden could observe the conflicts of the UAP from a distance with a sense of relief. The Country Party had throughout this time retained a relatively stable membership and united objectives. This stability suited Fadden’s temperament and abilities. As he remembered:

Freed of ministerial pressures and knowing that we were exiled from Government for some time, we were able to enjoy our respite and concentrate, in high spirits, on returning some of the criticism bestowed on us by our Labor opponents in the early years of the war. We did this usually without rancour but keenly, like kelpies marshalling the flock. I pride myself that, as a team, we missed few opportunities and drove in many of the wedges which weakened the Government forces and made them susceptible to the final blows we struck (draft work for They called me Artie not in final publication; see NLA: MS 1006,30,9).

It would be some time before the two disparate parties would reform into a cohesive opposition.

The fourteen powers referendum

In 1944 the government attempted to formalise the consensus it had first achieved at the November 1942 constitutional convention, when constitutional change to assist in postwar reconstruction had been agreed in principle between the governments and oppositions of federal and state legislatures. Fadden, as the leader of the federal opposition, had been on the drafting committee. While the 1942 convention showed signs of success, and a draft bill had been produced transferring powers from the state to the federal sphere of government, ultimately only New South Wales and Queensland,

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4. This was the Convention of Representatives of Commonwealth and State Parliaments on Proposed Alteration of the Commonwealth Constitution.
both Labor states, were prepared to legislate to implement the bill’s provisions (Paul 1993).

After eighteen months Curtin’s government finally resolved to put the matter to the people, proposing the ‘fourteen powers referendum’.\(^5\) The attorney-general, Bert Evatt, introduced the Constitution Alteration (Postwar Reconstruction) Bill (1944) in February. The legislation was similar to the draft bill of two years earlier; and, probably because of his prior commitment as a member of the drafting committee in 1942, Fadden initially supported its introduction. While the Country Party and Percy Spender voted with the government at the first reading stage, Menzies, who had not been involved in 1942 and had no such constraints, voted against the proposal. By the third reading stage the opposition finally unified and voted against the proposal, with the exception of Percy Spender. According to Hasluck (Paul 1993), the government lost Country Party’s support due to sustained ‘brutishness’ from the chair.

Fadden opened the Country Party’s ‘no’ case to a packed hall in Toowoomba. There he spoke of his growing alarm at the ‘dangerously wide’ provisions of the bill that, if passed, would give the government power to ‘implement policies of socialisation’ (Sydney Morning Herald 25 July 1944, p.1).

The referendum asked Australians to give the federal government powers to make laws with respect to employment, marketing, companies and trusts, with a twilight clause of five years after the end of the war. While the election victory had given the government confidence that the referendum might pass, John Curtin let it be known that he would not give much time to the issue and would concentrate on ‘war business’ (Day 1999, p.550). In reality Curtin was too ill to play much of a role in the campaign and left most of the running to Chifley and Evatt (Day 2001a, p.400). Arthur Calwell advocated the ‘yes’, vote, arguing that unless it was passed Australia risked economic stagnation and invasion from its Asian neighbours, as immigration would necessarily stall.

\(^5\) The referendum sought to give the parliament legislative power over 14 specified matters, including rehabilitation of ex-servicemen, health, family allowances and aboriginals; guarantees of freedom of speech and religion; and safeguards against the abuse of delegated legislative power. The referendum failed to pass after it obtained a majority in only two states (South Australia and Western Australia) (see Parliamentary Handbook).
United against the referendum proposals, Menzies and Fadden employed the socialism bogey to excellent effect (Day 2001a, p.399). This was one of the first occasions on which Fadden practiced his political bomb-throwing techniques. He led his charge with the allegation that communists were behind the referendum, and that if it was carried ‘freedom would banish completely’:

[These] proposals mean that in peace-time, you will work under Government compulsion; you will eat and wear what the bureaucrats ration out to you; you will live in mass-produced dwellings; and your children will work wherever the bureaucrats tell them to work (Sydney Morning Herald 25 July 1944, p.4).

While it was claimed that the opposition was ‘carrying on to extraordinary lengths of misrepresentation’ (Sawer 1963, p.172), the conservatives struck a chord. Their fear campaign worked. Their arguments were helped by the entry of other opinion leaders such as the Brisbane Archbishop James Duhig, who, speaking of communism, also campaigned for the ‘no’ case (Geitzelt 2005). Their teamwork in fighting the referendum showed their parties and the Australian public that the bitterness of the past had been replaced with a measure of cooperation.

The campaign proved to be a turning point for Australian politics. Starr (1980, p.3) would later comment that ‘this campaign cemented the non-Labor forces the way nothing else could have’. The victory gave succour to the conservatives by proving that Labor was not impervious to attack, and provided evidence that success was possible when the Country Party and the UAP worked together. For Arthur Fadden the referendum proved that fear campaigns could be used to good advantage. It was a skill which he would continue to develop.

**Political tactics**

The reinvigorated opposition parties were increasingly looking like a threat. In parliament the government used its numbers to curtail attempts to criticise its management of the House. For example, on 17 March 1944, after Fadden moved for an adjournment to speak about ‘the conduct of business in this House’, he was silenced when the speaker used a technicality to prevent him from continuing. Specifically
Rosevear said Fadden’s motion was unclear: ‘his proposal to discuss the conduct of “the Parliament” would include the … Senate, which cannot be discussed in this Chamber’. Fadden amended his motion but was again prevented from speaking on the grounds that no notice had been placed on the notice paper (CPD 1944, vol.178, p.1563). When it was finally agreed to allow Fadden to speak, a farcical situation arose when Curtin stated, ‘The Right Honourable Gentleman made a motion and sat down’, which left the speaker to rule that:

[Fadden has] clearly forfeited his right to speak, except in reply to any debate that has taken place. Since no debate has taken place on the question of the suspension of the Standing Orders, other than on points of order, the right honourable member has nothing to reply to. But if he does desire to reply to nothing, I am prepared to call him (CPD 1944, vol.178, p.1563).

While Page interjected that ‘you cannot run a Parliament like this’, the government used its majority to stop the motion from proceeding. Fadden could only respond: ‘This to a man who has co-operated with the Government as I have done!’ (CPD 1944, vol.178, p.1565).

The Labor Speaker JS Rosevear was unorthodox in his treatment of the opposition, and it was claimed that he was ‘temperamentally unsuited’ for the speakership (Souter 1988, p.365; and see Hasluck 1997, p.41). During 1944 the opposition grew increasingly frustrated at the speaker’s partisan approach to running the parliament; and while motions of no confidence in his rulings were easily defeated on the government’s numbers, there were signs that as the urgency of war receded, parliamentary jostling for supremacy was becoming increasingly intense.

The opposition upped the ante in its attack on other aspects of the government’s agenda. During the debate on the Income Tax Assessment Bill Menzies flagged his concern, stating: ‘this bill requires a little criticism’ (CPD 1944, vol.178, p.1668). Fadden was somewhat blunter in his assessment, suggesting that the twenty-five per cent surcharge that was to be levied in the first year would ‘suck … the life-blood more quickly than would a leech’ (CPD 1944, vol.178, p.1668). While he was supportive of the introduction of a pay-as-you-earn taxation system, he expressed concern that:
The present Bill [is] an attempt to engraft other financial innovations on the pay-as-
you-go principle, and to use it as a means of bargaining to hide increases in the
quantum of tax received (CPD 1944, vol.178, p.1677; Telegraph 21 March 1944).

Once again Fadden urged the government to consider postwar credits; to which Chifley
replied ‘that nag has had a good few runs’ (CPD 1944, vol.178, p.1678).

But Fadden was not easily deterred. After receiving an extension of time he continued:

The pay-as-you-earn principle was advocated by me some years ago, and in my
election speeches last year I again urged the adoption of a full and complete pay-
as-you-earn plan. This system has been proved to be sound in principle, and has
been widely adopted in other countries of the world … Possibly the Government
will benefit from it less now than later on. However, since the gain is immediate,
and the prospective loss is in the dim future I wholeheartedly advocate it …
Consequently, whilst I fully endorse the principle, I must criticize the method of

During 1944 John Curtin’s health deteriorated. In November he suffered a heart attack,
from which he would never fully recover (Ross 1977, p. 378). While he was
convalescing Frank Forde (the deputy leader), Herbert Evatt and Arthur Calwell
dominated cabinet and the parliament (Martin 1999, p.18).

Meanwhile Menzies set about rebuilding his party from the ground up (Brett 2003,
p.116–18). In the beginning it looked hopeless, with various factions opposing each
other at state elections, conferences and in other forums. In October Menzies spoke to a
conference attended by delegates from around Australia, acknowledging that the
Country Party had achieved

[a] high degree of unity … and has a right to expect that those of us who espouse
the general Liberal cause should become equally united so that we may be in a
position to discuss co-operation or alliance or even full organic unity (Ellis 1963,
p.265).

The conference was well attended; and it agreed to establish a ‘federal body
representing liberal thought’ (Martin 1999, p.10).

The Country Party observed the development from a distance. They were invited but,
increasingly determined to maintain a separate identity (McEwen 1983, p.35; Fadden
Menzies persisted for some time in the hope that an amalgamation of the conservative parties would be possible (Hancock 2000, p.22), but the Country Party would only concede to ‘complete collaboration’ (see Davey 2006, p.142, fn.6). While the federal Country Party and the UAP had usually succeeded in working together, relationships between the state branches of both parties were strained. Indeed in some states, including New South Wales, the relationship was positively hostile (see Ellis 1963, pp.274–7; Davey 2006, p.143).

When parliament resumed in February 1945, Menzies formally announced that the twelve members of parliament sitting with him ‘desired to be known as members of the Liberal Party’ (Martin 1999, p.19).

Over the following months, the opposition launched a series of attacks on the government that included several want of confidence and adjournment motions. Of particular concern was the apparent desire of the Labor Party to nationalise various industries (see Souter 1988, p.367). The opposition attacks were taken as a further sign that the conservatives were becoming revitalised.

As a new prime minister, Curtin had promised that the Labor government would not ‘socialise any industry’ during wartime (Fadden 1969, p.102). After the 1943 election the government, with a large mandate, faced internal party pressure to implement core Labor policies. And one of those core policies was the nationalisation of the banking system (Day 2001a, p.406). Other attempts to restructure certain industries including airlines, secondary industries and the health sector rang alarm bells, and were, according to Menzies, ‘contrary to the whole spirit of the people’s verdict at the referendum’ (Souter 1988, p.363).  

With Frank Forde overseas, Ben Chifley assumed the duties of acting prime minister. Chifley was ‘tougher than Curtin, and better at handling people’ (Souter 1988, p.376).

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6. The Pharmaceutical Benefits Act provided a system whereby chemists would provide listed medications free to patients, and be compensated by the commonwealth. A natural corollary was that it also restricted the drugs a doctor could prescribe (see Souter 1988, p. 363). This legislation has over the years controlled the price of prescription drugs in Australia.
With Curtin still unwell it befell to Chifley to announce the end of the war in Europe on 8 May 1945.

John Curtin died on 5 July 1945, and Australia mourned his loss. In his memoirs Fadden reiterated the degree of respect and gratitude he felt towards John Curtin:

> The best and fairest I ever opposed in politics is easy to nominate – John Curtin. I do not care who knows it but, in my opinion, there was no greater figure in Australian public life in my lifetime than Curtin. I admired him both as a man and as a statesman. Curtin is entitled to be rated as one of the greatest Australians ever. Clear in mind and expression, firm in principle and a forceful debater, he was a man of unusual political courage, willing to fight for courses of action unpopular among his colleagues if he was convinced those courses were right … Curtin was a true man of the people, humble and unassuming (Fadden 1969, pp.80–1).

Despite their ideological differences Fadden and Curtin shared a similar background – both were descendents of Irish immigrants, and both had fathers who had worked as policemen. Fadden and Menzies were two of the pallbearers at Curtin’s funeral (J Killen, pers.comm., 6 June 2001). Menzies was impressed by the number of mourners at the Karakatta cemetery in Perth. Looking around at the large crowd gathered to pay their respects, he remarked quietly to Fadden that he didn’t want such a fuss at his funeral. Fadden’s reply was to the point: ‘Don’t worry brother, you won’t get it’ (see also Cohen 1997, p.149).

**A new prime minister, another election**

Curtin’s successor, Ben Chifley, was another with whom Fadden shared some personal qualities. While they were ideologically on opposite ends of the political spectrum, Fadden’s comments on Chifley could have easily been made about himself:

> Despite his lack of academic training he showed an astonishing native ability in every phase of parliamentary life and especially in economic policy … He was popular with parliamentarians and with public servants who gave him the same degree of loyalty and conscientious service as I enjoyed myself. In short he was a down-to-earth and loveable Australian who loved his fellow-men and was devoted particularly to the under-dog … We had some characteristics in common. We both enjoyed our pipes, shared the untidy habits which seem to go with pipe smokers and were equally bad shots in landing dead matches in the proper place (Fadden 1969, p.89).
Fadden concluded, with some bias, that the opposition that faced Chifley’s government was the ‘best’ he had seen in Australia (p.94). It needed to be; as others noted, the years 1945 to 1949 – Chifley’s period as prime minister – were a ‘golden age’ for the ALP (Scalmer 1998).

In the lead-up to the 1946 election Chifley again sought additional powers via constitutional reform. The referendum would be held in tandem with the election. It sought to allow the commonwealth to make laws concerning organised marketing and employment in industry, and to remove doubts about the commonwealth’s spending powers in the social services field (Souter 1988, p.377).

The rallying cry went out. Menzies campaigned against the government’s industrial relations record, ‘drew invidious comparisons between socialist regulation and free enterprise and promised child endowment’ (Souter 1988, p.380). The Liberal and Country parties worked well enough together for Menzies to announce in his election policy speech on 20 August that the two parties were working in close co-operation. Their loathing of socialism provided both direction and focus.

While they cooperated, the two parties maintained separate tickets. Fadden campaigned hard against communism, saying the doctrine was like ‘a venomous snake to be killed before it kills’, and adding: ‘Therefore, it stands foursquare for declaring the Communist Party an illegal organisation’ (Souter 1988, p.398; and see Fadden 1969, p.97 ). In 1946 Fadden and his Country Party colleagues stood alone in this conviction (although Menzies would later change his mind on the issue). Meanwhile Fadden’s election slogan – ‘Halve taxation – double production,’ appealed to a different emotion and focused on wartime rationing. His electoral tactics were a harbinger of things to come.

7. The successful amendment to s.51(xxiiiA) of the Constitution allowed the commonwealth to makes laws with respect to: ‘the provision of maternity allowances, widows’ pensions, child endowment, unemployment, pharmaceutical, sickness and hospital benefits, medical and dental services (but not so as to authorise any form of civil conscription) benefits to students and family allowances.’ While there was general support for question one, the second and third questions were rejected by the voters (Parliamentary Handbook).

8. The Labor Party had reversed the ban on the Communist Party in 1943.
Fadden launched his campaign on 3 September 1946 in Toowoomba (Ellis 1963, p.267). He enjoyed electoral campaigns, and was at his best in the rough and tumble of an election meeting. Usually he would join his supporters after the event for ‘a convivial party’. As he once told Ulrich Ellis, ‘there’s more votes in bars than in beds’ (Ellis 2007, p.249).

Menzies, who was consolidating his newly created Liberal Party, was conciliatory in his remarks about the Country Party and Arthur Fadden. In what was for Menzies an uncharacteristically generous acknowledgment, he referred in his policy speech to Fadden as ‘an acknowledged authority with whom I have conferred on … financial measures’ (Ellis 1963, p.267).

But on election day Labor was returned to government, with majorities in both the House of Representatives and the Senate (Sawer 1963, p.157). According to his biographer (Martin 1999, p.61), Menzies found the loss devastating:

Defeat in the election, after all his hard work and optimism, had bitten deeply into Menzies’ being, provoking a mood of self-questioning, even of doubt about the worthwhileness of the political life to which he had so long dedicated himself.

The Labor Party had already made some changes to the country’s banking arrangements; but, emboldened its victory, it now announced plans to nationalise banking. This decision would prove to be ‘a major tactical error’ (Fadden 1969, p.105). In his memoirs Fadden recalled advising Chifley to

burn the protests, Ben, and forget all about bank nationalization [as] you haven’t a dog’s chance of beating the banks and you know it never pays to fight out of one’s natural division (Fadden 1969, p.105).

But the ALP, driven by ideology, would not be deterred. Following Chifley’s reply that the banks were not all that popular with the voting public, Fadden recalled saying: ‘You haven’t got a bolter’s chance of beating the banking system of Australia as you will sorrowfully discover on the next election day’ (Fadden 1969, p.105).

On 16 August 1947, Chifley made the announcement that:
Cabinet today authorized the Attorney-General, Dr Evatt, and myself to prepare legislation for submission to the Federal Parliamentary Labor Party for the nationalisation of banking, other than State banks, with proper protection for shareholders, depositors, borrowers and staff of the private banks (Daly 1977, p.58).

Those forty-three words ‘rocked the political world’ (Daly 1977, p.58). The campaign against the legislation and the government that was to last up until the 1949 election day began. Gallup polls showed the government’s support had plunged from fifty-one per cent to forty-six per cent, and state elections in Victoria and New South Wales indicated that electoral disaster was ahead for Labor. The opposition was further helped by the banks’ provision of money and campaign workers (Souter 1988, p.387; Cowper 1950, p.5). The press also campaigned vigorously against the policy (Lloyd 1988, pp.158–9). Daly (1977, p.59) remarked that he had ‘never witnessed such a vicious campaign against any legislation’.

Further controversy beset the government. Chifley attracted more criticism from conservatives when he appointed the retiring New South Wales Labor premier, William McKell, as Australia’s new governor-general. Earle Page, Eric Harrison, Percy Spender and Archie Cameron were among those who boycotted his swearing-in ceremony. Both Fadden and Menzies attended the event and, according to reports, both men greeted Mr and Mrs McKell warmly (Argus 12 March 1947; Martin 1999, p.64).

An abuse of privilege?

Parliament was broadcast for the first time in 1946. While politicians raised some initial concerns about being reported out of context, their fears turned out to be unfounded (Lloyd 1988, p.165). However, it would not be long before Fadden’s obsession with communists was featured prominently. Fadden raised the issue of communism frequently, both inside and outside the House. In retrospect, at times his tactics seem

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9. Souter (1988, p.387) described the resistance offered by many sectors of business: ‘Newspapers were unanimously and vociferously opposed to the Bill, and their pages bulged with anti-nationalisation advertisements inserted by the banks, chambers of commerce and manufactures, the Institute of Public Affairs, and the United Bank Officers’ Association. Hundreds of bank officers were seconded from their usual jobs to campaign against the Bill while it was going through parliament, and the Bank of New South Wales stationed a man in the public gallery night and day during the 17-day debate to report progress in hourly telephone calls to Sydney’.
melodramatic and somewhat absurd. But he went to the heart of what was, for many people living in the shadow of the Cold War, a very real fear (R Rae, pers.comm., 15 February 2005).

In October 1948, while parliament was debating the budget, Fadden cited confidential records of statements made by Ben Chifley to the British cabinet earlier in the year and by his cabinet minister John Dedman to CSIRO executives (Campbell 1966, p.43; Souter 1988, p.398). In summary, Fadden suggested that the United States was fearful of sharing information with the Australian government because it believed there was ‘fifth column’ activity in government and bureaucratic circles. While the opposition had alluded to this in the past, Fadden now claimed he had hard evidence. When Chifley sent two policemen to interview Fadden about this evidence, the Country Party leader refused to be interviewed without witnesses, and got his staff to summon the waiting media (Souter 1988, pp.398–9). Later Fadden moved a privilege motion, claiming that there had been a breach of privilege when the detectives had tried to interrogate him ‘at the instigation of the prime minister and Government in the precincts of Parliament’.

With dramatic flourish he announced that:

No matter what the consequences may be, I shall not be interrogated by any secret Gestapo of this Government. Long ago, as far back as the seventeenth century, when our democratic institutions were being cradled, it was provided by the 9th Article of the Bill of Rights that any Prime Minister, regardless of his political persuasion, should, if he were at all democratic, uphold the principle – and I quote the exact words of the article – ‘That the freedom of speech and debates of proceedings’ in Parliament should not be impeached in any court, or place, out of Parliament’. I take my stand upon that principle (Souter 1988, p. 398).

Fadden’s motion to raise the matter as a point of privilege was defeated on party lines, and the issue of whether police could question a member about his speeches in parliament remained unresolved. Repeatedly Fadden showed by his actions and words that he was not one to give way without a fight. He told parliament on 14 October 1948:

This is not Chifley’s Parliament! It is not the Labor party’s Parliament! … The action of the prime minister in directing Commonwealth investigation officers to interrogate me is now unmasked as a political manoeuvre, rather than as something which was done in the interests of the national security (CPD 1948, vol.199, p.1168).
Fadden had an acute nose for how fear and paranoia could be used in politics. It was a tactic he returned to throughout his career (see for example CPD 1943, vol.198, pp.1328,1385; CPD 1948, vol.199, p.1664).

In the lead-up to the 1949 poll Menzies had been slowly coming to the conclusion that if elected his government should ‘take steps to outlaw the communist party’ (Martin 1999, p.81; Fadden 1969, p.100). The battlelines for the election were established. The conservative parties were now united in their efforts to convince Australians that free enterprise and the Australian way of life were under attack. In this environment Arthur Fadden stood out, with an unrivalled capacity to invent tales of what would occur if Labor was re-elected. In many respects he was to the fight against communism what Eddie Ward was to Labor’s opposition to unfettered capitalism. Neither let facts stand in the way if he thought he could convince the public that his rhetoric was not just hyperbole.

In 1948 a redistribution changed Australia electoral boundaries. The number of parliamentarians was increased from seventy-five to 121 to compensate for the increasing population, and proportional representation replaced preferential voting for the Senate (Cowper 1950, p.4). As a result of the changed boundaries Fadden stood for the electorate of McPherson on the Gold Coast for the first time.

**Unification of the conservatives**

By August 1949 Menzies had begun his campaign for re-election. One speech entitled ‘The best way to fight Communists – secret ballots in unions’ was prescient, as industrial unrest in the coal fields intensified. Fadden and Menzies appeared together, for the first time in years, in Toowoomba (see Martin 1999, p.112). While Menzies was a skilled orator, Fadden sought advice on his campaign strategy. Ulrich Ellis, Fadden’s unofficial press secretary, suggested in a letter to Fadden dated 13 May 1949:

> It is a mistake to overburden your main Broadcast Policy with too much detail. It is necessary to have the detail in published form as a guide to electors and supporters

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10 In the 1949 election voters were faced with 23 boxes to fill out on the Senate ballot. Nearly 10.8% of votes cast were informal (Cowper 1950, p.4).
generally, but I believe that the total effect will be greater if you were able to deliver a red-blooded fighting speech on predominate issues … I feel that the public are apt to get very weary when asked to listen for an hour to a meticulous explanation of policy detail … Main lines are pretty obvious … Encroachment of socialized dictatorship; process of financial attrition against states, local governing bodies and people, taxes, production, strengthening of the federal system and its implication. At the same time I am inclined to think that we should make a special point of Country Town development, policies relating to women’s interests and the significance of decentralized power and water services to country homes … This is a very sketchy picture but I would be happy to assist as I have in the past, in mapping out the broad details (NLA: MS 1006,28,3).

Fadden followed Ellis’ sage advice, although not all in the media appreciated his style of address. The Age (24 November 1949, cited in Martin 1999, p.120) referred to elements of his speech as ‘grotesque’. Reporting Fadden’s comments as an attempt to whip up ‘fevered hysteria’, the report said:

It is, of course, grotesque to ask sober-minded Australians to believe that if the party that has held governing responsibility for eight years, with a ministerial team almost unchanged except for deaths and election ‘casualties’, were to be returned, the event would involve this and succeeding generations in a hopeless abyss of serfdom and slavery.

Fadden was unrepentant. One former senior Canberra public servant (pers.comm., 20 February 2003) suggested that Fadden had a ‘nose for politics’, while one of Fadden’s private secretaries (pers.comm., 13 February 2003) referred to him as a ‘supreme political thinker’. And while Fadden would continue to rely on others for support, information and advice, he would always play politics in his own inimitable style.

As a public sign of unity. Menzies and Fadden delivered their joint opposition policy speech in Victoria on 10 November 1949. There were still some friction in the state branches of the two parties, but in his introductory remarks Menzies was quick to say that ‘just as we have acted jointly in opposition, so we now tell you that we shall set up a combined Government if you elect us’ (Liberal Party of Australia & Menzies 1949).

One week later Fadden reiterated this assurance in Boonah, in the heart of his new seat of McPherson.
‘Empty out the Chifley socialists and fill the bowsers’

In his speech Fadden came out railing against such issues as socialism, communism, rationing and petrol restrictions. Stating that communism was a ‘sinister growth’, Fadden claimed that voters had a choice between

a government pledged to foster and defend the philosophies of expanding freedom for the individual; or a government pledged to make you a pawn of a powerful State by a process of dictatorship, control, and conscription’ (Courier-Mail 18 November 1949).

Adding that the Country Party stood ‘four square behind the policy stated by Mr Menzies’, he continued:

In a world in which there is a surplus of petrol, the Chifley Socialist Government stand condemned on many scores. Within two months of the High Court’s declaring the Commonwealth rationing system illegal, and while the Chifley Government was urging the States to reimpose restrictions, its own departments’ consumption increased by two thousand gallons. The Country and Liberal parties, after a survey of the world position, are convinced that there is a strong case for the abolition of rationing … We, therefore, pledge ourselves to free Australia from petrol restrictions as early as possible in the new year.

According to many people who worked closely with Fadden, his policy of abolishing petrol rationing was important in understanding the victory of 1949 (W Brown, pers.comm., 19 February 2003). According to a critic, Fadden’s appeal was to the ‘selfishness of motorists who wanted more petrol for purposes of pleasure and personal convenience’ (Cowper 1950, p.10). Fadden, not surprisingly, put a different spin on the policy:

As the trucks trundled past my open air meetings I could say that, but for our fight against rationing, those wheels might not be turning. All who had accepted petrol rationing as an inevitable and necessary wartime measure were no longer prepared to see it continued for no good reason. Within a week of taking office, the Menzies–Fadden Government moved to ensure adequate petrol supplies and encountered no difficulties (Courier Mail 22 July 1968).

11. ‘Empty out the Chifley socialists and fill the bowsers!’ was the election slogan that helped Fadden convince voters to give the Coalition another chance at government (‘Fadden puts case for the man on the land’, Courier-Mail 18 November 1949).
Fadden may have played to the baser instincts of the electorate, but it had worked. The coalition was returned to the treasury benches, and Menzies and Fadden were resurrected as the country’s prime minister and treasurer. It was a win to be savoured.

The party distribution of federal seats in the 1946 and 1949 elections is shown in the table below:

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(Source: Australian Outlook, 1950, p.6)

The last three years of opposition had been difficult ones for Fadden. His old conciliatory approach had been replaced with a tougher-minded cynicism. The man who emerged after 1949 was a substantially different character from the one who entered federal politics in 1936. His preparedness to publicly discuss both sides of a question was, for the most part, gone. Mateship was still important to him, but he would be more cautious now in his personal relationships within politics. Yet while Johnston (1976, p.58) noted that ‘politics is a hard game where a man can’t afford mates’, Fadden remained approachable to his parliamentary colleagues and accessible to members of the press.

12 Austin Donnelly spoke about Fadden’s take on the ‘art of politics’ – this was also quoted in his interview for the National Library’s records (NLA: TRC 4798). Donnelly recalled Fadden once asking him, ‘Austin, do you know the cynic’s definition of politics?… Well, politics is the art of getting votes from the poor and money from the rich on the promise of protecting each against the other’.
The years in opposition had taught Fadden some valuable lessons, and had also provided him with agendas and issues that would continue to occupy him during the years in government.
A second chance
1950–1952

Broader in outlook than colleagues in both other parties and completely loyal to the Country Party, he nevertheless could never accept a permanent reason for the continuance of the two parties as separate identities if each would compromise to form a powerful single political force (Cox 1968).

On 19 December 1949 Arthur Fadden became deputy prime minister and Australia’s twenty-fourth treasurer. The new government had a wealth of experience, with thirteen out of a total of nineteen newly appointed ministers having previously served in cabinet. Such experience would be needed – the government faced problems such as rising levels of inflation, increased industrial disturbances, and a renewed fear of armed conflict as the West’s relationship with the Soviet Union deteriorated.

During the early 1950s fear of communism reached new heights, and the government remained resolute in its commitment to ridding Australian society of the communist menace (Souter 1988, p.409). When the armies of communist North Korea crossed the 38th parallel and invaded the Republic of Korea in June 1950, the fear became palpable. Only months after the election, the government again faced the threat of war. This was the start of the period that would become known as the ‘Menzies era’. For the next nine years Arthur Fadden would put his stamp on the Australian political landscape as deputy prime minister and treasurer (Galligan & Abdiel 2007a, p.198).

Fadden’s appointment as treasurer was expected. As leader of the Country Party and hence deputy prime minister it was assumed that he would resume his former position.

1. From 1901 until 1958 treasurers served multiple terms – sometimes, as in Fadden’s case, separated by years. If each term is counted, Fadden was Australia’s 24th treasurer. But he was the 16th person to hold the office (see Parliamentarian Handbook).

2. These ministers were RG Menzies, AW Fadden, EJ Harrison, HE Holt, J McEwen, PC Spender, RG Casey, P McBride, EG Page, G McLeay, HL Anthony, senator JS Spicer and senator WH Spooner. Dame Edith Lyons, widow of the late prime minister Joe Lyons, was also a member of this cabinet (Hughes & Graham 1968, p.31).

3. This fear permeated Australian society. John Button (pers.comm., 12 May 2005) recalled that during the 1940s many, from both sides of politics, assumed that communism would take over the world.
But this time Fadden had Roland Wilson as his departmental head. They were an unlikely duo. Roland Wilson was renowned as being brilliant but acerbic; yet the two became friends. Roland Wilson’s second wife, Joyce (pers.comm., 18 August 2005), remembered her husband’s regard for Fadden, saying that ‘each appreciated the other’s strengths’.

In response to suggestions that Fadden was not up to the job of treasurer and leader, an important question needs to be asked. If he was out of his depth, why did he remain treasurer and leader of the Country Party until 1958? When one considers that during his entire period as leader John McEwen was both his colleague and his rival, his long-term tenure is noteworthy. The answer seems to lie with his ability to inspire loyalty. The relationships he fostered with his colleagues and his departmental officers helped consolidate his position. This is contrary to many traditional notions of leadership. Fadden is, perhaps, a rare exception to the accepted rule that ‘nice guys finish last’.

**Fadden and the public servants**

While in opposition Fadden had coined the sobriquet ‘the seven dwarves’ to describe the influence of public service mandarins, a term that would go down in popular folklore and remain current sixty years later (Shergold 2004, p.1). Once the conservatives were in government the Chifley-led opposition likewise gained political mileage from alleging undue influence from senior public servants (CPD 1950, vol.206, p.1234). The truth was that despite initial differences and ongoing tensions, Nugget Coombs at the Commonwealth Bank, Roland Wilson in treasury and Arthur Fadden worked together successfully, if not always amicably, throughout Fadden’s political career (Schedvin 1992, pp.150–1,189). According to Coombs (Coombs 1981, p.154), he quickly established a ‘satisfactory relationship with the new Government’; and he added that while Menzies was usually not ‘unduly bothered’ about economic issues, and did not want to ‘encroach on Fadden’s preserves’, he had asked Coombs to get in touch

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4. Arthur Fadden used the phrase ‘Snow White and the seven dwarfs’ during Ben Chifley’s term to suggest that the prime minister was the public face of a government manipulated by seven ‘extraordinary men, all vertically challenged, who dominated policy formulation from the 1940s’ (Jones 1997; and see Souter 1988, p.402).
with him if he believed a situation warranted it. Coombs remembered that Fadden was happy with this state of affairs, and recalled:

Fadden was … happy that I should talk directly to Menzies, sometimes to them both together, but occasionally he would suggest that I see the Prime Minister alone. ‘Then he’ll understand the problems I’ve got,’ he would say (Coombs 1981, p.154).

Fadden’s criticism of these bureaucrats in the lead-up to the 1949 election was just one example of the clever politicking for which he was renowned (former senior Canberra public servant, pers.comm., 20 February 2003; R Rae, pers.comm., 15 February 2003). The doctrine of frankness, fearlessness and independence was inculcated into the public service, and was respected by both Fadden and Menzies (Hasluck 1997, p.56). Once in government both men re-established links with the public service personnel they had criticised during the political campaign. In a conversation with Nugget Coombs the morning after the election victory of 1949, Fadden remarked, ‘That you, Nugget? You don’t want to take any notice of all that bullshit I was talking during the election. We’ll be needing you, you know’ (Ward 1997, p.300; and see Coombs 1981, p.131; Clark 2005, p.37; Souter 1988, p.411). Despite rumours that Coombs would be replaced as governor of the Commonwealth Bank following the election of a conservative government, he was promoted in 1951 to the chair of the Commonwealth Bank board, which said ‘much for the integrity and wisdom of all three men involved’ (Alexander 1982, p.89). Coombs (1981, pp.122,131) reflected on his relationship with Fadden in his memoirs:

Over the years of my work on Postwar Reconstruction, Opposition members in the House and Senate, including R.G. Menzies and Arthur Fadden, had attacked my role and influence. Perhaps because I had worked happily enough with these men … in earlier times, I never felt this to be really personal … Any anxiety about my own future was promptly put at rest. On the first working morning after the election Fadden rang me to tell me to ignore all the gossip and to assure me of his confidence in me … Fadden’s action in ringing me was characteristic. He was essentially a generous person and mutual confidence, indeed affection, between him and those with whom he worked was important to him. Certainly in my case his action was the beginning of a very warm relationship ranging far beyond the narrowly official. Fadden liked to spend time in Sydney on his way to and from Queensland and made a practice of dropping in at the Bank for a drink and talk.
Fadden’s reassurance to Coombs as the conservatives won government is characteristic. It again highlights that while he had the requisite toughness to throw the grenades in the heat and drama of an electoral campaign, he also understood the value of setting the record straight, and of building networks that were vital to the art of governing. He had a keen sense of the importance of building and maintaining relationships with his colleagues. While this may seem an obvious requirement, it was an area in which his leader Robert Menzies had shown a distinct deficiency in the early 1940s, much to his detriment.

Not everybody felt so well disposed towards Coombs. One Queensland Country Party member who had won the federal seat of Maranoa in 1949 was incensed at Coombs’ continued presence. He remembered Fadden’s conciliatory reply following his urging to dump Coombs: ‘Nugget has changed his attitude and is most helpful. We get along very well and he knows which side his bread is buttered!’ (Russell 1976, p.65).

The issues and duties confronting Fadden were multifarious, and there was little opportunity for reflection. He took pleasure in old-style campaigning, and seemed to thoroughly enjoy spending time in the company of voters. This was time well spent, as it enabled him to keep in touch with what ordinary Australians were feeling about issues, and bring the message back to the Cabinet.

However, while Queensland Country Party voters might be won over with some Boy’s Own humour, Fadden’s unconventional and earthy approach was less acceptable on the international stage. There were some suggestions he recognised that his mode of dress and speech ill prepared him for high-level diplomatic meetings (H Henderson, pers.comm., 20 February 2003; H Craig, pers.comm., 18 February 2003). At other times he seemed not to care. For example, during a break from a London finance ministers’ conference he was asked by a journalist to give an off-the-cuff comment about the economic situation in Australia. His unconsidered reply was ‘bloody awful’! In that

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5. Charles Russell won the federal seat of Maranoa for the Country Party in 1949. Russell resigned from the party following numerous disagreements over its direction, particularly in relation to its handling of the wool issue. He offered to stand as a Liberal, but Menzies ignored his request. Russell believed this was due to pressure exerted by Fadden (Russell 1976). He stood as an independent in 1951, but was defeated.
instance, and not for the last time, treasury secretary Roland Wilson stepped in to cover for his minister (Horsfall 1974, p.59). His officials, his party colleagues and the press tolerated this rogue side of Fadden’s nature, and he got away with actions that might have ended the career of a less well-liked leader. Also, Fadden did not seem to care about social sensibilities in the way that Menzies or Spender did.6

Their return to the government benches in 1949, after nearly a decade in opposition, was not something Fadden or Menzies took for granted. They had been given a second chance. Both men were fully conversant with the need to present a united coalition. This wasn’t always easy. The difficulties they encountered in achieving a level of consensus can be observed in the cabinet debates of the early 1950s.7 On the few occasions on which no agreement could be reached prime minister Menzies would halt cabinet discussions rather than risk splitting the coalition. For the most part coalition unity was also Fadden’s principle objective. Yet occasionally he could be uncompromising in his opposition to a particular policy, and demonstrated that he would be prepared to withdraw his party’s support from the government should it be pursued.

Immediately upon becoming treasurer again Fadden showed that he was ready to canvass other views and consult widely. Throughout the early 1950s it was not unusual for departmental secretaries to be called into cabinet to provide advice; and one of those to regularly attend cabinet was the treasury secretary, Roland Wilson (Weller 2007, ch.6, ‘An emperor and three pale shadows: 1949–72’). Richard Randall8, Alan Watt

6. Ian Castles (pers.comm., 1 September 2005) recalled hearing about one finance ministers’ conference towards the end of Fadden’s career at which Fadden loudly greeted a dark-skinned delegate from a west African country (perhaps Nigeria or Ghana) with a slap on the back and the words, ‘Hey there, Sambo!’ Collective jaws dropped and people looked on in horror; but the person addressed ‘seemed totally unconcerned, and he and Artie settled down to some solid drinking’. While this was hardly appropriate by today’s standards, Fadden would no doubt have been very aware of the social faux pas he had committed. It seems that at times he loved a bit of shock therapy for his more stuffy colleagues – which puts him in stark contrast to Menzies.

7. In 1950 the government decided to allow the cabinet secretary to take notes of cabinet meetings. These were not a ‘verbatim account of proceedings but were intended as an aide memoire’ (Weller 2007, p.95). Possibly prompted by Australian involvement in the Korean War, these cabinet notebooks were kept for the first time since the Second World War. From them we learn that several issues took precedence in the early years of the Menzies coalition. On the domestic front cabinet had heated discussions over whether to appreciate the pound, while internationally the Korean War, the escalation of tensions in the Middle East and the threat of communism, both home and abroad, tested cabinet’s resolve.

8. Randall joined the federal treasury in 1940, became deputy secretary in 1957 and was appointed as the eighth treasury secretary in 1966.
(external affairs) and John Crawford (commerce and agriculture) were also often called to provide advice to cabinet (see for example NAA: A11099, 1/2, cabinet meeting of 28 August 1950).

Arthur Fadden did not appear concerned about Wilson taking a dominant role in cabinet discussions. He acknowledged Wilson’s grasp of economic and financial issues. One question inevitably raised by Wilson’s cabinet attendance, however, was whether it signified that Fadden was out of his depth or lacking in ability. This thesis argues not. Roland Wilson provided technical advice to a treasurer whose training and thought processes were accountancy-based at a time when treasury was increasingly influenced by economists and economic ideas. The length of Fadden’s tenure as treasurer suggests that he elicited support from the majority of the party room. His career highlights that the skill set of a minister, especially if that minister is also a party leader, is not exclusively portfolio-related. As P Weller (pers.comm., 15 September 2005) has said about Fadden’s relationship with Wilson:

if you have got a minister who will fight your battles, who you can brief and understands enough and has political clout, then things are really very nice. You don’t want a minister who just quotes what you say and doesn’t have any power behind him.

According to Coombs (1981, p.154), Fadden was a ‘shrewd assessor’ of public opinion; and he had Coombs’ respect for ‘the integrity which underlay his judgments’:

Fadden was interested in economic and financial issues. He read official papers and listened attentively, but his judgements were intuitive. Did the argument make sense? Could he trust the advocate? Were the recommendations politically practicable? These were the questions he put to himself.

The behaviour of ministers in cabinet during this time was actively managed. Allan Brown, secretary of prime minister and cabinet, provided each minister with a set of briefing notes suggesting ways by which cabinet could operate smoothly.

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9. Post-politics, many former MPs have suggested that the competition between colleagues was ‘more ferocious’ than the competition between parties (Walter 2006c, p.12)
While there is some suggestion that the Menzies cabinet worked less efficiently than cabinets under Labor, there are several explanations for this (Hazlehurst 1979b, p.339). The make-up of the Menzies–Fadden cabinet from the ranks of both the Liberal and Country parties meant that at times ministers had divergent policy agendas and attitudes. This explains why during some deliberations, especially in relation to appreciation of the pound, cabinet solidarity appeared at breaking point. At times Fadden would ignore protests by his Liberal colleagues and continue with a policy that was more favourable to rural constituents. Consensus and compromise were more than convenient slogans, and had to be worked at. By the time policy was decided, it was likely that there had been significant discussion over pros and cons in cabinet, at least between senior ministers.

For the most part Menzies managed the cabinet process effectively. His authority was unchallenged, and the views of his senior ministers were given priority. As treasury was the pre-eminent department, Fadden would have had input into, or at least knowledge of, most of the submissions before cabinet. Treasury’s influence on the policy process was ubiquitous.

Politicians and departmental secretaries bring very different sets of skills to the business of governing. Fadden was particularly attuned to the views and sensibilities of the electorate. As Alan Reid (1961, p.16) recalled, ‘Artie Fadden, prankster, superb mimic … tireless raconteur, and extrovert … did his thinking with the seat of his pants’. His ‘shy, retiring and … judgmental’ departmental secretary, Roland Wilson, was analytical and judicious, with very clear views on what he thought the government should be doing in the way of economic policy. Wilson’s expertise and education was valued by Fadden. According to Lady Joyce Wilson (pers.comm., 18 August 2005), ‘Roland could supply the logic but Fadden could provide the argument – they were a good pair’; and

10. The 1950s and 1960s were in many ways the high-water mark for the Country Party. Members elected under the Country Party banner distinguished themselves from their urban-based Liberal colleagues. They really did view themselves as the farmers’ representatives and, unlike the National Party today, the Country Party derived great strength and electoral support from that somewhat narrow ideological base.

11. ‘Shy retiring and tending to be judgmental’ was also how Roland Wilson’s wife described him to the author in 2005. Fadden, she said, was the opposite – while he was an astute businessman, he liked people and was not at all judgmental.
Alan Reid (1961, p.16) similarly remarked how well the two men complemented each other:

Fadden carried his intuitive knowledge of how ordinary people’s minds worked and what they wanted into his Treasury administration. For most of his term in that portfolio he had as its permanent head Sir Roland Wilson, sarcastically brilliant and inhumanly efficient. The legend is that Fadden acted as a brake upon Wilson. Wilson might be able to out-think him. But Fadden could out-feel him. He knew when Wilson was wrong and he could good humouredly josh Wilson out of stubbornness. It was not until Fadden had retired as Treasurer and was succeeded by Harold Holt that Wilson became the unchallenged power in the land of government economics that he is today. Fadden’s gregariousness helped him keep his feet on the ground. He loved people. He would talk with anyone. Consequently by the time he had to make a decision he had a wide range of viewpoints already in his possession which he could use as a yardstick with which to measure the merits of Wilson’s advice.

These views support others expressed about Fadden during his term as treasurer. To the suggestion that Fadden was merely a ‘front’, John Carrick\(^\text{12}\) (pers.comm., 29 October 2003) asserted that ‘Wilson and Randall would never have accepted that environment’. And Paul Hasluck, minister for territories from 1951, had a ‘great respect for Artie … he was an honest shrewd man’ (TRC 4631).\(^\text{13}\) Hasluck’s assessment concluded with the question, ‘what more do you want for a Treasurer?’

While Fadden listened to and took advice from Wilson on a variety of matters (Costar & Vlahos 2000a, p.213), he was nonetheless unafraid to express his own views when required. For example, after many months of cabinet debating on whether to appreciate the pound, Fadden told a divided cabinet, with particular reference to McEwen, that he accepted ‘the view expressed by the PM’ (Weller 2007, p.108). Fadden was fiercely protective of the Country Party, but he was also a firm coalitionist. Throughout the remainder of his term in office he might disagree with Menzies’ management style in private, but publicly he remained loyal to ‘the boss’ (J Killen, pers.comm., 6 June 2001).

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12. Sir John Carrick has been a member of the Liberal Party since the 1950s. He was a minister in the Fraser cabinet, was vice president of the executive council (1978–82), was one of John Howard’s mentors and in 1982 was awarded a KCMG for his services to parliament.

13. The quote begins ‘Artie was a terrible roughneck but he was an honest shrewd man…’.
In the years that followed, Fadden and Wilson became the public and private faces of treasury. Fadden also relied on the support shown him by a majority of his colleagues; and he combined these relationships with his talent of knowing what ‘the man in the street’ was thinking. That skill, combined with his ability to woo the press, saw his authority remain virtually unchallenged throughout his parliamentary career. Considering his unpopularity among voters in his first term as treasurer, this was a testament to his determination and innate political skills.

**Deja vu: history repeats in another ‘phony’ war**

Menzies travelled extensively during the early years of his second government (throughout his parliamentary career Fadden was acting prime minister for a total of 676 days (NAA: A463, 1958/131). As the Cold War intensified, Menzies received advice that any war with the Soviets would be based in Europe and the Middle East (Lee 1991, p.183). Based on this advice the government began to make long-term plans for an eventual war in the Middle East. As parliament was not in session the ministry, including Fadden, had returned to their various home states. Fadden was speaking to the Queensland state Country Party when he received a phone call from Percy Spender¹⁴, notifying him that Britain was sending troops to the Korean conflict.

With Menzies away, Fadden was reluctant to commit Australian troops without first speaking with him. According to Spender, it was he who finally persuaded Fadden to announce Australian involvement.¹⁵ (In all likelihood, Fadden’s reluctance was also partly related to an awareness that Spender viewed himself as a possible contender for

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¹⁴. There is some uncertainty about who contacted Fadden. In his memoirs Fadden asserts that it was George Watt, but Spender insists it was him, saying somewhat pompously in his account that ‘Watt may have held the line for me until Fadden answered’ (Spender 1988, p. 282).

¹⁵. The statement read by Fadden had been prepared by Spender (see Martin 1999, p.158). The UN was held in much less regard by the Menzies–Fadden government than by the previous Labor administration. The coalition did not believe the UN was capable of preserving world peace (Lee 1991, pp.89,176), and placed great emphasis on shoring up Australia’s relationship with Britain and the US. Spender, minister for external affairs, spoke of a Pacific pact for defensive military purposes that would consist of Australia, the US and other Commonwealth countries (see CPD 1950, vol.206, pp.621–41). Sending troops to Korea was entirely about establishing good faith with the US for future defence purposes (see Lee 1991, p.182).
the Liberal leadership). On 26 July 1950 Fadden made the announcement that troops would be sent to Korea with Australia’s strategic relationship with the United States in the forefront of his mind, adding that only volunteers would be sent (‘Volunteer army to go overseas: Australian soldiers to fight in Korea’, Argus 27 July 1950, p.1). Fadden also immediately contacted Menzies with the news; so by the time Menzies arrived in the United States, he was fully conversant with the Australian commitment and able to speak of it in his address to the joint Houses of Congress in Washington on 1 August 1950 (Souter 1988, p.415; Fadden 1969, p.114).

On his return to Australia, Menzies informed the cabinet that Russia was fuelling the tensions in North Korea. He believed Stalin was attempting to play the western nations off against each other, and that this was part of a broader strategy, giving Russia time to prepare for a larger scale war. Menzies also argued that an additional benefit for Russia was that the economic instability that would follow the Korean War would seem to support the Marxist view that capitalism was unsustainable. The best case scenario seemed to be that the government had three years in which to prepare for a third world war (CPD 1951, vol.212, p.78).

Fadden as treasurer – prepared to back himself

The change in economic circumstances from relative stability in 1949 to sudden and dramatic boom time conditions in 1950 was unprecedented and unexpected. The Country Party’s rural constituency was a significant interest group in the 1950s, with wool, wheat and other rural products making up nearly two-thirds of Australia’s gross domestic product (Goldbloom, Hawkins & Kennedy 2008, p.2). Wartime controls had been lifted, and wages for both men and women had increased. Consumer demand exploded and imports rose by nineteen per cent during 1950–51 (Goldbloom, Hawkins

16. When Menzies returned to Australia he was recovering from flu, which explained his tired and drawn appearance. In his absence there were reports of backbench tension within the Liberal Party. Speculation followed that Menzies might retire from politics and take up a diplomatic post. Spender was mentioned as a potential leader (see Martin 1999, p.182).

17. The number of troops, however, and the need to ensure that Australian soldiers could fight anywhere they were needed, would come to occupy cabinet discussions throughout the year.

18. Menzies said: ‘It is my belief that the State of the world is such that we cannot, and must not, give ourselves more than three years in which to get ready to defend ourselves’. 
Coinciding with this economic stimulus was the renewed market for Australian wool, due to the Korean War and America’s inability to meet demand through its own domestic production. The Commonwealth Bank board’s newly appointed chairman, Nugget Coombs, alarmed at the economic implications, warned the government that serious policy action was needed, including:

- to limit public development works,
- to budget for a substantial surplus,
- to free interest rates and to tighten the supply of bank loans,
- and to increase the flow of imported goods by reductions in the protective tariff, by dollar borrowing and by an appreciation of the Australian pound (Coombs 1981, p.149; see also Rowse 2002, pp.206–11).  

It was unpalatable advice that the government was loathe to heed, considering that less than twelve months earlier, in the lead-up to its 1949 election win, it had committed to a significant number of infrastructure initiatives and (to meet the demand for labour) an increased immigration program (Rowse 2002, p.207). As the economic situation deteriorated, treasury and the Reserve Bank also called for a reduction in the number of immigrants. While Fadden was not prepared to accept all the measures recommended at the time, it was becoming obvious to all that something had to be done (Coombs 1981, p.149).

The cabinet notebooks reveal that one recommendation considered was the appreciation of the pound. While most in the Liberal Party favoured this plan Country Party cabinet members were vehemently opposed, largely because their agricultural exports would be more expensive and harder to market. Some economists, such as Douglas Copland, also expressed reservations. In fact, initially there was considerable disagreement among senior officials about how to deal with the economic situation.

While Fadden had access to some of the brightest economists of his generation, the relationship of his permanent head, Roland Wilson, with other departmental heads and

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19. According to Gerald Firth, who was a professor of economics at the University of Tasmania, Australia’s financial position was also adversely affected by the federal government’s inability to constrain spending by the states, in combination with the other factors discussed. For more see Rowse 2002, p.209.

20. Increased immigration led to additional pressures for housing, health care and educational facilities (see Smiths Weekly 6 May 1950, p.3).
senior public servants was sometimes less than cordial (Alexander 1982, p.90).

Wilson’s relationship with Nugget Coombs was particularly complicated (Rowse 2002, pp.208,226). At times Wilson’s reaction to Coombs was nothing short of adversarial, ‘offensive rather than cooperative’ (Jones 2003, p.28). Fadden was prepared to consult with both, but considering Wilson’s gatekeeping role in relation to his minister, it isn’t surprising that Fadden’s final decisions often reflected the treasury’s position (Jones 2003, p.28). It has been asserted that had Fadden listened more to Coombs in 1950 and less to the treasury, the war-induced inflationary pressure that afflicted Australia in 1951 might have been less severe.

While advisers proffer their counsel in private, in the end it is the minister who is the public face of decisions made by the government of the day. Within the framework of the doctrine of ministerial responsibility, it is the minister who shoulders the burden. While Fadden did not take all the advice given to him, neither did he shrink from any negative consequences arising from government policy.

In successive meetings the impact of postwar inflation and the need for immediate solutions preoccupied cabinet. Fadden’s participation in the initial discussions was limited. He pointed out that the nation’s indebtedness had recently decreased, but seemed content to allow Page and McEwen to argue the Country Party’s position in cabinet. After briefings from Coombs and Wilson, he came to the reluctant conclusion that the government had committed itself to spend more than it could afford (see Rowse

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21. George Watt was treasury secretary from November 1948 to March 1951, but both he and his successor Roland Wilson differed with Coombs about the best economic measures to counter inflation. Their disagreements over economic policy would continue throughout the 1950s (Jones 2003, pp.28–9).

22. It was thought that the problem was compounded by an immigration policy, announced by Holt in January 1950, that saw a huge jump in the number of immigrants to Australia over 10 years and was determinedly pursued by the government despite concerns expressed by the Commonwealth Bank and treasury (see Schedvin 1992, pp.168–9; Jones 2003, p.28). Treasury officials seemed unsure of the best way to deal with the situation. The budget had not been used as an ‘instrument of stabilisation’ before. The government and its advisers were cautious in the light of the uncertain political events of the day, including the Korean War, the threat of new elections, and problems in the banking industry (Schedvin 1992, pp.185,189).

23. Page expressed real concern about the effect of appreciation on primary industries, especially butter and sugar. Appreciation without an additional subsidy would drive people out of local industries, and Australia would end up importing products now made locally. He stated that ‘appreciation would plunge us into a reshuffle of economic activity and we would have all sorts of new headaches’ (NAA: A11099, 1/3, p.9).
Electoral ramifications were an important consideration. McEwen told cabinet that if it decided to appreciate the Australian pound, country seats would be lost. He urged cabinet to move cautiously, noting that ‘we might even lose an election on this one’ (NAA: A11099,1/3, p.57).

While many in the cabinet were sympathetic to Country Party concerns, others (particularly Casey) pressed hard for full appreciation. Fadden was unambiguous about what the Country Party’s response would be:

I am not convinced that appreciation will have all the merits that are claimed. It doesn’t help wheat, meat, sugar, dairy products. We will have to give them a home consumption price. Clothing, footwear is [the] main item and that is cheap. How will appreciation affect rents. The dearer imports are the more cash you will use up in buying them. Wages will not be brought down as a result of appreciation. I am sure that one man only in the party would support it, and I doubt whether you can get it through your party. We can’t stay in the Cabinet and stay in the Country Party if we agree to appreciation (NAA: A11099,1/3, pp.59–60).

Cabinet remained divided, and would continue to debate the merits of appreciation over the next twelve months. While initially Menzies was keen to make a decision, saying to his cabinet that ‘the public will respond better to vigour than to inertia’ (NAA: A11099,1/3, p.55), he was determined to preserve the coalition. During this time Larry Anthony and Earle Page reportedly carried letters of resignation in their jackets (see Fadden 1969, p.116; Souter 1988, p.417), and the threat to the infant coalition remained. When later in September Menzies suggested a halfway appreciation, Anthony stated that ‘none of our advisers supported this’ (NAA: A11099,1/5, p.4).

For Menzies, the matter was at an end. He said to his cabinet colleagues:

If we are an agreeing Cabinet there is no use in pursuing the matter … The division of opinion is about 8 to 7. At least 7 are against. I am not prepared to accept a decision on such an important matter on such a majority (Weller 2007, p.106).

Others in cabinet remained uncertain that this was the best course. When one member said to him: ‘We sometimes take decisions on very slender majority, why not now?’ Fadden was quick to respond:
Even if appreciation had all the virtues claimed for it, you can be certain that we will be sent to the country on the budget. None of its advantages would be then apparent but all its disadvantages would be obvious. The Country Party would not win a country seat. The opposition would introduce social[ism] and would inflate. In the aggregate you can’t possibly inflate. We can’t stay in Cabinet and in the Country Party too if we … appreciate (Weller 2007, p.106).

This exchange highlights that while Fadden was a coalitionist he was, on rare occasions, prepared to make the ultimate threat to safeguard the interests of his Country Party. His prime minister’s response to this threat was also telling. Menzies was not prepared, despite having the numbers, to take Fadden’s concerns lightly. Appreciation was off the agenda for the time being.

**Still riding on the sheep’s back**

Rising prices and profits continued to plaguel the government. A wool tax of up to thirty-three per cent was mooted. Fadden understood that such a tax would be very unpopular and costly to the Country Party. He and his advisers came up with a compromise solution in the following circumstances:

Late one night, after an exhausting meeting, Cabinet was again on the verge of dissolution. Country Party ministers were told unequivocally that unless we could find a better, and acceptable, solution, we would have to part company with our Liberal colleagues. I admitted the grave urgency of a decision one-way or the other. As I tossed in bed a plan crystallized in my mind. But when I wanted to put it on paper I found paper to be in short supply. Every hotel lavatory, however, is equipped with an essential supply and this, despite its fragile nature, served my purpose. Sitting in my pyjamas I mapped out the points of the plan (Fadden 1969, pp.116–7).

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24. The wool industry had seen its profit margin increase exponentially, and Douglas Copland had suggested a wool tax (of 33.33%) to dampen inflation. Wool prices had indeed soared, and at their peak were 14 times higher than prices recorded in June 1939 (Schedvin 1992, p.171–2; Russell 1976, p.102).

25. True or not, Fadden’s story is difficult to disprove. Russell suggested the unlikelihood of a federal treasurer having no writing paper available in his ‘first class room’, and also mentions some inaccuracies in the story. From Russell’s memoirs it is clear there is little love lost between the two men. Russell (1976, p.123) wrote: ‘Fadden was not a country man and did not understand country conditions and requirements’. What is certain is that Fadden clearly recognised the difficulty of ‘selling’ the wool tax deduction scheme to those affected (Russell 1976, p.104; D Anthony, pers.comm., 6 August 2005). But he was not deterred from implementing the scheme.
This plan would become the Wool Sales Deduction Act of 1950, which provided that twenty per cent of revenue from sold or exported wool would be paid to treasury and then later used as a credit against the woolgrowers’ income tax. It was a much maligned policy, hated by many pastoralists – a major Country Party constituency. Don Aitkin (1972, p.185) noted that while rural support for the Country Party was traditionally solid, there was outright opposition to this measure. Country Party members resigned in disgust, and Aitkin cites a ‘strongly worded motion of no confidence’ by the rank and file of the party. And a federal Country Party member’s son recalled the numerous telegrams his father received, many of them laying blame at the feet of the treasurer and stating that unless the policy was reversed, the Country Party was doomed (J Brimblecombe, pers.comm., 16 May 2004). The anti-government feeling invoked by the scheme is illustrated by a selection of the telegrams sent to Wilfred Brimblecombe in 1951:

**HAVE JUST COMPLETED JOURNEY FROM SOUTHWEST WIDESPREAD SHOCK AT AND CONDEMNATION OF BUDGET PROPOSALS PARTICULARLY TOWARDS RETROSPECTIVE TAXATION STOP**

I HAVE NEVER KNOW SUCH BITTERNESS TOWARDS ANY GOVERNMENT AND FEELING EVEN STRONGER IN BRISBANE IN ALL SECTIONS STOP IF THESE PROPOSALS BECOME LAW AFRAID FUTURE OF COUNTRY PARTY ISSUE MOST SERIOUS URGE YOU OPPOSE PROPOSALS WITH UTMOST VIGOUR AS FEAR PARTY WILL BE FOR EVER DISCREDITED THIS IS NO ORDINARY REACTION TO UNPALATABLE BUDGET MOREOVER FUTURE EFFECT OF WOOL INDUSTRY WILL BE DISASTROUS (Signed).

**STRONGLY PROTEST FEDERAL TREASURER MAKING NON APPLIANCE AVERAGE CLAUSE RETROSPECTIVE LAST YEARS HUGE INCOME STOP WILL CAUSE GREAT HARDSHIP AVERAGE GRAZIER IN VIEW OF SERIOUS DECLINE WOOL VALUES …** (Mgr Dirrandbandi Branch)

**HAVE YOU GONE MAD STOP RETROSPECTIVE ABOLITION AVERAGING MISERABLE UNJUST … AND EMBARRASSING TO WOOL GROWERS AND COUNTRY PARTY MEMBERS STOP REQUIRE STRONGEST PROTEST TO TREASURER AND WITHDRAWAL OF THE INIQUITY…** (Signed).

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26. The demand for Australian wool was an issue of tremendous importance to the Australian export industry, and the subject of frequent cabinet discussions. Australia had gained some concessions from the US in relation to purchasing some of the clip, although Argentina and South Africa were also considered potential rivals (NAA: A11099, 1/2, p.6).

27. These are just a sample of the many angry telegrams received by Brimblecombe, the Country Party member for Maranoa, at his Parliament House address in Canberra. Names are withheld here for privacy reasons; the emphasis is mine.
The consensus was that Fadden, as the legislation’s principal architect, had turned his back on his local constituents. Doug Anthony recalled that around this time he and his father accompanied Fadden to various local meetings. Anthony remembered Fadden being heckled and abused throughout one of the meetings, and after it was over he saw Fadden with tears in his eyes as he waited for his driver. For Fadden, the man who wanted to be everyone’s ‘mate’, this degree of personal animosity would have been devastating.

Still, most of his cabinet colleagues appreciated Fadden’s efforts during this period (Cribb 1996, pp.123–6). His former party leader and colleague Earle Page said of this time that Fadden had demonstrated ‘the essence of real statesmanship’ (NAA: A11099, 1/5, p.43). And Nugget Coombs said that ‘despite [Fadden’s] sensitivity to the political constraints, I found him honest, forthright and courageous, even when these qualities brought him into conflict with his colleagues and rural supporters’ (Coombs 1981, p.154).

It was clear from the start that the Menzies–Fadden coalition government would have difficulty getting some of its legislation through the Senate. While the government held a comfortable twenty-seven seat majority in the House of Representatives, having won seventy-four of the 121 seats (fifty-five Liberal, nineteen Country Party), it still faced a hostile Senate (Horsfall 1974, p.3). The election of 1949 was won on the promise of ending rationing, reducing the socialist threat, minimising industrial unrest and putting value back into the pound (Lee 1991, p.174). Some of these policies would prove easier than others to implement (see Hazlehurst 1979b, p.327). Not surprisingly, a deflated opposition greeted with grudging acceptance the announcement that the government intended to repeal some of the central planks of the former Labor government’s legislative program, especially the Commonwealth Banking Act of 1947. The

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28. In the 1943 and 1946 federal elections the ALP held 33 of the 36 Senate seats. Proportional representation was introduced for the Senate in 1948. That same year the number of members was increased in both the House of Representatives and the Senate (Overacker 1968, pp.20–22; Cowper 1950, p.6).
announcement that it would also attempt to remove the Communist Party from the
Australian political scene forever was met with more vociferous debate.\textsuperscript{29}

One of Fadden’s first legislative duties was the preparation of a bill that would see the
creation of the Commonwealth Bank board, replacing the advisory council that was
appointed under Labor.\textsuperscript{30} This was one of four pieces of legislation that caused unusual
dissension within the parliament (Crean 1950, p.186). Fadden consulted widely in
relation to this bill, especially with Nugget Coombs.\textsuperscript{31} The end result was a bill that was
regarded by some as moderate in its effect. Yet the Labor opposition’s traditional
hostility towards private banking guaranteed that it was returned to the House of
Representatives by the Senate, a strategy that had been foreseen by Chifley (Crean
this response from the opposition to a bill ostensibly similar to one proposed years
earlier by Labor’s Ted Theodore (Fadden, CPD 1950, vol. 207, pp.2127–8). But the
opposition were unrelenting in their attack on the proposed legislation. The attack got
personal when it became apparent that Fadden, who was in Queensland campaigning for
the state election, would miss part of the second reading debate. Ben Chifley referred to
Fadden’s absence as a sign of ‘complete discourtesy’, saying that ‘for a bill of this
importance to be pushed aside by him in this way is a gross discourtesy to honourable

Ultimately the ALP’s refusal to pass the legislation provided the trigger for the first
double dissolution election since 1914 (Davis 2008, p.68; Schedvin 1992, pp.151–3).\textsuperscript{32}
In the election held on 21 April 1951 the ALP lost control of the Senate.

\textsuperscript{29} The governor-general announced the government’s plans in his speech to the parliament on 22
February 1950 (see Martin 1999, p.138).

\textsuperscript{30} According to Fadden, the legislation introduced on 16 March 1950 preserved an effective working
relationship between the government and the bank and allowed for further capital resources to be
provided for the trading sections of the bank while letting it continue to offer the community the
services that were currently available (see CPD 1950, vol.206, pp. 904–5).

\textsuperscript{31} Throughout his term as treasurer Fadden frequently turned to Coombs for alternative advice
(Whittington 1964, p.154).

\textsuperscript{32} For a fuller discussion see Schedvin (1992, pp.144–66). Fadden was conciliatory during the
discussions, and the coalition initially seemed at pains to introduce a bill that Labor could find
acceptable. But Labor demonisation of banking in Australia was great, and in this area it would not be
mollified. As Schedvin (1992, p.153) saw it, banking was once again ‘Labor’s undoing’.
When a series of rolling strikes occurred on one of the most militant union worksites – the waterfront – the government invoked the Crimes Act, which allowed it to imprison or deport any person who ‘incited, engaged in or encouraged a lockout or strike’ (CPD 1950, vol.206, pp.1168; Martin 1999, p.142–4). Menzies had told the House in relation to the ‘communist technique known as “the rolling strike”:

Cabinet has given this matter its most earnest consideration. It has decided that if the Communists have decided once again to fight the Australian people, the Australian people will fight back, and make it clear once and for all that they will not tolerate lawlessness and violent attacks upon the normal processes of peaceful trade and commerce. We are proposing at an early date to introduce into this parliamentary legislation specifically designed to deal with the Communist enemies once and for all. But in the meantime, we shall not allow the position to drift. We propose to use the powers which now exist in Commonwealth legislation to carry the fight to the Communists. We believe that, in so doing, we shall have the support not only of the public generally, but also of the vast majority of trade unionists who hate communism, and recognize it for what it is, the great enemy of continuous employment, of high living standards and of that system of impartial arbitration which has meant so much to organised labour throughout almost the entire history of the Commonwealth. Section 30J of the Crimes Act provides that: … If at any time the Governor-General is of opinion that there exists in Australia a serious industrial disturbance prejudicing or threatening trade or commerce with other countries or among the States, he may make a Proclamation to that effect, which Proclamation shall be and remain in operation for the purposes of this section until it is revoked (CPD 1950, 206, p.1168; see also Martin 1999, p.142).

A proclamation under section 30J was made immediately. Perceived as an anti-communist measure, this action showed that the government was determined to move against the threat of communism.

In 1950 this threat was treated very seriously. According to former parliamentary journalist Roger Rae:

the climate of fear was really bad … the Comms got control of every decent union … [and were prepared to] disrupt the economy … and anything that disrupted the society was an absolute plus for the communists (pers.comm., 15 February 2003).33

33. Rae also said that unionists had been known to go to workers saying “‘come on, better be with us – if you’re not with us when the time comes we will cut your throat’; and they bloody well meant it”.
In many of his speeches both before the 1949 election and throughout the first session of parliament Fadden evoked the threat to the economy posed by communism, claiming that only the coalition government could provide a solution. It has been suggested that Fadden used the threat of the ‘red peril’ as a political ploy. Charlie Barnes, who was chosen by Fadden to replace him in his seat of McPherson in 1958 (NLA: TRC 382) disagreed, saying that ‘Fadden was a man who was … very sincere in anything he took up’.

The government made good its intention to rid Australia of communists when it introduced the Communist Party Dissolution Bill on 27 April 1950.

The Communist Party Dissolution Bill would become one of the most contentious in the parliament’s legislative program. Among its provisions was the power to seize all property owned by the Communist Party without compensation. Opposition groups, including Communist Party members and liberal academics, handed out pamphlets (‘Vote No’ brochure, University of Melbourne Archives, A 1976.0028) quoting Menzies’ own words, uttered in 1939 when the Second World War was in its infancy:

> It would be a tragedy if we found that we had fought for freedom, free belief and the value of every individual’s soul, and won the war, but lost the things for which Australia was fighting (Ackland 2010).

Now facing renewed armed conflict in Korea, Menzies justified the introduction of the Communist Party Dissolution Bill on the grounds that Australia was ‘not at peace today, except in a technical sense’ (CPD 1950, 207, p.1995).

Of great concern to the ALP and other commentators was the McCarthy-like provision enabling the government to ‘declare’ any group or individual associated with communism (Crean 1950, p.189). Individual freedoms were given short shrift when, during the second reading speech, Menzies named prominent men in the union movement as communists (CPD 1950, vol.207, p.2219). He would later retract some of the names, but not before they had been publicly denounced, fuelling speculation that the government would be prepared to use the legislation to silence political opponents.
Fadden gave no indication in his speeches or media interviews that he was concerned about these pernicious aspects of the communist legislation. He repeatedly asserted that the ALP were fellow travellers of the Communist Party and shared its ‘fundamental principles and objectives’ (CPD 1950, vol.207, p.2356). He was quick, however, to address ‘specious’ comments that socialist parties (that is, the ALP) would be next to be proscribed, saying ‘nothing is further from the truth’ (CPD 1950, vol.207, p.2356).

While criticised by some, the bill received support from opinion leaders on the right. The archbishop of Brisbane supported the legislation, and some later suggested that his subsequent knighthood (which Fadden had personally recommended and which was the first to be given to a Catholic priest) was thanks for his support (former senior Canberra public servant, pers.comm., 20 February 2003; W Brown, pers.comm., 19 February 2003). The Country Party historically had a predominately protestant membership, so Fadden’s gratitude to the Catholic archbishop could well have had an element of political opportunism about it, as it sent a contradictory signal to many Catholic ALP supporters.34 The following excerpt from Hansard is perhaps telling:

Mr. Fadden: The comparison that I have made of the Communist manifesto with the platform of the Australian Labor Party proves clearly that the two documents are practically identical. That fact cannot be explained away by honourable members opposite. In this respect, I am in good company. On the 30th October, 1949, Archbishop Duhig, the Roman Catholic Archbishop of Brisbane, said – ‘Australians had a magnificent country, equal to any in the world, but if socialism ever prevailed communism would soon be on the doorstep. The country would then be in fetters’. Those are the words of His Holiness the Bishop.

Mr. Mullens: He will have to be promoted.

Mr Fadden: I should say, His Grace; and I agree that he could well be promoted (CPD 1950, vol.208, p.2355).

Duhig received a CMG in 1954 (Boland 1981).

34. Aitkin (1965, p.8) states that historically Country Party members (he was speaking particularly about NSW) viewed their party as a protestant party, and ‘consider the “proper” political vehicle of Roman Catholics to be the ALP, or following the split in the 1950s the DLP’.
While Fadden’s strident attacks on communism may have been politically strategic, he had always detested the doctrine. He continued to campaign against communism long after the ‘commo bill’ was rejected by the High Court.35

Budgeting for a recession

Fadden’s early budgets on returning to government were the toughest of his career. His ‘horror budget’ of 1951 is one that is still referred to today.

This thesis is not an economic history, and does not provide a detailed description of every budget (these details are available elsewhere: see Goldbloom, Hawkins & Kennedy 2008). Moreover, it is hard to gauge how much input Fadden had in the preparation of his annual budgets, with anecdotal evidence suggesting that his involvement may have been substantially supplemented by Wilson. Fadden’s term as treasurer coincided with the rise of the mandarins, and the 1950s was the high point of treasury influence. Fadden’s job, as he saw it, was to sell the government’s policies and take on any criticism those policies created. It was a role that, for the most part, he ably fulfilled.

Fadden’s first budget in his second term as treasurer was delivered in October 1950. It attempted to deal with the economic crisis that was unfolding. Yet his reference to ‘growing pains’ being experienced by the nation seemed to minimise the serious inflationary spiral that was about to be unleashed. Ulrich Ellis, who later worked as Fadden’s press secretary and would remain close a personal friend for the rest of his life, wrote articles in praise of the budget. He claimed it ‘provide[d] other remedies to counteract inflationary tendencies in the national and personal economy’, adding that it dealt with

the group of international speculators who have invested large sums of money in Australia with the specific purpose of making easy money as a result of an anticipated appreciation (Countryman 3 November 1950).

35. In cabinet discussions in late 1950 Menzies referred to the legislation as ‘the red-bill’ (NAA:A11099, 1/3, p.50), and later in 1951 minister McBride hoped “we should get a decision on the Commo Bill” (NAA: A11099, 1/11, p.59). The legislation banning the Communist Party was declared invalid by the High Court on 9 March 1951).
Others were less fulsome in their praise. Schedvin (1992, p.172) described the 1950 budget as being only ‘marginally restrictive’ in its effect. Indeed, the budget proved ineffective in dealing with the developing economic crisis. But the actions of the government provided rich fodder for the opposition, who singled Fadden out and claimed that the treasurer had engaged in ‘naked dishonesty’ in his pre-election statements that ‘industry should be freed from the stranglehold of bureaucracy and that the producer should be left alone and all problems would be solved’ (Keon, CPD 1950, vol.208, p.4276).36

Australia’s economic conditions had been deteriorating over the postwar years. Since the government’s election in 1949, both the treasury and the Commonwealth Bank had been forecasting the dangers of its expansionary policies. Whitwell (1986, p.97) argued that the budget in 1951 was a ‘symbol of their eventual victory’. Certainly by early 1951 it was clear, even to the government, that a contractionist budget was the only appropriate way to attempt to rein in the inflationary pressures. Aware of the inevitable backlash to such a budget, Fadden warned cabinet about the public expectation of a surplus and suggested the prime minister ‘condition the people first’ to the economic reality (NAA:A11099,1/12, p.34).

**Sparring with the ghosts of inflation**

So less than two years after regaining government the cabinet prepared for the political fallout stemming from its budgetary plan, which included an increase in taxes. Following the Country Party’s staunch adherence to the line that it would not consider any form of appreciation of the pound, Fadden had little choice but to implement the blunt instrument of fiscal policy by artificially holding the market down through the budget. With Menzies’ approval, Fadden charged Roland Wilson, Nugget Coombs, Alan Brown and ER Walker (from the National Security Resources Board) to investigate what measures might be applied to ease inflationary pressures. Their report stated that nothing short of ‘drastic counter-inflationary action by the government is urgently necessary to forestall what is now clearly a possibility, that is, a flight from the

36. Keon was speaking during the Appropriation Bill (Representatives) (no.2) 1949–50 on 14 June 1950.
currency’ (Schedvin 1992, p.187). Preventing this became a priority. Yet the government would only permit limited impediments to the lending policies of the trading banks, and would not countenance ending the ‘cheap money’ policy surrounding bank bonds (Whitwell 1986, pp.104–5). As a result, the budget became an important tool in the strategy to combat inflation. Planning the budget took some time, and by the time Fadden and the government did act the economy was already slowing.

Dramatic events beset political life in 1951. While the government was worried about inflationary pressures, the possibility of war was a renewed concern. The minister for labour and national service, Harold Holt, optimistically suggested that the ‘world situation may improve’ and ‘lessen the Government’s need for defence revenue’; but Richard Casey, the recently appointed minister for external affairs, argued that ‘either the overseas position is as we say or not and we must not rely on miracles. The economic situation is desperate’ (NAA:A11099,1/12, p.34).

In March the government secured the trigger for a double dissolution election when the Senate rejected the government’s banking bill (see page 204; and for full details of the 1951 double dissolution see Odgers 2008). The April election saw the government returned with a narrow Senate majority (the first for the Menzies–Fadden coalition); but saw it also lose six seats in the House of Representatives, including the 1949 Country Party gains of Hume in New South Wales and Leichhardt in Queensland. Despite this blow, the post-election Menzies–Fadden ministry would remain virtually unchanged until 1956.37

Even although it had lost some seats the Country Party was still essential in ensuring the government’s majority, and Fadden managed to get five Country Party ministers into the cabinet – himself, John McEwen (minister for commerce and agriculture), Earle Page (minister for health), Larry Anthony (minister for civil aviation till 9 July 1954, then postmaster-general) and Senator WJ Cooper (minister for repatriation).

37. Percy Spender and Dame Edith Lyons had resigned at the previous election, and Thomas White, no friend of Menzies, was dumped, while Athol Townley, Paul Hasluck and William McMahon were new faces in cabinet (Parliamentary Handbook).
On 13 July 1951, Ben Chifley died. In his memoirs Fadden (1969, p.89) remembered Chifley as a man who ‘had no pretensions and never lost the common touch’. Fadden had worked closely with and had a deep respect for the two previous Labor leaders (Curtin and Chifley). He remembered Curtin as the ‘best and fairest’ leader, and was pleased to support a suggestion in 1956 that a town in the Snowy Mountains shire be renamed Chifley in honour of the Labor leader (CPD 1956, vol.9, p.49). Fadden was less impressed by Chifley’s replacement, Dr HV Evatt, and recalled years later that ‘Evatt was, in many ways, the victim of his own suspicions and jealousies, often unfounded. He was always looking over his shoulder for the cloak and dagger man’ (Sun-Herald 7 December 1969).

Meanwhile cabinet continued to consider possible economic solutions. The meeting on July 18 renewed the call for appreciation of the pound. Prominent Liberals Richard Casey and William Spooner argued strongly for appreciation to be introduced, but still the Country Party remained opposed. Fadden was keen to bring to an end any further talk of appreciation, telling cabinet:

It is inopportune to consider appreciation in the face of the budget. Appreciation will not have any immediate advantage. Its immediate effect will be adverse to the budget. The facts are less favourable towards appreciation than they were a year ago. The Governor of the Bank and the Secretary to the Treasury are against it (NAA: A11099,1/13, pp.56–7)

Harold Holt was aware of the threat posed to the government by inflationary pressures:

This is a difficult problem and it may wreck us if not from within then from without. There is the political problem, the economic one, and the psychological one (NAA: A11099,1/13, p.57).

Menzies too hoped that a tough budget would ‘cure the patient’, but added that if that approach failed, ‘we should then look at the matter again but then we should accept the decision of the majority of the cabinet’ (NAA: A11099,1/13, p.55). Appreciation was

38. In one parliamentary debate Chifley was interrupted by an exchange between Max Falstein (Labor, Watson, NSW) and Eric Harrison (Liberal, Wentworth, NSW). To Falstein’s interjection of ‘listen to the new guard’ (referring apparently to Harrison), Fadden responded ‘Shut up, and listen to the old engine driver’. Fadden remembered that Chifley said this contribution was ‘too good not to print’, making sure reporters in the press gallery had heard it too.
still on the agenda. McEwen began to voice his opposition, but discussion ceased when Fadden came down on the side of the prime minister and said, ‘I accept the view as expressed by the P.M’ (NAA: A11099,1/13, p.55). As luck would have it, future economic circumstances meant that Fadden did not have to act on his declaration of support.

While Fadden was fiercely loyal to Country Party objectives, he was also the deputy prime minister of the coalition government. It was a role both he and Menzies took seriously. Because of their efforts the coalition survived (Weller 2007, p.108). Fadden was the last recorded minister to speak at this cabinet meeting when he said: ‘I want to know what sort of budget I should prepare’. Soon enough he would have his answer.

The ‘horror budget’ of 1951

The deflationary budget of 1951 has been described as the first ‘explicit attempt in Australia at Keynesian demand management’ (see Whitwell 1986; Hywood 2004). Likewise Rowse (2002, p.208) suggests that the government’s emphasis on maintaining a surplus in the budget ‘exemplified Keynesian orthodoxy’. In retrospect the tough budget, introduced in September 1951, has been criticised as being too much too late, but treasury officials who had spent months convincing the government, including Fadden, of the need for action were unwilling to recant on their original urging for ‘drastic’ measures. The Commonwealth Bank wanted even tougher action. Through his membership of the Commonwealth Bank advisory council, Roland Wilson was aware that Nugget Coombs wanted to suggest a range of measures aimed at ‘encouraging the government to think more broadly and creatively’ (Schedvin cited in Rowse 2002, p.208). Rowse claims that Wilson was concerned that Coombs might be overstepping his ambit, but he agreed to Coombs’ attendance at the meeting with Fadden when the budget details were outlined.

The final version of the 1951 budget was considered a significant victory for Coombs (Schedvin cited in Rowse 2002, p.208). Economist Ross Garnaut has concluded that:

The Fadden horror budget knocked inflationary expectations on the head … if they hadn’t done that, then we would have been in trouble through the ’50s, so there is a
sense in which it helped lay a base for the rest of the decade (cited in Megalogenis 2008).

While Fadden was putting the finishing touches on the 1951 budget, Menzies travelled the country arguing for a ‘yes’ vote in the upcoming referendum to ban the Communist Party. Doc Evatt also toured extensively, urging a ‘no’ vote. In the end the referendum was narrowly defeated, with the states evenly divided (three yes and three no). Fadden only spoke at a limited number of venues due to his portfolio commitments, but each time his message was uncompromising. After appearing in Melbourne with the prime minister he travelled to Queensland, where he made a national broadcast from Coolangatta (Canberra Times 10 September 1951, p.4). He prepared his audience of around four hundred people for the harsh budget he was about to introduce. Claiming the budget ‘was not the sort … we like to produce in days of peace’, he tactically laid the blame at the feet of the communists, saying all measures were needed to ‘meet critical conditions fostered by the Communist Party’ (Courier-Mail 11 September 1951, p.1).

Fadden’s budget was delivered in the parliament on 26 September 1951. In his budget speech he justified his approach with a metaphorical flourish, arguing that:

> the whirlwind of rising prices may be exhilarating to the few who ride it out but for many inflation can become a whirlpool which ever more rapidly engulfs their savings and ultimately their jobs (CPD 1951, vol.214, p.86; Courier-Mail 27 September 1951).

He told the parliament that three areas needed special attention. The first was the capital works and services program. While Fadden conceded that some projected capital works were of fundamental importance, not all were ‘of the first order of urgency and there are a good many which can … be deferred, disappointing though that may be’. The second area that came under Fadden’s knife was subsidies. Telling the House that ‘this is a much-disputed subject’, he paid particular attention to dairy products, announcing a limit on the subsidy payable of £16,800,000; he also ended the wool bounty, and

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39. He continued ‘The notion that prices could be held down by paying subsidies to offset cost increases belongs to the order of ideas which sees a cure for inflation in price and cost controls. As a general policy, the Government rejects both ideas together, and it has, therefore, made a review of existing subsidies in the light of the financial position’ (CPD 1951, vol.214, pp 51–86).
reduced the tea and coal subsidies. The third area that experienced cutbacks was what Fadden termed ‘administrative costs’. Stating that it was important that the government ‘should look to the organization of departments and eliminate anything in the nature of over-staffing or waste of resources’, he announced a reduction of ten thousand in the staffing levels of Commonwealth departments. As a sweetener, he conceded that pensioners and their dependents had been hurt by the economic downturn, and the government increased a number of repatriation and social service benefits (CPD 1951, vol.214, p.53).

But the opposition remained unconvinced. The budget was described by Arthur Calwell as ‘a horror budget’\(^{40}\), and Fadden faced strident criticism in its wake, especially from Country Party supporters. The opposition, sensing a political opportunity, suggested a referendum on the budget’s measures, which also included an increase in company and sales taxes and customs and excise duties, and the removal of special depreciation allowances (Whitwell 1986, p.106; Goldbloom, Hawkins & Kennedy 2008, p.13). While the criticism from the opposition came as no surprise, the government was shocked by the anger generated in the press.

Journalists claimed that the budget would be met by a voter backlash (Sydney Morning Herald 23 September 1951). The Sydney Morning Herald editorial of 28 September rejected the notion that inflation could be contained by a large surplus budget. Economist Douglas Copland came under attack for his support of the measures, but most of the anger was reserved for Roland Wilson and Fadden. As the public figure responsible, Fadden bore most of the criticism. Yet he remained convinced that nothing short of the radical measures proposed would ameliorate the current economic difficulties. He unapologetically told reporters that ‘nobody is happy about the budget. It is not supposed to make people giggle. Wars do not make people giggle and neither does this realistic budget’ (Age 29 September 1951).

\(^{40}\) During the debate on the budget Arthur Calwell exclaimed ‘It is a horror Budget all right!’ (Sydney Morning Herald 27 September 1951). Other budget measures included a 25% cut in commonwealth grants that funded state programs, increased company tax rates and a new levy of 10% added to personal income tax.
Opinion polls suggested that Fadden’s popularity had halved in the wake of the budget (Hazlehurst 1979a, p. 327). New South Wales graziers moved a resolution that all funds be withheld from the Country Party until Fadden was expelled (Canberra Times 14 March 1952, p.4), while Fadden and his Country Party colleagues were labelled ‘the bad men’ of the government (Mayer & Rydon 1954, p.31). Charles Barnes, who later served as a Country Party minister, remarked on Fadden’s political courage, saying:

[Fadden] was condemned by … about eighty per cent of rural people, the people he represented, but he had this courage to go ahead because he believed this was right … in my opinion there are not many politicians of my experience [who] will take an unpopular line for the good of his country, and I can’t recall another politician in my experience doing that (NLA: TRC 382).

Fadden, at least publicly, used humour to deflect the criticism, saying ‘I could have had a meeting of all my friends and supporters in a one-man telephone booth’ (Cribb 1996, p.124). But the opprobrium took its toll, and by October 1951 Fadden was physically unwell. At a state dinner on 16 October in Canberra, he suffered a ‘minor collapse’. Soon afterwards in an outward display of support, the parliamentary Country Party passed a resolution hoping that he might soon ‘be restored to health, so that he may continue the vigorous and enthusiastic leadership so greatly appreciated by ministers and so beneficial to primary producers and the Commonwealth’ (Canberra Times 17 October 1951).

Perhaps it was Fadden’s preparedness to take the flack and not deflect criticism onto his officials that earned him the respect of his departmental secretary, Roland Wilson. Those who saw them together recall that the two got along (former private secretary, pers.comm., 13 February 2002). Wilson’s widow stated that her husband had a ‘great deal of time’ for Fadden ‘whom he knew he could trust’, and that a typical response from Wilson to suggestions that Fadden was liked because he was pliable was ‘we were a team’ (J Wilson, pers.comm., 18 August 2005).

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41 The 1951 budget contained a ‘large counter-inflationary surplus’. Country Party supporters, generally rural people, were angered by the changes to taxation laws allowing them to average their incomes over a five-year period. Fadden’s changes included removing income over £4000 from the averaging scheme. Yet despite their protests, rural producers continued to be assisted by the Country Party treasurer through the introduction of increased depreciation and the abolition of the federal land tax in 1952 (Cribb 1996, pp.123–6).
Fadden’s reputation as a team player was built upon this first challenging period in government. His early years as treasurer proved to be a difficult baptism in unstable postwar circumstances. Yet throughout this time Fadden held his nerve and showed a preparedness to take unpopular decisions and be a loyal member of a coalition government. In retrospect his actions during this difficult period gave him a stock of moral capital that would later help him resist calls to resign and provide him with enough goodwill to weather controversies on which less well-liked contemporaries might have foundered. In less than two years Fadden had fought two federal elections, lost a referendum, confronted the possibility of a new world war and battled intraparty and coalition strife, and he was still grappling with solutions to ameliorate the tumultuous economic environment.

By December 1951 Fadden was physically and emotionally spent. It made a welcome hiatus to board a ship of the Orient Line heading for London. Accompanied by his wife and his daughter Betty, he set off for the commonwealth finance ministers’ conference which began on 15 January 1952. It was his first overseas trip since winning a federal seat, and was a welcome respite. It also provided the opportunity for him to be invested with his knighthood (Fadden 1969, p.129).
Fadden enjoyed a relatively harmonious relationship with Menzies and did not become involved in any open clashes with him (Encel 1974, p.91).

Fadden’s ‘horror budget’ underpinned the government’s efforts to provide a fillip to the ailing economy. Yet it was with apprehension that the government faced 1952. Initially there was no obvious improvement in Australia’s economic position. Imports were still pouring into the country, and the government remained concerned over the adverse balance of trade figure (approximately £378.4 million) and the current account deficit of £316.7 million. Government supporters were worried, and some disharmony was evident among the coalition’s backbench (Martin 1999, p.212). Industrial militancy had increased, and the government was facing criticism for its increasingly interventionist policies (Whitington 1964, p.31). Government controls aimed at mitigating the worst effects of the inflationary pressures were proving to be blunt and unsubtle instruments.

Then, quite suddenly, the policies introduced by Fadden started to bite. Import levels fell dramatically by fifty per cent, saving an estimated £540 million (NAA: A2910, 412/32/3/2 part 1). A new priority was emerging as the Australian economy looked to be going from boom to bust. The suddenness of the change took the government by surprise (Knott 2006).

With these unstable economic conditions providing the domestic backdrop, Fadden arrived in London early in 1952 for the annual international finance ministers’ conference. There he was met by Roland Wilson, who had travelled ahead of his minister. Wilson had already had several meetings with his British counterparts, and soon brought Fadden up-to-date with their host’s expectations. Britain was slowly recovering from the ravages and deprivations of the Second World War, and delegates were urged to reduce their spending outside the sterling area to help strengthen the pound. For its part, Australia was advised to restrict imports from countries outside the
sterling area to boost Britain’s sterling balances. During the war, Britain had depended on the United States for strategic supplies but over time had found itself with limited dollars in reserve to pay for them. As a result it had rising debts, mostly in the form of sterling balances.

The British chancellor of the exchequer, Richard Butler, was to find the Australian delegates not as pliable as he might have wished. Fadden, well briefed by Wilson, argued that the Australian government’s decision – which effectively continued the Chifley government’s development policy alongside a new imperative to borrow money directly from the World Bank – was perhaps not what Britain expected, but was nonetheless necessary for Australia (Robertson 1997, p.106). Fadden’s argument was that this would prove to be in the best interests of Britain too:

Unless we and other countries in the sterling area can develop our resources and expand our earning power there can be no hope of breaking through the network that has enmeshed us since the war, and we must resign ourselves to living indefinitely within a largely closed system which appears to become more narrowly constricted with each successive crisis (NAA: A4905, 215).

The degree of financial autonomy enunciated by Fadden at the meeting in 1952 has been called the first step towards Australian economic independence (see Zappala 1994, pp.14–15)

Despite Fadden’s relative inexperience at international forums, he consistently maintained that Australia would not sacrifice its independence or autonomy. This line must have appeared more strident when considered alongside the early acquiescence of the New Zealand treasurer to British demands. While officially Fadden stressed the cooperation between the delegates, privately he was less positive. In public he reassured the British that Australia would ‘protect sterling and keep the sterling area afloat’ (see NAA: A462, 845/25, cablegram to Menzies dated 21 January 1952), but he also argued

1. Ringe et al (2004) suggest that at the time the British government had four competing objectives: protection of the domestic market to assist industry and the balance of payments; the maintenance of imperial preference agreed to at the Ottawa conference (important in maintaining traditional markets, but also because the sterling area had a ‘trade surplus with the Dollar area’ which provided a vital supply of dollars); their commitment to the General Agreement on Tariffs and Trade (GATT), which outlawed trade discrimination and import quotas except in the case of economic crises; and trade liberalisation, which would give Britain access to new markets.
that Australia had the right to choose its own policies, and said that little would be
gained in the long-term by ‘erecting a continually rising fence around the sterling area
and against the other countries of the world’. In his communication to Menzies, he
spoke of his frustration in dealing with British treasury officials who continued with
‘their old line of passive resistance and condemnation by faint praise’:

I am now fairly well convinced – though ever so regretfully – that we have to
curtail sterling imports as well as non-sterling. The facts do not seem to leave us
with any real alternative. In saying this, I know that the idea of cutting imports
from the UK will be as repugnant to you as it is to me … We must also give
serious thought to the effect, which any discriminatory action against non-sterling
imports would have on the countries concerned. A number of those countries are
particularly good customers of ours. Moreover, our legal position under GATT is
such that blatant discrimination against non-sterling countries would appear very
difficult to defend.

The leader of the opposition, Doc Evatt, vehemently protested the decision to reduce
British imports. In a public broadcast delivered on 13 March 1952 he attributed the
country’s economic problems to the government’s hastily made policies:

During the war, we built up our London funds because while Great Britain was
buying our wheat, wool and other products, she had nothing to sell us. But we
didn’t say to Great Britain ‘we are unable to supply you any longer because you
have no funds in your Australian balances’. Instead, we allowed Great Britain to
freeze our credits in London. Arrangements of this kind are much less injurious
than banning of imports … We created the credits in London by buying less from
British suppliers than British customers bought from us … The Government’s
attitude toward British imports, is to say the least, churlish and irrational (Copland
& Barback 1957, pp.470–2).

Unsurprisingly, Fadden responded to these claims with vigour, stating that had he
acquiesced to British expectations the outcome could have been grim for Australia. He
defended what seemed to be a sudden change in government policy – from being
reluctant to apply any import restrictions to his apparently snap decision to apply import
controls – by saying that it had not been an easy decision to take, since:

For ten or twelve years past overseas supplies of very many kinds of goods have
been difficult or impossible to obtain. It could hardly be expected that either the
Government or the public would be anxious to cut off unnecessarily the supply of
such goods just as they had again become available … as a Government we are
against controls and we will always do our utmost to avoid them if we can (CPD 1952, vol.217, p.36).

But the anger of his British hosts did not escape him, and he would later describe himself as being as popular as a ‘crow in a fowl house’ with the British (Roach 1952, pp.79).²

These problems over currency reserves were not unprecedented. The Chifley Labor government had also confronted a rapid depletion in sterling, due to a recession in the United States and the increased demand for postwar materials and fuel. The fall of Singapore during the war, and the jeopardy in which Australia found itself as a result, had convinced Australian governments that they should not become overly reliant on assurances of protection from a distant Britain. Both the Chifley and the Menzies–Fadden governments pressed for an expansion of Australia’s manufacturing sector; and, while still in opposition, Fadden had made clear his view that ‘acute dollar restrictions were retarding Australia’s development’ and argued the need to seek funds independently of Britain (Robertson 1997, pp.100–1).

‘Twice a knight ain’t bad!’

Fadden’s first official overseas trip was not only about work. As he wrote to Menzies on 28 January 1952 after travelling to Switzerland to negotiate a loan deal, he hoped to ‘visit my ancestral home in Northern Ireland and perhaps Scotland before leaving’ (NAA: A1838, 708/5/1). For someone who prided himself on being a man of the people, Fadden was not above a little hubris, possibly fuelled by a desire for more gravitas when dealing with his cabinet colleagues. Usually Fadden used his avuncular style to good effect, but in certain situations his north Queensland background and lack of university qualifications set him apart from his better educated colleagues such as Robert Menzies, Richard Casey and Paul Hasluck. His humble origins may also explain why he got on better than most with Roland Wilson and Nugget Coombs, who also came from working class stock (although both Wilson and Coombs had excelled

² See also Robertson (1997, p.108) who notes that ‘most British comment was unsympathetic … especially in government and parliamentary circles’, which forced Menzies to issue a statement on March 17 promising to ‘lift the restrictions as soon as possible’.
academically). Nevertheless, as Fadden’s membership of the Queensland Club and the Freemasons attests, he had a strong need to identify with the more upwardly mobile (or influential) groups in society. His acceptance of a knighthood was not surprising.

While this imperial honour would not breach the barriers of social class altogether, it increased Fadden’s prestige in certain circles. Going from ‘Artie’ to Sir Arthur was an outward sign that he had successfully negotiated another cultural hurdle. While in London Fadden was also formally admitted to the Privy Council, an honour originally sponsored by the late Labor prime minister John Curtin in 1942, and was invested with his KCMG by King George V1. This event would give Fadden a few more jokes that he would put to good use throughout his career.  

Speaking about his investiture, he said:

Coached in the procedure, I knelt on the red cushion while the King, thrusting the sword near my chest said: ‘Rise Sir William,” Nervously and half rising, I said: ‘Excuse me, Your Majesty, but my name is Arthur”…”Right,” he said, “get back again.” And then: “Rise, Sir Arthur” (Fadden 1969, p.129).

Later, Fadden would delight in telling people that ‘twice a [k]night ain’t bad for a man of my age!’ (J Killen, pers.comm., 6 June 2001).

Not everyone at home believed Fadden a worthy recipient. Charles Russell was a Country Party renegade who publicly disagreed with Fadden’s treatment of woolgrowers and made personal jibes suggesting that Fadden was unsuitable as the country’s representative abroad. With Fadden overseas, Russell’s successor in the Queensland seat of Maranoa, Wilfred ‘Brim’ Brimblecombe, came to Fadden’s defence:

It is characteristic of Mr. Russell that he should engage in a tirade of personal abuse – childish though some of it is – at a time when the Treasurer is not here to

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3. One story Fadden retold was that when he was campaigning in north Queensland in the 1950s he met an old acquaintance who, after being informed by someone in Fadden’s entourage that he should address Fadden as ‘sir’, replied: ‘What, you now a school teacher, Artie?’ (Cribb 1996).

4. Three years after Fadden’s death Charles Russell published a book critical of the Country Party during this time. Russell had resigned from the party in October 1950 over his disagreement with economic decisions. In his account he speaks about Fadden’s apparent ignorance of how Australia’s allocation of American dollars was calculated; claimed Fadden was a puppet of Coombs and Wilson; and said that Fadden had admitted privately that appreciation of the pound, so hotly contested at the time, was the most acceptable solution but would be political suicide (see Russell 1976, pp.103–4). He also accused Fadden of being primarily concerned with ‘increasing the political power of his Country Party coterie’, claiming that the party lacked able leadership and so ‘all too easily fell into the clutches of the bureaucrats’ (p.160).
answer him … I treat Mr. Russell’s cheap sneers regarding the Treasurer’s knighthood and his mode of dress with the contempt they deserve. The people of Queensland are not impressed by that kind of gibe. They know Sir Arthur Fadden for what he is – a real Australian, imbued with a desire to serve his country faithfully and well and one whose health has suffered because of his unremitting devotion to duty (Countryman 25 February 1952).

While Fadden was a tough politician, attacks such as Russell’s did register with him. Well aware of the continued criticism at home, he knew that much of the anger was due to the economic measures he had introduced. Showing considerable team spirit, he wrote privately to Menzies offering to cut short his stay in Britain so that he could face the criticism alongside his cabinet colleagues. His cable to Menzies on 24 January 1952 talked first about the continuing negotiations and warned him to expect ‘a rapid worsening of our general position in relation to London funds’, before turning to political strategy:

As you are now aware I finally succeeded in securing a formula which avoided a commitment on my part to ‘recommend to my Government’ a series of measures or even a particular target although I am of course obliged to ‘lay before’ the Government proposals which were discussed at the meeting. In these circumstances I am assuming that it would be your wish that I should not make specific recommendations to Cabinet in my capacity as Treasurer …

In all the circumstances it seems to me only fair that I should curtail my proposed stay overseas so that I may share fully with you the responsibility for and the inevitable unpleasantness associated with any restrictive measures we may feel obliged to take. I know you will not read into this any tendency to overestimate my own ability and determination to grapple with the problem. It is however my duty and my strong wish to stand shoulder to shoulder with you in the fight to overcome the grave problems which are now upon us. Warm personal regards (NAA: A1838, 708/5/1).

Humour was always Fadden’s default position. When quizzed by Doc Evatt on his return about whether he had supported an increase in the interest rate at the loan council meeting, he replied: ‘I am not going to walk into that one. That is like the old question, “have you stopped beating your wife”’ (Canberra Times 22 October 1952, p.4).

Business finished in London, Fadden, accompanied by his treasury officials, journeyed to Switzerland, where they organised the first Australian Swiss loan. Fadden then planned to visit Paris with his wife and his daughter Betty. But while he was still in
Switzerland he received an urgent message that King George VI had died, obligating him to return to England. Fadden arrived in time to sign the ‘Declaration of Accession’ and to represent Australia at the succession ceremony. According to Fadden this made him the last Australian to meet the old monarch and the first to have an audience with the new queen.

Before returning to Australia, Fadden made the trip to Ireland. Accordingly, he missed the photo opportunity of Menzies with his new ministry on 4 February 1952 (Fadden was due to return to Australia by 20 February (NAA: A11099, 1/14, p.38)). In his absence cabinet discussed a range of issues – from the memorial service details and the coronation to foreign affairs. The economic situation was frequently discussed, with both inflation and rising unemployment a cause for concern. The coalition’s 1949 election promise to ‘put value back in the pound’ was sounding increasingly hollow (Mayer & Rydon 1954, p.4). One thing that was becoming clearer was that the government faced the possibility of defeat at the next election unless a remedy for the economic downturn was found (Martin 1999, p.201).

Government members on both the front and back benches were growing restless (Martin 1999, p.201), and Harold Holt reminded cabinet that ‘our first responsibility is to restore stability’ (NAA: A11099, 1/14, p.45). Yet the government seemed unsure how to proceed. Country Party ministers were anxious to provide the best deal for rural producers, and there were frequent discussions about subsidies to certain industries. McEwen was aware that the government would be embarrassed if ‘we don’t have a policy’, and Spooner added a cautionary note that cabinet should not rush its decision, because ‘once you say something is going to happen to prices it would destroy the confidence that is now building up’ (NAA: A11099, 1/14, p.48). Soon Country Party interests were boosted by Britain’s increased demand for primary products, as well as its support for Australia’s placing ‘greater emphasis on the production of agricultural and other primary products’ rather than on secondary industry (Robertson 1997, p.109).

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5. For example, Page told cabinet ‘we should look at each particular industry. Wheat butter and sugar each present different problems. Wheat has a profitable export price. The wheat man does not object to the home consumption price, he has had benefits before and he hopes to get them again. We should do something to enable the wheat grower to get his return. Let us look at each product by itself. Perhaps we should give sugar a subsidy instead of a rise in price’ (NAA: A11099, 1/14, p.46).
Such pressure is often overlooked when history condemns the Menzies–Fadden government for an over-reliance on the sheep’s back.

But the halcyon days were still some way off, and as Fadden sailed toward Australia calls for his resignation intensified. Anger over his last budget was still evident, as some Country Party branches voted to withhold all funds from the party until Fadden resigned or was expelled (Canberra Times 26 February 1952). On his arrival Fadden dealt with the protests by declaring that:

There were two horses that could not be harnessed today by a political leader, particularly if he was treasurer. The two horses were duty to the Country and political popularity (‘Problems never more acute’, Canberra Times 1 March 1952, p.4).

In what looks suspiciously like a publicity stunt a parliamentary ‘welcome home’ lunch was organised, and Jack McEwen issued a statement saying he was ‘glad that Fadden looked fit after his arduous trip abroad’. Fadden meantime ignored the cries for his resignation, saying he would remain in politics ‘so long as his colleagues wanted his leadership’ (‘Problems never more acute’, Canberra Times, 1 March 1952, p.4).

Yet by mid-1952 some small but significant economic gains had occurred as demand for primary products increased. For instance, over the 1952 and 1953 calendar years woolgrowers achieved a twenty per cent increase in yield and a corresponding fifteen per cent rise in price. Wool exports rose by eighty per cent. Wheat producers experienced a price surge too, while meat exports almost doubled in value, up from £36 million in 1951–52 to £66 million in 1952–53. Exports of iron and steel surged ahead. By June 1953 a very relieved treasurer could report that reserves had risen by £180 million (NAA: A2910, 412/32/3/2 Part 1).

Typically for a Country Party politician, Fadden’s actions often reflected the agrarian socialist ideal. He was aware of the political imperative to look after country interests and to respond to their varied demands. On rare occasions, Fadden’s personal interests and those of the Country Party merged. On 4 March 1952, for example, cabinet discussed submission 31A – the demand for an increase in the price of sugar. It heard that a price rise would make it more expensive to purchase Queensland sugar in
Australia than overseas, and was urged to consider the knock-on effect such a rise would have on other primary industries. Despite these concerns cabinet agreed to an increase in the sugar price by an amount it later used as a benchmark for what other industries might be paid (NAA: A11099,1/14, p.52). Fadden used his intimate knowledge of the industry in Queensland to recommend personnel for the committee appointed to examine the issue, noting that one Joseph Donollan would ‘satisf[y] the Queensland government’ (NAA: A11099,1/14, p.93). Fadden’s close ties with the sugar industry generally and a sugar cooperative at Tully in particular were raised in media reports in 1952. Fadden was apparently so affronted by the suggestion that he benefited personally from these connections that he sought legal advice and was advised by the Crown solicitor that he could seek damages for civil libel (NAA: A432, 1952/2032), but he doesn’t seem to have taken the matter further.

This was not the only time allegations were aired that Fadden had a vested interest in economic decisions while employed as the nation’s bookkeeper. A booklet entitled *Who Owns Queensland?*, published in 1955 by interests close to the Communist Party of Australia, named Fadden as a shareholder in Hancock and Gore, a major stakeholder in the Queensland timber industry at the time. The booklet’s author, journalist Pete Thomas, concluded that with Fadden as a shareholder (another Menzies minister, Senator WJ Cooper, was also named), it was little wonder that the *Financial Review* had recommended the Hancock and Gore stock ‘with confidence’! (Way 2001, p.4).

While Pete Thomas used Fadden’s associations with business to suggest that he received unfair advantage, the Labor government in Queensland tried to spin the line that Fadden had disadvantaged Queensland through his policies. In 1953 premier Vince Gair asserted that Fadden, whom he called a ‘contortionist and a wilful slanderer’ (Stevenson 2007, p.177), should be regarded as ‘an ex-Queenslander’. Some months

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6. Joseph Donollan was appointed as chairman of the Sugar Board.

7. Fadden’s connection with the sugar industry was reported in the column ‘Things I hear’ on 22 January 1952. The author, Frank Browne, would some years later be called to answer a breach of privilege. Fadden was not the only person attacked by Browne, and Fred Daly (1977, p.138) suggested that Browne ‘hardly had a friend’ by the time he was called to the bar of parliament. Browne’s appearance was a formality as cabinet had already decided on a three month jail sentence.

8. It was not unusual for politicians to have diverse business interests. Safeguards against potential conflicts of interest were not as rigorously applied as they are today.
Arthur Fadden: a political silhouette

later, while campaigning in Mackay for the 1954 federal election, Fadden admitted that implementing many of his policies – especially those involving an increase in taxes – was an unpleasant part of his job. With some sting in the tail he told his audience that ‘the amount we collected was almost exactly the amount we had to hand over to the States to prevent their bankruptcy and we received nothing but abuse in reply’ (*Canberra Times* 13 May 1954, p.1).

Years later Gair acknowledged that his verbal ‘excommunication’ of Fadden had pained the treasurer greatly, and recalled Artie asking him not to call him an ‘ex-Queenslander’ again (QPD 1953, vol. 207, p.1051). It was rare for Fadden to hold a grudge, as evidenced by Gair’s subsequent statement that such public stoushes with Fadden were always resolved by ‘Artie slapping me on the back and saying: “You little B—, come and have a drink”’ (see Stevenson 2007, p.177).

John Howard once suggested the Liberal Party was a ‘broad church’ that could accommodate diverse views. While he was speaking about the party’s electoral appeal, the internal deliberations of coalition cabinets also have to accommodate many different priorities and agendas. At times these negotiations don’t follow party lines. For instance, cabinet discussions over the self-assessment of taxation liabilities saw Fadden and Menzies reassuring a divided cabinet, and agreeing in principle to the idea of self-assessment (NAA: A11099, 1/15, p.13).

Evidence that Fadden also looked out for his department in cabinet came on 5 March 1952, when discussions returned to Britain’s demands, first put to Fadden at the January finance ministers’ meeting, that Australia turn around the trade deficit. Menzies appeared frustrated at the apparent inability of treasury and customs to make some headway, even complaining about a failure to recognise the ‘gravity of the problem’. Spooner used the opportunity to take a swipe at treasury, suggesting that:

> The administration within the Treasury is not as it should be. It is intolerant of other departments’ views and will not approach them … The constructive departments must have some say in the allocation of imports (NAA: A11099,1/14, p.57).
Following Spooner’s assessment – ‘I don’t like the situation – bank credit, some unemployment, no willingness to take a risk, share prices down, house prices down’ – Fadden brought some political reality into the discussions and defended his department:

Is anyone going to suggest we alter Bank policy without consultation with the Bank – or in capital issues policy. Should the states have an open go on public works. What is it that we can change (NAA: A11099, 1/14, p.104).

‘A 100 per cent incentive budget’

The August 1952 budget was framed in an environment of rising wages and costs, which Fadden noted in his budget speech had ‘tend[ed] to become self-propelling’ (Goldbloom, Hawkins & Kennedy 2008, p.17). Still, Fadden did reverse some of the harsh fiscal policies first introduced in his horror budget of 1951.9 In his 1952 budget speech (which took one-and-a-quarter hours to read)10, he spoke of dramatic changes to basic economic conditions, including a fall in wool prices and an increase in imports (Canberra Times 7 August 1952, p.1; CPD 1952, vol.218, p.65). Acknowledging that the business community was growing nervous due to reduced demand and rising levels of unemployment, he suggested that the ‘springs of action in the economy lay with business firms and individuals’, and that they would largely determine whether there was to be inflation, recession or stability (Canberra Times 7 September 1952, pp.1,4). Goldbloom, Hawkins & Kennedy (2008, pp.24–8) detail the measures used to restore business confidence, including a decrease in migration levels, a relaxation of monetary policy (including provisions to allow the commercial banks to tap into their required reserve deposits held by the Commonwealth Bank), and the imposition of import restrictions. The budgetary and fiscal measures employed – combined with the recession – created the necessary environment for a surplus to be declared in 1952–53. According to Fadden, however, there was only so much the government could do to

9. ‘A 100 per cent incentive budget’ was what dissidents in the government party room called the budget, according to press reports (‘Budget reactions: party members pleased’, Canberra Times 7 August 1952, p.1).

10. Heather Henderson (pers.comm., 20 March 2003) recalled Fadden being nervous about formal budget presentations, and her father Robert Menzies tutoring him on his presentation style. From all accounts the lessons never quite succeeded in their objective, and Fadden remained an unpolished parliamentary performer, his style more that of a jousting fighter than an eloquent deliverer of formal speeches.
influence the ‘broad context within which private enterprise works … it cannot and should not try to do more than that’ (CPD 1952, vol.1999, p.213). In response to the opposition’s budget statement (largely denouncing the budget), Menzies lauded his treasurer for ‘bringing down such a budget, despite 12 months criticism and, even at times, abuse’ (Canberra Times 14 August 1952, pp.1,4). Fadden made it clear that the budget was framed to ensure it would not go into deficit, ‘for to do so would be to prejudice economic stability’ (Canberra Times 7 August 1952, pp.1,4). He continued to assert that government policy and its economic program was ‘vital and designed to protect all Australians’ (Age 24 June 1952, p.2).

In hindsight the recession which would continue till the end of 1952 was relatively mild (Schedvin 1992, p.174).

Fadden faced considerable extra-parliamentary opposition to his policy settings. For years the private trading banks had been vocal about what they regarded as the Commonwealth Bank’s undue influence on the government. The Country Party remained deeply suspicious of private banks, being primarily concerned that rural producers got a fair go and believing that the best hope of this lay with a strong central bank. Nugget Coombs was thought to have too much influence over both Fadden and Menzies, and was regarded by some (particularly in the Liberal Party) as dangerously ‘socialistic’ in outlook (Simms 1982, p.76). The Commonwealth Bank Bill introduced in February 1953 was the culmination of a collaboration between Coombs, Wilson, Fadden and Menzies, yet the private banks remained disappointed.11

During the second half of 1952, the attacks on Fadden seemed to be coming from all sides. Other legislation he introduced in the session caused further problems. The Daily Telegraph (9 October 1952) mounted a serious attack on what it called the ‘bungling

11. The legislation allowed private banks to expand into the savings field, opening up competition between them and the Commonwealth Bank. For the Country Party, banking legislation was a central policy plank. Their policies attempted to safeguard farmers’ access to funds while also ensuring that the Commonwealth Bank was ‘equipped to reshape its central bank policy to the requirements of changing economic conditions’ while maintaining the ability to ‘direct the resources into nationally necessary’ but ‘commercially unattractive’ investments (Simms 1982, p.178).
treasurer’ and his ‘vicious principle of retrospective taxation’\textsuperscript{12}, while a *Sunday Telegraph* editorial (23 October 1952) declared that the treasurer was either ‘stupid … or a liar’ following his response to questions about the scope of the Income Tax Amendment Bill. Four government members (from Tasmania) crossed the floor to vote against this legislation after Fadden moved for the rejection of an amendment. The government used the gag to stifle debate, and subsequent media reports suggested that its failure to pass the bill smoothly was evidence that it was in trouble (*Canberra Times* 5 June 1952, p.4). To cries from Arthur Calwell that Fadden was acting in a ‘Hitler-like fashion’, and his further assertion that ‘we won’t let this go, this is Fadden’s folly’, Fadden responded ‘you mean Calwell’s cussedness’ (*Canberra Times* 5 June 1952, p.4).

In a display of unity, government members again rallied behind Fadden. In October 1952 a joint party meeting declared the ongoing attacks on him by the media to be ‘intemperate, offensive and utterly unjustified’ (*Canberra Times* 9 October 1952, p.4). Menzies issued a press statement saying ‘all members rose to their feet in a spontaneous demonstration of support for the Treasurer’ (*Canberra Times* 9 October 1952, p.4; ‘Govt. parties’ defence of Fadden’, *Daily Telegraph* 9 October 1952, p.1). Unconvinced, journalists continued to suggest that Menzies would soon ‘unload the Treasurer’ (*Daily Telegraph* 22 October 1952).

Only rarely did journalists ever laud Fadden’s cautious fiscal approach. One editorial in the *Sunday Sun* (8 January 1953) stated:

> If the Menzies Government had followed the old Roman imperial maxim, ‘Give the mob bread and circuses to keep them quiet’, cabinet would have decided this week on tax cuts.

Such praise was rare. The majority of newspaper editors remained unsympathetic.

It had been a tough few years since the initial elation of the 1949 election win. Two state elections were due before the half-senate election of 1953 (New South Wales and Western Australia), and these were not expected to go well for the coalition. In addition,

\textsuperscript{12} The newspaper was referring specifically to Fadden’s recently introduced Income Tax Assessment Bill 1952, which increased from £5000 to £8700 the exemption concession for the assessment of land tax.
two federal by-elections held in 1952 – Flinders, Victoria, where a seat that had been Liberal fell to the ALP, and Werriwa, New South Wales, where a Labor-held seat was won by Gough Whitlam with an increased majority – were used by the opposition as evidence that the government’s policies had been rejected by voters. Still Fadden remained convinced that his economic policies would be vindicated.

By November 1952 Fadden was again rumoured to be mentally and physically exhausted. He ignored advice to rest and continued to work, telling the press, ‘I had to come in. There were several important matters which simply had to be dealt with’ (‘Sir Arthur Fadden suffers from overwork’, *Canberra Times* 20 November 1952, p.1.).

Menzies reportedly was also suffering the effects of overwork. His biographer, Allan Martin, noted that the prime minister’s attendance as the leader of the Australian delegation to the Commonwealth Economic Conference in November–December 1952 was in doubt due to illness (Martin 1999, p.203). Martin suggests that McEwen was nearly sent in his place, but makes no mention of Fadden being considered. Press reports at the time indicate that Menzies had at first assumed that Fadden would accompany him, but that Fadden ‘took the view that at this stage of current economic and financial policies they should not both be absent from Australia at the same time’ (‘Two ministers to accompany P.M. to London’, *Canberra Times* 15 September 1952, p.4). In the event, Senator Spooner and Jack McEwen accompanied Menzies on the trip (see Martin 1999, p.216; *Canberra Times* 15 September 1952, p.4).

Rumours persisted that Fadden would soon retire. In January 1953 journalist Oliver Hogue wrote that Fadden needed a holiday as he was ‘obviously near the point of mental as well as physical exhaustion’ (*Daily Sun* January 13 1953). Later in 1953 journalists were again saying that Fadden would leave public life as he battled the effects of dengue fever (*Age* 14 October 1953). These rumours continued to surface during the remainder of his political career.

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13. This was not the only time that Fadden refused to leave Australia while Menzies was overseas. To questions from the media about his attendance at the International Monetary Fund meeting in Washington in 1956, Fadden replied: ‘Under no circumstances will I go until the PM returns. And, of course, that is an uncertain point. It is an uncertain contingency’ (NAA: A1209, 1957/5039).
Happy days are here again

Australia’s economic situation improved dramatically over the next year. Fadden later described the budget he introduced in 1953–54 as ‘the one I liked to read again’ (Fadden 1969, p.155). There were multiple reasons for this, including a renewed demand for Australian primary products and mineral resources overseas. For instance, in 1952–53 Australia went from importing most of its coal to being a net exporter. Sugar exports also increased, from £7 million in 1951–52 to £22 million in 1952–53, while the quantity of wool produced rose by 20 per cent and its price increased by 15 per cent. Both the wheat yield and meat exports rose, while iron and steel exports increased from £2 million in 1951–52 to £10 million in 1952–53. Helped considerably by the demand for commodities caused by the Korean war, this increase was also a result of rapid population growth and the increased growth of manufacturing industries in the 1950s (Sinclair 1976). With the economy booming and employment levels high, Fadden had a relatively easy job delivering his 1953 budget on 9 September. This budget provided a moderate stimulus to demand and included income tax cuts of twelve-and-a-half per cent, a reduction in company tax of two shillings in the pound, and a reduction in sales taxes.¹⁴

Fadden had a newfound confidence that government now possessed the tools by which it could regulate the economy, telling the parliament that:

> It used to be axiomatic that every boom had to be followed by a slump. Yet the recent boom, one of the sharpest in our history, was brought under control without incurring anything that, by any stretch of the imagination, could be called a slump. That, I venture to claim, was a quite unprecedented achievement (CPD 1953, vol.1, p.42); see also Whitwell 1986, p.108).

Yet he was also aware that the market was unpredictable, telling parliament that ‘psychology is enormously important in economic affairs and can never be safely disregarded’ (Goldbloom, Hawkins & Kennedy 2008, p.25).

Despite announcing a reduction of taxes and charges (Barrett 1955, p.119), Fadden also reiterated the need to maintain a budget surplus. Menzies congratulated him for

¹⁴ These details were reported to the preparatory meeting for the upcoming 1954 finance ministers meeting organised for Sydney (NAA: A2910, 412/32/3/2/ Part 1).
Arthur Fadden: a political silhouette

delivering ‘the most magnificent and helpful Budget that has been produced anywhere in the world since the war’ (Canberra Times 18 September 1953, p.1). Auld (1973, p.10) suggested that the strategy was one that assumed the tax stimulus would reduce costs and encourage savings. While Fadden acknowledged that demand for resources had increased more than he had expected during the year (risking an increase in prices), the government showed its colours by choosing to reduce public expenditure rather than putting an additional tax burden on private companies. The government was reluctant to be too prescriptive with its economic policy; and (as the 1954 election showed), its gamble of having policies that were not ‘rigorously defined’ ultimately reaped dividends (Auld 1973, p.11). Only after the election victory did the government finally take steps to dampen demand.

Due to the double dissolution election in 1951, a half-senate election was held in 1953. While the government did not win a majority of votes, it managed to retain its hold on the Senate due to the vagaries of the proportional representation system. But it could take little comfort from the result, and it understood that a warning shot had been fired.

Toward the end of 1953 the government’s fortunes appeared to be turning; but then it suffered another blow with the sudden death of TJ Treloar and the subsequent by-election in his New South Wales seat of Gwydir, in December 1953. Earlier in 1953 Treloar had indicated he would not seek re-election because of ill-health, and nominations had already been called. In the preselection that followed two candidates were chosen by the local Country Party branch (Mayer & Rydon 1954, p.50). This by-election – the last before the general election of 1954 – was regarded as a barometer of how the federal government would fare the following year. National attention turned to Gwydir, and the by-election became a major electoral event, with the leaders of all parties visiting the seat throughout the campaign.

While the federal coalition parties displayed a degree of unity, the same could not be said of the state parties. Many believed it unlikely that the Country Party would retain

15. Thomas Treloar, a former air training officer, first won the seat for the Country Party in the 1949 general election (Parliamentary Handbook).
the seat (Mayer & Rydon 1954, p.32). Gwydir became a crucial electoral contest – and useful for highlighting the tensions that can exist within a coalition.\textsuperscript{16}

**The Gwydir by-election**

Three-cornered electoral contests have been a potential source of conflict between the conservative parties at both the federal and state levels of government since composite governments first appeared (see Arklay 2000). For the parties concerned, effective management of these contests is crucial. Conflict may arise out of individual branches’ decisions to run candidates, or between the state and federal branches of parties. Occasionally three-cornered contests appear more like gladiatorial jousts. Such was the case in Gwydir when the Liberals determined to wrest the seat away from the Country Party.\textsuperscript{17}

When the Liberals announced they would stand a candidate, heavyweights in the federal Country Party, including Jack McEwen,\textsuperscript{18} whose own seat in Victoria had been threatened by rumours of a three-cornered contest, and Larry Anthony, acting deputy leader, whose seat adjoined Gwydir, entered the fray. Media interest grew. Fadden chose to remain conciliatory. Ever mindful of his role in the coalition, his opening remarks to the federal council meeting of the Australian Country Party on 28 November emphasised that the party ‘was a loyal and enthusiastic participant’ in the coalition (Mayer & Rydon 1954, p.35). Menzies too disliked the attention being given to a contest between Liberal and Country Party candidates, and stated that a vote for a coalition candidate was a vote for the government and not the particular party concerned (Martin 1999, p.242). While Fadden and Menzies campaigned separately, Menzies told the press that he and Fadden agreed there was only ‘one issue in Gwydir – Government

\textsuperscript{16}The discussion of the Gwydir by-election that follows draws heavily on the 1954 research of ANU academics Henry Mayer and Joan Rydon.

\textsuperscript{17}Mayer & Rydon (1954, p.33) suggest that the animosity existing between the parties in NSW was intense – so aggressive indeed that the NSW Country Party alleged that the Liberals were fixated on nothing short of their complete annihilation. As federal leader of the Country Party, Fadden could not help but be drawn into this state dispute.

\textsuperscript{18}McEwen spoke of ‘serious possibilities’ if he was personally challenged by a three-cornered contest (*Daily Mirror* 18 November 1953; see also Mayer & Rydon 1954, p.34).
Arthur Fadden: a political silhouette

versus Opposition’ (Martin 1999, p.242). At a press conference in Canberra on 1 December Menzies stressed the cooperation and goodwill between himself and Fadden:

Whatever there is in the alleged ill-feeling between the Liberal Party and the Country Party, it is not the responsibility of Sir Arthur Fadden and myself. We have no truck with it. It has no foundation (Martin 1999, p.242).

Four candidates contested the Gwydir by-election. The Country Party fielded two, alongside Liberal and Labor candidates. Menzies and Fadden drew big crowds at open air meetings (Daily Telegraph 9 December 1953). Not surprisingly Menzies’ presence received the most news coverage, with locals purportedly keen to see their prime minister. In comparison Fadden’s campaign effort, which entailed four days touring the large electorate before returning to Canberra, seemed to recede into the background.19 But his presence was reported by the press in relation to the intraparty contest:

The Country Party leader, Sir Arthur Fadden … entered the campaign with no equivocation. He made it plain that he was there to support the Country Party candidates against all comers and this he did. In his opening speech he said that this was not a fight between the Liberal Party and the Country Party because the two leaders would not fight. This was a happy plebiscite to decide who was to represent Gwydir as a supporter of the Government. But he issued no invitation to the Liberal candidate to share his platform (Sydney Morning Herald 9 December 1953).

Normal politicking was evident when parliament met on 24 November 1953. Fadden was asked by Labor’s John Cremeian (Hoddle, Victoria) about the prime minister’s absence: ‘Is [it] due to illness or … to the fact that he prefers to spend his time in addressing meetings in a number of doubtful Liberal-held electorates”? Fadden responded as the loyal deputy, saying ‘the Government and the parties that support it approve of everything that the Prime Minister does’ (CPD 1953, vol.2, p.410). The politics of compromise was again on display.

The Country Party won Gwydir, with their successful candidate, Ian Allen, receiving close to the same number of votes as his predecessor. Fadden was elated that ‘the Country Party has retained the Gwydir seat so definitely and overwhelmingly’, and

19. The National Library holds newspaper clippings relating to the electoral contest (see NLA: MS 1006,55,1).
claimed it augured well for the 1954 general election (*Sydney Morning Herald* 22 December 1953; Mayer & Rydon 1954, p.168). Throughout the campaign Fadden walked a difficult tightrope. Aware of the importance for the Country Party of holding the seat, he was also mindful of the need to preserve the perception of unity within the coalition.

**The winner is Sydney**

In 1954 the finance ministers’ meeting was held outside Britain for the first time. Coinciding with the meeting came the news that the sterling area’s reserves were now much healthier. Sydney was selected as the venue; but in another break from precedent Menzies and not Fadden chaired the meeting. Fadden spoke first, providing an assessment of Australia’s current economic position. He blamed earlier economic crises on four factors: defence expenditure, which had risen from £54 million in 1948–49 to £200 million in 1952–53; the rapid increase in demands and costs of government expenditure; the works programs undertaken by the states; and the collapse of the public loan market in 1950 (NAA: A1838, 708/5/4 part 2). Fadden then handed control of the meeting over to Menzies. His diminished role in the meeting was noted by overseas delegates; and in a letter to Menzies dated 10 February 1954, after the conference ended, AR Cutler, Australia’s high commissioner for Ceylon, congratulated Menzies specifically, referring to his and not Fadden’s chairmanship (NAA: A1838, 708/5/4 Part 2). If Fadden was embarrassed by his lesser role there was little outward indication of it. He understood his strengths and recognised his weaknesses. Better at impromptu performances, he was probably glad to see Menzies take the lead.

**Researching the bomb**

Fears of communism and the threat from the Cold War dominated international events throughout much of the 1950s. Menzies unilaterally approved British atomic testing off the Western Australian coast on Monte Bellow Islands in 1951 and on the Australian

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20. Traditionally in Britain the chancellor of the exchequer hosted the meeting.
While cabinet and the parliament were kept in the dark until the eleventh hour about Menzies’ 1951 decision, the subject of uranium and research would impact on Fadden’s reputation. In particular, his seemingly spontaneous grant of £50,000 to the University of Sydney’s Nuclear Research Foundation, matching a promise by the premier of New South Wales, JJ Cahill, had political adversaries baying for his blood. The grant was made at a dinner held by the foundation in March 1954. The Commonwealth Bank’s governor, Nugget Coombs, was also at the dinner and later offered his version of events. Coombs suggests that Fadden was set up after being plied with alcohol. It was no secret that Fadden enjoyed a drink (or two). On this particular occasion, it seems, his hosts were extremely hospitable; and they extracted the promise of the money during the evening. It did not take long for the opposition to get wind of the government’s generosity. In parliament on April 13 1954 Eddie Ward asked the prime minister some uncomfortable questions about the government’s generous donation to the foundation, and alluded to the allegation that the Commonwealth treasurer was drunk:

_Ward:_ Was it made prior to or subsequent to an announcement that was made by the Treasurer very late in the evening … and at a time when it was stated that the Treasurer was in a very convivial mood?

_Menzies:_... I should like to say that the promise of £50,000 was made by my colleague, the Treasurer, on the same evening, in the same company, in the same place and at the same dinner as those at which the Premier of New South Wales made his speech.

_Ward:_ But not the same number of drinks.

To which Menzies replied ‘Mr. Ward has made it his practice to accuse his betters of his own irregularities’ (*Canberra Times* 14 April 1954, p.2). Ward was duly silenced by the speaker calling the House to order (CPD 1954, vol.3, p.294). If Menzies was unimpressed by his treasurer’s rash promise, he hid it well. Hansard records Menzies’ statement to the House: ‘The promise made by the Treasurer was instantly ratified by the cabinet, which thoroughly approved of his decision’ (CPD 1954, vol 3, p. 294).

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21. While the US and British were allies, any collaboration with the US on nuclear technology was prohibited by legislation. As a result the British founded the Atomic Weapons Research Establishment at Aldermaston, and began to develop their own atomic weaponry (see Grabosky 1989).
The issue of Fadden’s drinking has been documented by journalists (see Reid 1961), and confirmed by many interviewed for this thesis. An earlier instance of Fadden’s supposed intoxication was raised in Parliament in 1953. Again Eddie Ward was the inquisitor:

\[\text{Ward: I ask the Treasurer whether it is a fact that recently he travelled as the sole passenger on a Trans-Australia Airlines aeroplane between Sydney and Brisbane? Was that an occasion when the right honourable gentleman missed the aeroplane connexion at Kingsford-Smith aerodrome, Sydney? Is it also a fact that the Trans-Australia Airlines aeroplane was put on at his request or direction?}\]

\[\text{Sir Arthur Fadden: The answer is an absolute lie.}\]

\[\text{Mr. Speaker: Order! (CPD 1953, vol.2, p.411)}\]

Ward was clearly suggesting that Fadden had missed his plane because he had been drinking, and Fadden’s bungling reply didn’t help to restore his reputation.

There is no doubt that Arthur Fadden did drink, sometimes to excess, and sometimes on duty – although usually late in the afternoon, or in the evening. Another example is provided by Sir Owen Dixon’s diary entry of 4 February 1955, where he noted ‘after dinner Fadden and I and the GG talked. Fadden had consumed much champagne in the afternoon but seemed better’ (Martin 1999, p.301).

Fadden’s drinking should not be judged by today’s standards. It was not atypical for his era, and according to those interviewed for this thesis, for the most part his intake did not severely impact on his performance. As one person who worked with Fadden stated, ‘he had a great capacity for revival’ (former senior Canberra public servant, pers.comm., 20 February 2003). That said, it does seem that toward the end of his career – possibly from 1955 onwards – Fadden’s drinking began to concern his colleagues.\(^\text{22}\)

There are several possible explanations for his increased consumption. The first, and most obvious, is simply that he enjoyed his drink. But he probably had more complex reasons for turning to the bottle. Throughout the later years of his parliamentary career Fadden presents as an interesting paradox. He was, despite outward appearances, a

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\(^{22}\) D Anthony (pers.comm., 6 May 2006) recalled that in the last year of Fadden’s parliamentary career his drinking became of concern to the government.
sensitive man. He took criticism personally. This is borne out by press reports that after one particularly nasty attack in the media during 1952 Fadden emerged from the party room with ‘tears in his eyes’ after members of the coalition rose in support of him (*Daily Telegraph* 9 October 1952). Ulrich Ellis also recalled that Fadden would become quiet and withdrawn if people forgot his birthday (NLA: MS 1006,30,9). Those interviewed for this study also supported this perception of Fadden’s character.

Seeking relief from chronic pain (psychological or physical) may have been another reason Fadden drank – and he did suffer from various maladies during his term as treasurer. His injuries from a car accident in 1954 resulted in five separate operations, with the probable result being long-term residual pain.

Without downplaying his drinking, it can be said that the evidence does not support claims that Fadden was regularly incapacitated by alcohol. The political reality is that he would have been replaced much sooner had that been the case. However, there is little doubt that at times Fadden’s drinking was of concern, to members of his party, to his officials and to his coalition colleagues (D Anthony, pers.comm., 6 May 2006; J Wilson, pers.comm., 18 August 2005).

**A new parliamentary session**

In April 1954 parliament was opened for the first time by a monarch when Queen Elizabeth visited Australia. But soon it would be occupied by more down-to-earth concerns. Initially it seemed like business as usual. On the legislative program it was preparing for bills on the stevedoring industry and the aluminium industry, among others. So it was taken by surprise when Menzies rose in the House on 13 April and told Australia of the defection of Vladimir Petrov. Petrov had worked as third secretary and consul in the Soviet Embassy since 1951, and had, according to Menzies, given the Australian government ‘a great number of documents and what may turn out to be much oral information’ about communism (Souter 1988, p.427). By 14 April parliament had passed all three stages of the Royal Commission Bill 1954, which established an inquiry with broad, unspecified powers to compel the attendance and evidence of witnesses in relation to suspected espionage activities in Australia. Attitudes to communism reached
near hysterical levels, and Menzies and Fadden both realised they had been given a new and compelling issue on which to fight the 1954 general election.

The Royal Commission began its hearing twelve days before Australia went to the polls on 29 May. While Menzies studiously avoided mentioning the Petrov case specifically and apparently also asked his ministers to avoid it during the election campaign, Fadden was not easily restrained (Simms 1982, p.84). Speaking in Canterbury, for example, he is reported as asking:

> In whose hands do you think that Government of Australia should be, having regard to the atmosphere which exists and having regard to the reasons for the establishment of the Royal Commission? The Government should be allowed to continue, if for no other reasons than put before this meeting tonight … Electors will have to search their consciences as they have never done before and will not take the risk of deposing Menzies against Communism and all it contains (Canberra Times 5 May 1954, p.1).

In Fadden’s home state of Queensland, where farmers were basking in their recent prosperity, both he and Menzies were greeted enthusiastically on the campaign trail (Sydney Morning Herald 29 May 1954). The only glitch was an allegation that Fadden had made a ‘threat and almost a form of blackmail’ to an independent candidate (Sir Raphael Cilento) for his seat of McPherson. This was strongly denied by Fadden, who claimed that the Truth newspaper was sponsoring the campaign of both Cilento and Russell – the latter a former disgruntled member of the Country Party (Canberra Times 18 May 1954; Melbourne Herald 15 May 1954).

Fadden was not afraid to engage in personal criticism during the electoral campaign. In his official speech, at Southport in Queensland, he made an unflattering comment about Dr Evatt in connection with the ‘red twins’ of socialism and communism, in a none-too-subtle attempt to link the ALP with communism (Canberra Times 11 May 1954, pp.1,2).23 Evatt protested; but, as Fadden realised, fear is a potent force. The electoral themes of 1949 were still salient in 1954; and, apart from anxiety over the Cold War, the election was fought over the question of whether a government should intervene

23. Fadden recycled comments made in 1949 by then opposition leader Robert Menzies to the effect that ‘socialism was the “twin-brother” of communism’; it ‘tilled the soil in which communism will flourish’ (Simms, 1982, pp.27,170).
closely in the economy or pursue the ideal of an economy that was free enterprise and relatively unrestricted. Thanks to the heightened fear of communism in 1954, some unfulfilled promises from 1949 remained largely ignored during the campaign (see Whitington 1969, pp.159,183).

The election proved to be a tight race, and until polling eve all indications pointed to the government losing. Even Fadden’s seat of McPherson was rumoured to be in trouble (Canberra Times 28 May 1954).

The night before the vote, while travelling back to Brisbane after a final electoral rally in Dalby, Fadden was involved in a serious car accident. Near Grantham, the car in which he was travelling crashed through the railings of a bridge, rolled three times and finally came to rest on its side. He received face, head and leg injuries, and was pulled unconscious from the vehicle. His accident was the leading story on election morning, and, in hospital, he was unable to cast his vote (Fadden 1969, p.139). It was not for two days that, still in hospital, he received news of the result (Canberra Times 29 May 1954, p.1).

The election had been close, and the coalition had lost five seats, all Liberal. This was a blow indeed, but it was not mortal. Queensland, just as in 1949 and 1951, proved to be a crucial state for the government, and perhaps this in some way also contributed to Fadden’s continuation as treasurer. Certainly a month later he was still undergoing surgery for the injuries he had sustained in his accident. The day after his fifth operation Fadden reportedly travelled to Canberra to attend a loan council meeting, where he was said to look ‘very sick’ (Age 28 June 1954, cited in Martin 1999, p.269). The Canberra Times (28 June 1954, p.2) was more sanguine about his appearance, and quoted Fadden as saying: ‘I’ll be glad to be in battle again’.

In July 1954 Menzies announced changes to his cabinet. Fadden remained deputy prime minister and treasurer but, according to Martin (1999, p.269), Menzies was not overjoyed by this particular continuity. Martin cites correspondence between the prime minister and Stephen Holmes, the British high commissioner in Australia, in which Menzies complains about the ‘vested interests’ that prevented him from making the
‘radical cabinet changes he would have wished’ (Martin 1999, p.269). Holmes suggested that Menzies complained of having ‘the Country Party … round his neck’ (Martin 1999, p.269). This may not relate specifically to Fadden, however. If Menzies had really wanted to replace him, immediately following this election win would have been a good time. Another observer wrote about Fadden’s tenure as treasurer in the following terms:

There have been attempts in some quarters to blame other Ministers, notably Sir Arthur Fadden, for unpopular Government policy. Fadden incurred undeserved opprobrium, probably because of a Liberal Party determination to lay the blame elsewhere. No one worked harder or more honestly than Fadden in the years after 1949. If he might have been better suited in some other portfolio – there were many who considered Spender should have been Treasurer – the decision was taken by the Prime Minister. Only he could change it (Whitington 1969, p.151)

An editorial in the *Canberra Times* (9 July 1954, p.2) had yet another emphasis. It suggested that new cabinet arrangements which had Liberal ministers assisting Country Party ministers in their portfolio responsibilities indicated that the two parties were working as a united team with ‘a complete identity of purpose … in national affairs’. The paper further suggested that some ministers might have suffered from overwork, but put this down to a ‘devotion to public duty’ (*Canberra Times* 22 July 1954).

Menzies’ new cabinet, totalling twenty ministers, was broken up into two committees; the first was chaired by Menzies, the second by Eric Harrison. It was claimed that this change would give Menzies more time to assist Fadden on ‘treasury affairs’ (*Canberra Times* 22 July 1954).

**Proceeding with a cautious optimism**

By mid-July budget planning was well underway. Menzies, Coombs, Fadden and Wilson were all reportedly meeting for ‘budget discussions’, with tax relief widely anticipated (*Canberra Times* 22 July 1954). When Fadden delivered his budget on 18 August, he stressed that outside forces again threatened Australia’s economic performance. Paying tribute to 1954 as a year of prosperity, he said he hoped this would

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24. This was the first significant change to the cabinet system implemented by Menzies. An even more significant one occurred in 1956 (see Martin 1999, p.316).
continue, and announced a reduction of income tax by nine per cent in order to stimulate growth. This reduction would hopefully help raise productivity while also reducing inflation. Fadden declared that ‘reducing taxes is the best form of assistance we can give individuals and business’ (Auld 1973, p.7). With the threat of communism still present, he also directed £200 million pounds towards defence expenditure (CPD 1954, vol.3, p.388; Canberra Times 19 August 1954, p.1).25

Editorials were less kindly in their assessment of the budget. Indicative was an assertion that the budget was one of indecision, adding ‘the hand that wrote the speech for the opening of parliament earlier this month seems to have been seized with cramp in framing the Budget Speech’ (Canberra Times 19 August 1954, p.2).

The perennial issue of inflation meant that Fadden had further reduced public expenditure (Auld 1973, p.10). This led shadow treasurer Arthur Calwell to call the budget ‘a second edition of the Horror Budget’, and to note there was ‘never a more fraudulent document placed before the parliament than the present ‘Starve-the-pensioner’ Budget’ (Canberra Times 19 August 1954, p.2).26

Fadden’s 1954–55 budget was passed in September 1954, but not before being challenged on the floor of the parliament as the opposition attempted to move an amendment that the first item of the Estimates be reduced by one pound (Canberra Times 8 September 1954). The government won narrowly, by fifty-five votes to fifty-one.

There has been some speculation that Fadden failed, at some time in his career, to complete a budget speech due to intoxication (W Brown, pers.comm., 19 February 2003).27 Hansard prints all tabled speeches, so it is impossible to tell from the official

25. In April 1955 Menzies announced that Australia would join the US and send two destroyers, an aircraft carrier, an infantry battalion, two squadrons of fighters and one squadron of bombers to Malaya as part of a ‘strategic reserve’ against a communist uprising (see Martin 1999, pp.299–300).

26. By 1954 the economy had recovered, with unemployment levels under 2%, and retail sales, private building expenditure and factory production all increasing (see Auld 1973, pp.6,7).

27. Another (perhaps apocryphal) story is worth recounting. Brown (pers.comm., 19 February 2003) stated that journalist Alan Reid was once handed a budget speech by Fadden hours before it was due to be given. Reid, a hard-nosed journalist, told Brown years later that he put the speech back in Fadden’s pocket, saying ‘No Artie, I’ll have a look after tonight’. This story, while not entirely
record if this contention is true. But there seems to be little evidence for it. While one small article in the *Canberra Times* (14 August 1954, p.1) noted that there would be ‘No photographs of Sir Arthur’ delivering the budget, it seems that Dr Evatt was the person who objected to a photo of the treasurer in this instance. The absence of any hard evidence, and the fact that those interviewed for this thesis failed to recall any such event, lead to the conclusion that these rumours of intoxication to the point of incapacity to proceed are most likely without foundation.

**The Menzies–Fadden era**

The election victory of 1954 proved to be a turning point for a coalition government that was entering its ‘golden years’, a period that would later also be known as the Menzies era. The 1955 split of the ALP into two parties – the ALP and the DLP, a Labor anti-communist group – contributed to the government’s growing confidence (Martin 1999, p.299), as Dr Evatt’s own actions and words after the Petrov inquiry further fuelled dissension within Labor’s ranks (Daly 1977, p.126).

Toward the end of 1954 Fadden travelled to Canada and the United States to represent Australia at the International Monetary Fund and World Bank meetings. While there he arranged further loans.28

Never one to hold back from a political fight, Fadden was blunt in his assessment of United States policies on subsidies and free trade. In Washington he reminded delegates that the world looked to the United States for leadership on reducing trade barriers. He said:

> More recently we have wondered where there may not have been some tendency for the colossus to pause … we have never doubted that the President’s head and heart were in the right place … on the other hand, as practical men, responsible to

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28. In a somewhat heated debate on the Loan (Canadian Dollars) Bill in October 1955 Fadden put a Country Party spin on the advantages of such loans by telling parliament that money raised had assisted agriculture (in purchasing tractors, hay-balers and the like), which in turn meant that by 1953–54 ‘most of Australia’s main agricultural products had … reached the production targets set for 1957–58’ (CPD 1955, vol.8, p.2061).
our own people for their welfare, we are obliged to focus not upon words and hopes, but on capacity and deeds (Canberra Times 29 September 1954, p.2).

The leader of Australia’s only agrarian socialist party returned home warning – without any obvious irony – that Australia faced a dire threat from the subsidised American wheat which was being stockpiled in that country (Canberra Times 25 November 1954).²⁹

Fadden travelled to Turkey, Canada and the United States in early 1955, but he returned in time to face rising discontent from the Liberal backbench, who were increasingly frustrated by the so-called deadwood in the ministry that precluded any hope of advancement for them. While Menzies may have secretly harboured similar views, in public he continued to give unqualified support to his Country Party colleagues. With Menzies’ popularity at record highs, no one was about to challenge the prime minister’s authority (Martin 1999, pp.303,306).

The economic prosperity of the mid-1950s held some risks. Fadden’s 1955–56 budget, delivered on 24 August, warned Australians of this. He drew on the economic lessons of the past, saying he was concerned by Australians’ raised expectations on the standard of living. In particular, he was concerned about the growing popularity of hire-purchase schemes and by ‘a far too generous expansion of credit’ by the private banks, which, he argued, added to a renewed risk of inflation (CPD 1955, vol.7, p.31; Martin 1999, p.306). The booming economy led the treasurer to note in his budget speech of 1955 that once again there existed the ‘unmistakable signs of active inflation’ (Auld 1973, p.9):

> Let us not deny, that much of the excess demand that is causing our present difficulties springs from an effort to reach and maintain standards beyond our limited resources … In Australia today we are attempting to build up a many-sided modern economy, to enlarge our population and to carry through extensive preparations for defence – all this at a forced pace. Such objectives require a large share of our resources to be applied to activities which either do not serve ordinary private needs at all, as with defence, or do not serve them immediately, as with a great deal of development (CPD 1955, vol.7, p.31).

²⁹ Fadden told the press that the same amount of wheat was in storage in the US as had been sold worldwide in 1953 (Canberra Times 25 November 1954).
‘You can’t kill Santa Claus’

The federal government had watched from the sidelines the decimation of Labor in the May 1955 Victorian state election (Daly 1977, p.136); and by October 1955 there was ongoing debate within the government parties about whether they shouldn’t take advantage of their opponents’ disarray and call an early election (Martin 1999, p.309). During 1955, Evatt’s already shaky political judgement completely failed him. For example, while he had not protested the harsh treatment of two journalists (Browne and Fitzpatrick) imprisoned over a breach of parliamentary privilege, he revealed to the House that he had written to the Soviet government seeking their opinion on the Petrov documents. Even his own party looked on in disbelief. On 26 October 1955, the final day of a debate that had raged for many weeks, Menzies stood and announced a general election for 10 December 1955 (see Daly 1977, pp.139–41; Martin 1999, pp.306–15; see also CPD 1955, vol. 8, p.1998).30

It was widely assumed that this election would be a dirty contest (Martin 1999, p.313); but instead it was somewhat dull. The result was a spectacular win for the government, which achieved a twenty-eight seat majority in the House of Representatives – although the Senate presented as a potential problem, with the government winning only thirty of a possible sixty seats (Martin 1999, p.314). Fadden’s home state returned thirteen coalition members out of a possible eighteen (eight Liberals and five Country Party members) – exactly the same number as were returned from Queensland in 1954 (Hughes & Graham 1974b). The final make-up of the ministry reflected Fadden’s influence. While the Country Party had a total of only eighteen members in the House of Representatives compared to the Liberal’s fifty-seven, Fadden managed to retain all five of the Country Party’s ministerial portfolios. He didn’t know it yet; but the 1955 election win would bring to a close the hard years of Fadden’s term as treasurer. Fadden could now rest on his laurels for what would be his final term in the federal parliament.

30. Martin (1999, pp.313–14) cites a taxidriver’s explanation for why the government would win the 1955 poll: ‘Because you can’t kill Santa Claus. Everyone’s got jobs, the wheat’s high, the sheep are woolly, and the weather’s good’.
Coasting to retirement and beyond
1956–1973

Mr Fadden established an enviable reputation. He was personally popular with all parties; he commanded very generous co-operation from the Opposition; he stood high in the esteem of industrial labour because of his capacity as a conciliator, his ability to say ‘Yes’ or ‘No’ quickly, and the rapidity with which he translated a promise into action (‘Serious task for Mr. Fadden’, Argus 1 September 1941).

When parliament returned on 15 February 1956 Menzies’ new cabinet arrangement – modelled on the British cabinet – was in place. One of the prime minister’s first acts in this new session of the twenty-second parliament was to formally advise the House of the establishment of two ministries, the first comprising the official cabinet of twelve, with the other consisting of ten ministers who would attend cabinet meetings upon invitation and when needed (CPD 1956, vol.9, p.16). Menzies believed that this two-tier system would make cabinet more responsive\(^1\), and claimed that the increase in the overall size of the ministry (by two) was justified because ‘the pressure of work … is increasing’ (CPD 1956, vol.9, p.17).

While this was factually correct, the addition of two ministers also had to do with a compromise deal struck between the prime minister and Fadden, who would not tolerate a reduction in the overall number of Country Party ministers. Fadden’s influence, and Menzies’ desire to keep the coalition relationship peaceable, is evident in these arrangements. The Liberals had won many more seats than the Country Party in 1956, yet Fadden still had the same number of Country Party ministers as before. In reality, the new arrangement was something of a face-saver for Fadden. He could not be condemned for any loss of influence in terms of numerical strength, yet only two Country party ministers (Fadden and McEwen) now had permanent seats in cabinet.\(^2\)

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1. The two-tiered cabinet system has been used by every government since except the Whitlam Labor government (1972–75).
2. Earle Page had finally retired to the backbench in the lead-up to the 1956 election, while Larry Anthony had not been reappointed to the ministry because of ill-health. Page’s health portfolio went
Menzies hoped the announcement would quell criticism that cabinet was suffering from the presence of deadwood – an ‘old guard’ stranglehold (‘Changes in ministry welcomed by government M.P.s’, Sydney Morning Herald 11 January 1956, p.3).

While most press reports were favourable towards the new cabinet arrangements, some editorials singled out Fadden, with the Sydney Morning Herald (‘Mr Menzies builds a stronger ministry’, 11 January 1956) suggesting that ‘on all counts it would have been preferable had he followed the example of his Country Party colleague Mr Anthony and retired after a long innings’.

Fadden’s first task in the new parliament was to push through the Ministers of State Bill in one day. This legislation made provision for the increase in the number of ministers, and formalised their salaries and allowances. In his introduction Fadden made light of criticism from the opposition, saying that ‘it is a bill containing only four clauses, and there is no room for any objection’ (CPD 1956, vol.12, p.37). But the opposition was not so easily appeased. Evatt objected to the legislation as further evidence of the ‘sordid bargain’ that existed between the coalition partners (CPD 1956, vol.12, p.39). After some discussion (and a little flattery too), Fadden agreed to postpone the final vote until the next day to allow the opposition time to deliberate. Parliament was duly adjourned, but the following day the bill was finalised (CPD 1956, vol.12, p.48).

Fadden’s attention was, as always, focused on the economy. While it was booming, Fadden and his officials were growing alarmed at the balance of trade figures. The nation, emboldened by the recent years of prosperity, was importing more than it was exporting. The growing population had led to increased demand, which in turn had further boosted confidence. Australia was spending beyond its means. Some economists

to a Liberal, but Fadden promoted Queensland sugar farmer Charles Davidson (who some in the press speculated was Fadden’s pick as a future leader, after McEwen) to head Anthony’s former department of postmaster general. Davidson would go on to be appointed deputy leader under McEwen.

3. Anthony was a personal friend of Fadden’s, and had been entrusted with the safekeeping of Fadden’s will for many years, so it was unsurprising that Anthony felt a degree of betrayal at his removal from cabinet. He would have known that Fadden selected the Country Party members (D Anthony, pers.comm., 6 May 2006; see also Davey 2008, p.95).

4. One speaker said that as Fadden was a ‘courteous and kindly gentleman’, and as it was ‘almost 11.30 p.m. on a day when normally very little public business of any importance is transacted,’ could he not accede to the request for more time? (CPD 1956, vol.12, p.40).
even warned that the country was headed for another recession (Arndt 1963, p.39). The government, no doubt remembering the trauma that had followed the 1951 ‘horror budget’, had seemed reluctant to act, but after its electoral win in 1955 it finally faced up to the economic challenges ahead. Treasury officials met with the governor of the Commonwealth Bank, and together they devised a strategy that included indirect tax increases and an increase in the company tax rate. Schedvin (1992, p.236) cites this as a rare example of agreement between the bank and treasury.

In March 1956 the prime minister announced a supplementary budget aimed at dampening demand. Measures included a crackdown on vehicle finance through hire-purchase schemes, and increases in the price of beer, spirits, tobacco and petrol. While personal spending was targeted, Fadden also criticised the states for placing unfair demands on the federal coffers. Some of his harshest criticism was reserved for Queensland’s entrenched Labor government, when he said:

> Money intended for state development should not be treated as though it was a black marketeer’s illicit gains to be held in a secret drawer in the wardrobe or buried in a kerosene tin in the fowl yard (Stevenson 2007, p.179).

In short, the lead-up to the 1956 budget in terms of economic and monetary policy had a similar trajectory to the lead-up to the 1951 ‘horror budget’.

On the international stage the Suez crisis was unfolding. As the months wore on, the situation deteriorated. Menzies travelled extensively during 1956, and was in the United States when Egypt’s president Gamel Abdel Nasser announced the nationalisation of this vital trade canal. With Fadden in Australia as acting prime minister, Menzies returned to Britain to assist in the Suez negotiations. Fadden offered his whole-hearted support to Menzies, and when the United States, Britain and France announced the establishment of the Suez Canal Users’ Association (before going to the United

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5. Some suggest that Fadden reacted too slowly to stem inflation. While the Commonwealth Bank had warned him of inflationary pressures in 1954, his 1954 budget was ‘not in any sense disinflationary’ (Rowan 1963, p.32). His next budget also did little to address the problem.

6. Schedvin (1992, p.239) notes that in both periods the Bank warned of inflationary pressures seen by the increased demand for bank advances, international reserves and the bond market. In both instances its advice was at first ignored by Treasury – due mostly to the Government’s reluctance to increase taxation.
Nations) he was pleased to also provide official endorsement. Always anxious to
minimise any rumours of problems within government ranks, he told parliament that
Menzies’ handling of the crisis had cabinet’s full support, and that any talk of dissent
had ‘no basis in fact’ (CPD 1956, vol.12, p.411; Ball 1957, pp.129–33). In fact, just as
Korea had done years before, the Suez Canal crisis and the drawn-out Malayan
emergency provided a boost to the government’s actions to ease inflationary pressure –
both events contributed to increased export prices (by eleven per cent in 1956–57) as
well as increased volumes of goods and services exported (by thirteen per cent). This
was, incidentally, helpful to Fadden’s rural constituency, which also received a financial
boost. Official reserves started to increase, and had reached ‘$1029 million by June

A record is broken

These events did not detract from the excitement brought on by the Melbourne Olympic
Games. But 1956 was also personally significant for Fadden. On 30 August 1956 he
handed down his record-breaking ninth budget. Five months after the March measures
to rein in inflation were announced, the cautious accountant remained perturbed about
the risks still posed by inflation. In his budget speech he spoke about this at some
length:

> Whilst tension in the economy may have been relaxed to some measure, there are
> signs enough that the pressures we have endeavoured to subdue could quickly
> revive and reassert themselves if restraint weakened. It may well be, indeed, that
> we are only now reaching the most difficult stage of the long struggle to control
> inflation. Certainly the recent behaviour of costs and prices suggests that strongly
> (Whitwell 1986, p.115).

Fadden’s ninth budget shared common themes with his earlier efforts. The battle to
conquer inflation was ongoing – a point noted by Labor’s Gordon Bryant (Wills,
Victoria) one year later:

> In 1950 the Treasurer said – ‘Because inflation tends to scatter and waste
> resources, this budget has been planned, as part of the general economic policy of
> the Government to restrain inflationary pressures.’ In 1951 he said – ‘The recent
> steep rise in prices and costs bears witness to the acuteness of the problem of
Inflation’. In 1952 he said – ‘It is true that what is called “cost inflation” continues. Under our closely geared industrial system, rising wages and costs tend to become self propelling.’ In 1953 he said – ‘We would, however, be deluding ourselves to suppose that the road ahead will or can be easy. At this moment there are problems with us which could thwart our efforts to expand just as effectively as inflation did.’ In 1954 he said – ‘Good though recent times have been, there can be no mistaking the signs that stresses are again threatening to develop in our economy.’ In 1955 he said – ‘Yet, thriving though it was on all these counts, the year 1954–55 brought gathering signs of strain in the economy.’ In 1956 he said – ‘… it is common ground that costs and prices have been tending to rise for the past couple of years and that latterly the rate of increase has become more rapid’ (CPD 1956, vol.12, p.486).

While Fadden’s achievement was acknowledged by many in and outside the parliament, one of the most personally touching tributes came from the Canberra press corps. Organised by Elgin Reid, who would become a lifelong friend, this celebration was held on 31 August 1956, the day after Fadden handed down his record-breaking budget. It was a rare occurrence for the Canberra press gallery to assemble in recognition of the achievements of a sitting member of parliament. Members of the press thanked Fadden for being always accessible and easy to deal with. In response, Fadden was fulsome in his gratitude for the press’s treatment of him during his parliamentary career, saying at one point that ‘they had never let him down’ (Fadden & Menzies 1956). Fadden had a congenial relationship with the media, demonstrated during one particular press conference, held on 6 September 1956, when Menzies was away dealing with the Suez issue. After reiterating that he would not leave Australia to attend the International Monetary Fund meeting while Menzies remained out of the country, Fadden concluded:

I want to take this opportunity of thanking all of you gentlemen for the wonderful consideration and co-operation you have given me since I have been in the chair. It has been a real pleasure and it has made an otherwise onerous job, much less onerous. You have been really wonderful, and I do appreciate it (release by John O’Sullivan, acting press secretary to the acting prime minister, Fadden’s personal papers).

To which he received the following response from an unnamed journalist: ‘Thank you, Sir Arthur. We appreciate the co-operation we have had from you’. Yet the celebration to mark his record-breaking budget was touched by tragedy. Most gathered that day
knew that Fadden had prepared it in the knowledge that his eldest son lay seriously ill in Brisbane.

Less than two weeks later, on 13 September 1956, Gordon Fadden died at the age of thirty-four, leaving behind a young wife and small son. Gordon had served in New Guinea during the war (NAA: A2880, 6/8/48), and had been ill for some time.

On 25 September 1956, with Fadden still in Brisbane, Menzies publicly thanked his deputy for his service and loyalty:

When we all remember how long this final illness lasted, we can appreciate the singular efforts made by our colleague as my deputy in my absence in order to maintain the business of the country. I am vastly indebted to him (CPD 1956, vol.12, p.783).

Fadden had over many years repeatedly served as acting prime minister while Menzies was away. Yet this rare praise from the prime minister was appreciated. While he was never personally close to Menzies, he remained publicly loyal to his leader for the rest of his life. Fadden was a friendly, gregarious man. As Lord Carrington, the British high commissioner in Canberra, once remarked, Menzies ‘had more to thank his colleagues for than he himself would perhaps readily acknowledge’. Carrington concluded that Fadden was ‘intensely loyal’ and had ‘conspicuously the popular touch which Mr Menzies often lacks’ (Martin 1999, p.360). But in this moment of great tragedy for Fadden, Menzies dropped his guard and publicly expressed his appreciation.

In retrospect the years from 1956 to 1958 were among the most stable in Australia’s economic history (Schedvin 1992, p.240). Fadden’s 1957 budget, introduced on 3 September, continued the policies of earlier budgets. Menzies was away for most of the preparation of this budget and his contribution to it was minimal; but, according to his biographer, he was quite happy with its overall measures. Fadden was slightly more optimistic about inflationary pressures than he had been in previous years. He noted that the economy was more stable than twelve months earlier, and told parliament that ‘we

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7. See Martin (1999, p.361) who concludes that Menzies could have had little influence over these final budgets due to his lengthy absences.
had reached a state of substantial balance … at a high level of trade and industrial activity’. He also noted that:

the problem … is to preserve such a state of balance and … keep up an adequate, though not excessive, rate of growth in terms of population, industrial capacity, living standards and defensive strength (CPD 1957, vol.16, p.215).

During 1957 Fadden travelled extensively. In October he attended the International Finance Corporation and commonwealth finance ministers’ meetings in Washington. He then flew to Canada to attend the British commonwealth finance ministers’ meeting at Mon Tremblant in Quebec. There he warned delegates that primary producing countries were in danger of losing their long-held markets to ‘subsidized commodities carried in subsidized shipping’, referring specifically to the threat posed by the common market proposals (NAA: A4940, C1984).

It was anticipated that one of the most difficult legislative acts for Fadden would be changing the country’s banking arrangements. Fadden and his party had long opposed changes to banking laws for fear of weakening the power of the Commonwealth Bank, which had been thought of as offering security to Australia’s primary producers through the easier provision of finance (Schedvin 1992, p.279). But there had been mounting pressure to end what was regarded by many as the Commonwealth Bank’s unfair advantage in being both the nation’s central bank and a trading and savings bank in competition with private banks. As the present governor of the Reserve Bank, Glen Stevens, noted in a speech delivered on 8 February 2010, ‘our position as poacher and gamekeeper [was] no longer tenable’ (Stevens 2010).

On 24 October 1957, fourteen bills were presented to parliament (CPD 1957, vol.17, p.1764). While most were machinery bills, three were significant. The Reserve Bank Bill separated off the central bank and its functions – and gave the Reserve Bank its title (CPD 1957, vol.17, p.1765). The Commonwealth Banks Bill established a trading bank, a savings bank and – bearing most heavily the imprimatur of Fadden’s party – a development bank, to be overseen by a commonwealth bank corporation (CPD 1957, vol.17, p.1774; Fadden 1969, p.146; Martin 1999, p.363; Souter 1988, p.438). Finally the Banking Bill was introduced. It replaced special account provisions with statutory
reserve deposits. In essence this allowed the Reserve Bank to require the trading banks, with twenty-four hours notice, to pay twenty-five per cent of their Australian deposits into the statutory deposits (CPD 1957, vol.17, p.1776; Souter 1988, p.438).

Fadden later remembered that he was in the hot seat while the debate raged for a month. In his second reading speech his long-held faith in the power of consensus politics was evident:

If a system which includes both a government–owned central bank and a number of private trading banks is to work smoothly and effectively in the national interest, certain fundamental conditions must be fulfilled. One condition is that the central bank should have a foundation of adequate legal powers; but that by itself is not enough. There must be mutual understanding between the central bank and the private banks, mutual confidence and a will to co-operate (CPD 1957, vol. 17, p.1766; see also Costar 1995, p.98–9).

In the lead-up to the final legislation Fadden had consulted with both Nugget Coombs (governor of the Commonwealth Bank) and his treasury secretary, Roland Wilson. There were a number of cabinet meetings before the final legislation was drafted (Martin 1999, p.363). Coombs was ultimately reconciled to the changes, and Fadden viewed the banking reforms as a significant legacy of his years as treasurer (Coombs 1981, p.140).

At first it was assumed that the introduction of the bills meant that the Country Party was a declining power in the coalition (Souter 1988, p.438). Soon, though, it became clear that in some respects the legislation had in fact added to the power of the Commonwealth Bank, and the establishment of the development bank constituted a considerable victory for Fadden and his party, demonstrating the continuing influence of the Country Party over the legislative process (see Costar 1995, p.99). While the ALP opposed the measures in the Senate as a ‘sinister sellout’ to private interests (Souter 1988, p.438), the legislation finally became law after the government won back control of the Senate in the wake of the 1958 election. Fadden had by then retired; but Harold Holt, the new treasurer, fired off a cable the day he introduced the bill into parliament paying tribute to Fadden’s work: ‘Proud to be presenting Banking Bill tonight in
substantially identical terms with your own pioneering work. Affectionate regards, Harold’ (see Fadden 1969, p.147).

The last hurrah

Fadden’s final budget, introduced on 5 August 1958, was openly Keynesian. It was more expansionary in design than previous budgets, and increased expenditure by thirteen per cent. It projected a cash deficiency of £110 million; but Fadden seemed unconcerned, noting that ‘we plan to finance the gap [in expenditure commitments] by borrowing from the Central Bank’ (CPD 1959, vol.20, p.10). He assured the parliament that:

We are doing this advisedly because we judge that … expansive action of that kind is more appropriate that the conventional course of trying to match total receipts and total outgoings (CPD 1959, vol.20, p.10).

Fadden noted that there had been a decline in exports; but he also said he hoped that with its investments and spending policies, the government could prevent unemployment from becoming a problem. ‘We believe’, he told parliament ‘that what we are doing will materially support business investment and consumer spending and so help to offset the effects of continued low export earnings’ (CPD 1959, vol.20, p.10).

Under these circumstances there were few tax cuts offered, but single pensioners received a small increase, while farmers were granted a depreciation allowance. Country Party objectives remained on display in the budget’s policies (Whitwell 1986, pp.116–18). The easier access to money that resulted was credited with starting the major boom that occurred from 1959 to 1960 (Schedvin 1992, p.245; Lydall 1963, p.80).

A real Australian democrat

On 26 March 1958, Fadden stood down as Country Party leader. In so doing, he also relinquished the deputy prime ministership. Announcing that he would not contest the next election, he anointed John McEwen as his successor. McEwen was an extremely able politician who was almost a complete opposite in terms of character and style to
Fadden. While Menzies had previously acknowledged that McEwen possessed a brilliant mind, he also noted that the leadership change would mean a ‘new phase of life … I can look forward to a fair number of difficulties because he still retains some of the old Country Party aggressiveness’ (Martin 1999, p.367). One person interviewed for this thesis (former senior Canberra public servant, pers.comm., 20 February 2003) recalled Menzies speaking to him about the effort he had gone through to ensure a harmonious coalition following McEwen’s ascension to the leadership, and quoted Menzies as having said: ‘If blood is the price of admiralty I’ve paid in buckets’.  

Fadden asked to continue as treasurer until he retired, and handed down his eleventh budget in September 1958. He was active in the subsequent election, and appeared on the campaign platform with both McEwen and Menzies. Even after the votes had been cast in the November 1958 poll, he continued as treasurer until Menzies determined the make-up of his new cabinet. Martin (1999, p.367) suggests that Menzies agreed to allow Fadden to stay on out of ‘affection’, but perhaps as well Fadden’s popularity was a selling point in the election fight, and his presence provided reassurance that coalition relations remained on track and harmonious.

The accolades flowed for Fadden on his retirement. Harold Holt (CPD 1958, vol.21, pp.1222–3), who – in Menzies’ absence – led the adjournment debate in the parliament on 11 September 1958, noted their range and variety. At 11.48 pm he rose to pay tribute to Fadden’s career:

> Ever since the right honourable gentleman announced his intention to retire … he has been pursued, one may say, by an amazing succession of sincere tributes of farewell from all sections of the community. What must be to him one of the most

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8. Several years later Holt reportedly told Peter Howson that while the ‘rest of the Country Party do not want a break-up … Jack McEwen is mentally unstable’ (Howson 1984, p.28).

9. Section 64 of the Australian Constitution allows a minister to retain their portfolio for up to three months following an election that they didn’t contest.

10. Holt explained Menzies non-appearance as a regretful absence due to ‘an earlier official engagement’, and also stressed that Menzies had paid public tribute to Fadden at two earlier celebrations that week (CPD 1958, vol.21, p.1222). But years later after Menzies had penned his memoirs Fadden wrote to Holt that he was disgusted by Menzies’ lack of ‘one solitary reference to me and my association as a political partner in his composite government … when he went out of his way to eulogise McEwen, who everybody knows has cost him more worry, discontent and humiliation during his far lesser period than I had ever done if at all.’ Fadden adds ‘I now thoroughly, if belatedly, realised the degree of his insincerity, lack of gratitude and unwarranted hypocrisy’ (NAA: M2684, 47).
touching aspects of the tributes so warmly and generously paid to him is the variety and range of those tributes and the sources from which they have come. I know that, amongst the many official tributes that have been paid to him, none has touched him more deeply than those that have come from persons associated with the work of the Parliament – not so much members of the Parliament whom he has known well and closely over the years, but the various parliamentary staffs. The private secretaries, the staffs of this House, the refreshment room staff, have all sought in their own way to pay tribute to our friend and colleague. Surely, there has never before been in the history of political life in this country [such] a range of farewell tributes paid to any public man.

After discussing aspects of his career, Holt moved onto Fadden’s personal qualities:

The warm, endearing personal qualities – are the things which have stamped him in our minds and, indeed, have made him a legend in his own lifetime. The right honourable gentleman’s warm humour, his willingness to help a colleague at all times and to give the benefit in a kindly way of his advice, encouragement and assistance will be remembered by almost every man in this chamber. The Treasurer has demonstrated a special quality of mateship which is almost peculiarly his own. His definition of mateship is that anybody can be with you when you are right; a true mate is one who sticks by you when he thinks you are wrong … Sir Arthur Fadden does not leave a single enemy in the House; and wherever he turns, he turns to a friend.

When it was Doc Evatt’s turn to speak he concurred with many of Holt’s words:

I think it is correct to describe him as a mate in the sense that the Minister for Labour and National Service has used the term – a mate is a person who sticks to his friend when he is wrong. In that sense, we stick to the Treasurer although he has been very often wrong, in our view! I think the right honourable gentleman represents one of the most attractive types of our fellow countrymen. He is an Australian sportsman and in all respects he has acted in politics although it is not so easy to act in accordance with the highest traditions of sportsmanship in Australia (CPD 1958, vol.21, p.1223).

When Fadden finally exited the political stage, one tribute paid him by the press gallery was special. A poem written in his honour was later printed in the *Countryman*. Entitled ‘Artie of the undertow, or the taxpayers’ lament’ it was an eight stanza poem that included the following:
Off-stage we know that Artie is robustly gay and hearty
But officially we recognise he’s got another side
He’s as cold as any snowman, an ‘abominable no-man’
At heart he’s Doctor Jekyll, as Treasurer Mister Hyde.

On tax reduction questions he’s allergic to suggestions
At shearing time for taxes he’s the ringer of the shed
He can quote each tax statistic with a pleasure quite sadistic
In the Kelly gang tradition, he’s a better man than Ned.

Though his wit can sparkle brightly, he can show a hauteur knightly
And his cobbbers they are legion in the cuff and collar push.
We’ve been known to mutter darkly as he wiped our cases starkly:
‘He’s a bandit for the backblocks – just a bastard from the bush’.

Every time we hold a party visions come to us of Artie
Telling stories most unlikely as the waiters come and go.
With the taxes slowly mounting, Artie spends his time recounting,
For Canberra has pleasures that the townsfolk never know.

When the trump of doom is sounded, saints and sinners all impounded
And the Speaker holds the last and greatest Question-time of all,
When celestial choirs are singing and division bells are ringing
The member for McPherson will be first to ‘get the call’.

Fadden loved every minute of it, and the press clipping (undated) remained in his small collection of personal records from this time.

**Free at last**

By the time he left politics Fadden had been the leader of the Country Party for eighteen years. He had presented eleven budgets – a record which would not be bettered for fifty years. He had been prime minister in his own right for forty days and acting prime minister for a period he later noted was greater than ‘that enjoyed by a number of fully fledged Prime Ministers’ (Fadden 1969, p.151). But the years in active politics had taken their toll. According to some observers, Fadden, ‘never one to do anything by half measures ... had run himself to a standstill’ (Reid 1961, p.13). Fadden told Eric Harrison in 1957 that ‘he was “about as tired and overworked and often as lonely as a drover’s dog”’ (see Martin 1999, p.367, fn.44). But if anyone assumed he would disappear into
Arthur Fadden: a political silhouette

obscurity, seeing out his retirement in the leafy western suburbs of Brisbane, Fadden soon proved them wrong. As he wrote to Jack McEwen in late April 1959:

Having got rid of the ‘Art-Ritis’ and settled down after the number and variety of send-offs … done a bit of gardening, had teeth attention, and listened into Parliament, my health and comfort of mind are such that I haven’t felt so well and contented for years so if the trip to Japan improves me as it must, I will come back happy to start life again … and dangerously fit, to fight, frolic or follow the flag (NAA: A1838, 1516/7/20).

Looking to the future

In some respects we can learn more about Fadden from his post-retirement years, for he became, during this time, a prodigious letter-writer. Many of his letters, sent to mates like Ulrich Ellis, were preserved and have now been deposited in the National Library, so historians are able to delve a little more into his life as seen through his own eyes. Letters written by Fadden were unique, his style unmistakable. His correspondence, whether he was writing to a minister of the crown or a close friend, carries the Fadden imprint. Fadden had always been an intuitive politician and, despite his varied life experiences, he remained at heart a provincial man. His letters reflect this. He wrote as he spoke. For example, on 24 July 1959 he wrote the first of a series of letters to Ulrich Ellis:

My dear terribly genuinely missed Cobber Ulrich,

Well lad here I am home again and first and foremost I am going to enter into active typing competition with you … I purchased a portable machine Empire Aristocrat, made in England in Hong Kong … got for a song. Have already assessed its worth as a substitute for my b— awful hand-writing (NLA: MS 1006,30,9).

He continued with news of what he had been doing, wryly noting that the phrase “‘the devil looks after his own” is really true in my case’. In his long, newsy letter he canvassed many topics, including his business interests and his state of mind: ‘I return with a new lease of life and feeling better than I have done for 20 years’.

In assessing the man from this period, it is important to remember that Fadden, aging and often unwell, was not the same person as the tough, resilient younger man who had
been catapulted by circumstance, luck and particular talent to the top of Australian politics. Serendipity played a part in getting him there, but personal qualities ensured his survival. Fadden was very much a man of his time.

In the months following his retirement Fadden travelled to Japan, ostensibly for a holiday. There he purchased the aforementioned typewriter, and became acquainted with Frank Duval, an expatriate who had settled there (Reid 1961, p.13). During this ‘holiday’ Fadden met with the governor of the Bank of Japan as well as attending some lunches, including one with the Japan–Australia Society. All the evidence suggests that Fadden did not intend to ‘retire’ from business, and was already sniffing out his next venture. He left Japan in mid-June, but by September he was back and preparing to act as representative for a Japanese company wanting an export licence for iron ore from Western Australia. While official records indicate that the Australian Embassy and its ambassador, Alan Watt, were keen to help (NAA: A1838, 1516/7/20, letter dated 22/81/1959), this venture was to be stalled by interference from an unexpected source.

**Fadden and Black Jack McEwen**

Fadden’s relationship with Jack McEwen had appeared amiable enough throughout his years in active politics. But upon his retirement Fadden was to slowly realise that McEwen had less regard for him than he had at first thought. (Perhaps this was because Fadden had kept him from the leadership for eighteen years.) The reason for McEwen’s dislike is unclear; that it existed became increasingly obvious to Fadden as the years progressed. From Fadden’s perspective the slights were hurtful. While not responsible for some of the things that occurred, McEwen was conspicuous for a general lack of support in relation to Fadden. For example, only weeks after Fadden retired, the parliament increased the parliamentary superannuation allowance. Despite his request for former colleagues to consider backdating the increase, Fadden and others from the House of Representatives who retired before March 1959 missed out. While Fadden did
not need the money, he seemed genuinely disappointed that he had not received more support.¹¹

On 22 April 1959 he wrote to McEwen from Brisbane, informing him that he was intending to travel to Japan and giving him a contact number should he be needed in relation to his possible appointment as first chair of the Commonwealth Banking Corporation:

I had particularly desired to visit Canberra and have a ‘sounding out’ at least of Bob and Harold – unfortunately, with you unavoidably not available – but the preoccupation with the contentious salary businesses did not provide a favourable atmosphere for any discussion on the Banking matter (NAA: M58, 86).

Noting that he had absented himself from Canberra while the chairmanship of the Commonwealth Banking Corporation was being decided, he added that his presence in Canberra at that time would have seemed like

the stranger who butts into the family front room and circles while the old man’s will is being read, discussed and squabbled about … [I will] leave the matter confidently to you (NAA: M58, 86).

Fadden was to be disappointed. He received word by cablegram from McEwen on 5 May 1959 that cabinet had decided against his appointment. The next day prime minister Harold Holt sent a personal letter that included the following:

My dear Arty,

This is not an easy letter to write, knowing as I do how much you had hoped to add a final notable chapter to your distinguished public career by the task of pioneering the critical early formative phase of the new Commonwealth Banking corporation … The legislation adopted by Parliament is your legislation – a highlight in your record term as Treasurer. However much you might have approved in other circumstances of Cabinet’s choice, the decision must have come as a great disappointment to you. My main purpose in writing is to assure you most sincerely

¹¹ Fadden was angered that the Richardson Recommendation on air travel for former ministers was not extended to him, and that he did not receive the pension increases. He wrote to Ulrich on 24 July 1959 that ‘the defeated and unendorsed Senators’ got the allowances but ‘we old retired crocks who were not members of 1st March get bugger all and there was not a living soul to take up the case. There was not a vigilant friend who acted on my behalf in Cabinet, Party or House to draw attention to this base injustice’ (NLA: 1006,30,9; see also his more tempered letter to McEwen of 22 April 1959 (NAA: M58, 86)).
that you enjoy the same high respect and warmth of regard from your old
colleagues … It was recognised that this disqualification does not extend to many
other instrumentalities of the government, where, indeed political experience is a
valuable asset. I know that if you would allow, for example, yourself to be
considered for the T.A.A. appointment you could expect strong support. There is
no urgency about the decision on this but I would like to hear from you when you
feel like writing.

Affectionately as ever, Harold (NAA: M58, 86).

Fadden never accepted the offer of a position on the TAA board.

Jack McEwen also wrote to Fadden, and the tone of his letter was apologetic. ‘As I
write this letter I am overlaid by the wretched feeling that, on a great matter of personal
interest to you, I have let you down’, McEwen wrote (NAA: M58, 86). It seems,
though, that McEwen was being somewhat disingenuous. In the years that followed,
Fadden would come to suspect that McEwen was less than wholehearted in his support.
This seems to be confirmed by Jim Killen, who wrote that McEwen once admitted to
him that he ‘was flatly opposed to Artie being appointed’ (Killen 1989, p.102). On 8
May 1959, on board the SS Eastern Star en route from Manilla to Hong Kong, Fadden
cabled McEwen:

    Thanks for messages disappointment and persecution complex alleviate upon
    unsselfish reflection and recognition policy decision to brand and launch board as
    political clean skin the cause is always greater than the individual please thank and
    advise Harold Warm Regards Artie (NAA: M58, 86).

Nothing quite prepared him for the disappointments of those first years of retirement,
however. At times the Country Party’s treatment of its former federal leader seemed
petulant. Fadden became so disenchanted that he privately thought of resigning his
membership of the party. In a letter dated 4 June 1962 he wrote to Ellis about his
invitation to attend the Country Party conference in Southport, saying:

    I was not even invited on to the official platform and was placed in the humiliating
    position of being the unhappy victim of a resolution moved by a floor member and
carried unanimously with applause ‘that I be invited on to the platform (NLA, MS
    1006,30,9).
At other times Fadden was not above asking for favourable consideration. For instance, he wrote numerous letters to Jack McEwen alerting him to his interests in relation to iron-ore exports. Sometimes he wrote of supposed ill-treatment. For example, he thought the West Australian government was putting pressure on his Japanese interests to ‘get his accreditation annulled or withdrawn … preventing me getting an honest and desirable living’. Official records (see NAA: M58, 86) on the subject of Mount Goldsworthy iron ore deposits only mention that the department of national development understood that Fadden was among two or three others tendering for the project. While the bureaucratic note suggested that should Fadden’s company be successful, ‘probably the accusation would be made that the Commonwealth government modified the embargo on export of iron ore so that the ex-Treasurer could benefit’, the memo continued ‘but the Government will have to live with that’ (NAA: M58, 86, letter dated 11 April 1951).

Fadden’s sense of entitlement appeared to be at its worst in the first few years after his retirement. It is one of the least attractive aspects of his character. Over the years, his resentment toward his successor, Jack McEwen, further intensified. While publicly he would not be drawn into making any comments about McEwen,12 in private he wrote with considerable anger about McEwen’s influence on the Country Party. One example is a letter dated 7 October 1968:

> It is terrible to have to sit on the side-lines and let the modern and robbed ‘Country Party’ be sold down the drain by McEwen and Company, the tariff champions, financed by erstwhile … enemies of the Country Party … that Doc. Page and other stalwarts founded and maintained … until McEwen became their leader (NLA: MS 1006,30,9).

Over the years until 1971 there were many such examples of Fadden’s anger at what he regarded as McEwen’s betrayal of the core principles of the Country Party.

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12. Fadden wrote to Ellis about comments concerning the lack of reference to McEwen in his memoirs: ‘What could I truthfully say about McEwen that would be in his favour?’(NLA: MS 1006,30,9, letter dated 10 January 1970).
Journey’s end

As time went on, Fadden grew despondent about his place in history. In a letter dated 13 August 1972, for example, just after Fadden was awarded an honorary Doctorate of Laws by the University of Queensland, Elgin Reid wrote to Ulrich Ellis (NLA: MS 1006,30,9) that Fadden would have appreciated the honour more if he had not had to share the limelight (Frank Forde had also received an honorary doctorate). Reid wrote, ‘it’s extraordinary the number of people who do not appreciate the difference between a caretaker prime minister and a prime minister elected in his own right’. In the same letter Reid told Ellis that ‘Artie was a bit grumpy this morning that he had not been included in the series of prime ministers on our stamps’. But even his most bitter correspondence generally ended with a sense of the absurd – such as a letter written on 24 July 1959, not long after he had been told of his failure to be appointed as inaugural chairman of the Commonwealth Banking Corporation:

Something has gone wrong already with the letter ‘t’ you will notice and the machine does not spell accurately at times. Perhaps I really got it too B— cheaply (NLA: MS 1006,30,9).

Indeed, Fadden’s vaudevillian streak – and his belief in mateship – remained more or less intact throughout his life. At its best Fadden’s humour was infectious, and it explains why many of his closest political aides continued their involvement with him after his retirement. He remained in frequent contact with his old mates, and was glad to hear news of them. In one letter to Ellis, dated 8 August 1964, he expressed his joy that ‘our friend Dick Randall has been made Sir Richard’ (NLA: MS 1006,30,9). And Dick Randall retained a genuine fondness for Fadden, as his letter to Ellis dated 29 November 1966 indicates:

In one way and another, I keep in touch with Artie who, barring a few mishaps, seems to be standing up to things pretty well. He is still, to my mind, about the grandest chap I have ever known (NLA: MS 1006,30,9).

This fondness for Fadden was also observed in that most acerbic of his former colleagues, Roland Wilson, who continued to have the most ‘affectionate’ regard for him (Stone 1996, p.26).

While Fadden’s involvement with the daily cut and thrust of political life ceased on his retirement, politics continued to fascinate him. In the years that followed he happily campaigned for both Liberal and Country Party colleagues. He supported Paul Hasluck’s bid for the Liberal leadership in 1968 (see Howson 1984, p.378). Jim Killen’s memoirs tell of his delight when Fadden offered his support with a casual ‘Brother, can I strike a blow for you?’

The meeting was better than the Tivoli theatre and Artie funnier than the great comedian Roy Rene, but he packed a splendid punch. Artie spoke from the heart, waving his arms, telling jokes, addressing interjectors as ‘brother’, and with splendid robustness exhorting all ‘to vote for my little mate, Jim … and having said that to you, I’m going next door for a beer. I hope you’ll all come with me’ (Killen 1989, p.106).

Former Queensland Liberal Bill Hewitt recalled one occasion when Fadden was greeted at a rally in Toowong by a drunk yelling out ‘you’d tax anything’. Fadden’s response was memorable: ‘Well’ he said, ‘if there was a tax on brains, we’d owe you a refund’ (B Hewitt, pers.comm., 3 April 2009). At another meeting an unimpressed interjector remarked: ‘When you were the bloody Treasurer … you were a disaster. You even put a tax on food’. Fadden responded: ‘It should not have worried you … There was never a tax on hay and chaff’ (Killen 1989, pp.106–7). Killen claims this was Fadden’s last political speech.

Artie Fadden continued to attend the annual meetings of the Country Party organisation, and remained actively involved in Country Party politics. After the 1960 Queensland election he expressed some sympathy for a former adversary, Vince Gair, in a letter to Ellis (29th May 1960):

The election results were what we expected, particularly with first past the post. It looks like the burial of the QLP [Queensland Labor Party] and with them out of the way as a thorn in the ALP side … I was very sorry to see Vince Gair beaten and his courage deserved a far better fate (NLA: MS 1006,30,9).
Despite his professed sympathy for Gair, Fadden had years earlier been a player in his ultimate defeat as premier. Gair had approached Country Party leader Frank Nicklin to see if Nicklin would provide support for the Labor government on the floor of the parliament in return for a promised electoral redistribution. Nicklin, apparently ‘surprisingly naïve’, contemplated acquiescing, albeit briefly (Costar 1996); his refusal coming only after Fadden intervened, observing that the friction between the non-conservative parties meant the Country Party had every chance of winning the next election. Nicklin heeded this advice, and the Country Party went on to lead the government in Queensland till 1989 (Wanna & Arklay 2010).

Fadden remained in contact with many former colleagues. He was best man to former Country Party deputy leader Vic Thorby. He was pleased when Doug, son of his former colleague and long-time friend Larry Anthony, was elected to parliament, and was gladder still when Doug Anthony received his first ministerial appointment:

I heard and saw you on ‘Four Corners’ just a little bit earlier tonight and could not possible neglect to expeditiously advise you my good lad, that you did a most excellent job. I happily as well as sadly saw shades of my dear old mate – Larry.

Congratulations Doug, I was very proud of you and your performance.

With affectionate regards and all good wishes to you and yours – like good paint – ‘Keep on keeping on’ (Davey 2008, p.125).

He was overjoyed when Harold Holt became prime minister, writing in his letter of congratulations that Holt would

surprise himself but will not surprise me, proving to be the best ‘Australian’ prime minister our side of politics has produced and will be to us what Ben Chifley was to the Labor Party (NAA: M2684, 47).

Fadden was not a great reader—although, according to Ulrich Ellis (2007, p.253), he was a prodigious devourer of ‘government reports, financial papers and the literature of

14. Thorby had contributed unknowingly to Fadden’s rapid rise in politics when he refused to permit Fadden and three other dissident Country Party members to vote in the leadership ballot in 1941 after Fadden had temporarily left the Country Party to sit in federal parliament as an independent Country Party member. With the voting tied between McEwen and Page (at 8 votes each), Fadden was eventually elected as stopgap leader (see pages 104–5).
his profession’. He enjoyed bush ballads and had a habit of reciting them at public dinners, adapting lines as he saw fit (NLA: MS 1006,30,9).

For a man who never learnt to drive, Fadden had more than his share of traffic accidents. Besides the one that nearly killed him in 1956, he was involved in an accident during a trip to north Queensland. Airlifted to hospital in Townsville, a large blood clot was removed from his ‘thick skull’, as he wrote to Ellis on 6 May 1964 (NLA: MS 1006,30,9). Ill-health plagued him in retirement. At various times he suffered from ‘an attack of hepatitis … a germ in the bladder that I landed when an inmate of the Mater hospital where I underwent the eye operation’. Humour rarely failed him, though, and after an operation on his eye in Sydney he wrote to Ellis (16 August 1972) saying that the doctor had restored his sight in one eye and so now his ‘critics can no longer assert that I was always “one-eyed”’ (NLA: MS 1006,30,9).

Post-retirement, he travelled regularly between north Queensland, Sydney, Melbourne and Western Australia. He was someone who could have earned more from his private business interests than from politics. His service to Australian political life was not motivated principally by financial considerations. Apart from representing the Japanese consortium interested in iron ore mining in Western Australia, he took up an interest in an iron ore deposit at Mourilyan, Queensland. He had an interest in property development in the Jindalee area of Brisbane, while also maintaining his interests in the Queensland sugar industry, consulting for the Tully sugar mill ‘for a good fee I might mention’ (NLA: MS 1006,30,9, letter dated 6 May 1964). He was a director of several companies, including LJ Hooker and an ice-cream company that, as his grandson Arthur fondly remembers (pers.comm., 16 April 2002), ensured the Fadden household a steady supply of ice-cream. Fadden was invited by the Queensland government in 1960 to chair a committee investigating the economics of a harbour development near Gladstone15, and he continued to act as trustee to the extensive Love estate in north Queensland.

15. Manfred Cross (pers.comm., 9 March 2004) stated that Fadden’s relationship with Nicklin got him the job of chairing the Gladstone Port redevelopment committee. The committee’s report recommended as the most economical solution that dredging cease on the Fitzroy River, and that Gladstone continue as a port. Cross recalls that Nicklin didn’t want an economic assessment but one directed at political
North Queensland was Fadden’s stomping ground, and he was one of its most loyal advocates. He remained a proud member of the North Queensland Club, and retained friendships that lasted a lifetime – for example, each year he would spend some days on Magnetic Island with his former business partner Frank Sutton (see *Townsville Bulletin* 3 July 2010, p.46). Many of those interviewed recalled Fadden’s vast collection of tales that originated in the tropics. John Dyson Heydon (now a High Court judge) recalled that Fadden had an innate understanding of the people of the north; and his ability to mimic accents was legendary. Heydon described how:

> When Italy attacked France in June, 1940 [Fadden] was approached by an agitated constituent, the owner of a fruit shop. The constituent said that an angry mob had wrecked the shop and called him an Italian bastard. Artie Fadden sympathised. The unfortunate man protested: ‘But Mr Fadd, I no the Italian bastard, I the Greek bastard’ (Heydon 2006).

Heather Henderson (pers.comm., 20 February 2003) likewise fondly recalled his capacity for mimicry.

There are multiple interpretations of Fadden’s federal career. Some have argued that under his watch the Country Party came close to self-destruction (Barnes, TRC 382). But his defenders argue that he began his second term as treasurer under difficult economic circumstances, when the priorities of government were more attuned to defence, economy and survival than broader social issues. In their judgement, Fadden was a man who had sufficient courage to press ahead with deeply unpopular policies that were ultimately vindicated. As Charles Barnes (TRC 382) explained, ‘there are not many politicians … [who] will take an unpopular line for the good of his country, and I can’t recall another politician in my experience doing that’.

Fadden’s success runs counter to the widely held view that nice guys finish last. Throughout his life he maintained many friendships, both in and out of politics. One colleague, Sir John Cramer (1989, p.114), explained his success succinctly:

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16. In his letters to Ulrich Ellis he would refer to this as the ‘Magnetic Haven of rest’.

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Artie Fadden … was a kindly, lovable character. He always had time to notice you and say something personal and he would always listen to you. Apart from his easy manner and hail-fellow-well-met attitude, he had a lot of common sense, and in my opinion was a very good Treasurer as well as being Deputy Prime Minister.

Arthur Fadden put a human face on coalition politics during the 1950s. Throughout his long tenure as deputy to Menzies, Fadden, perhaps more than any other coalition politician, provided the common touch. His ability to understand and translate the concerns of ordinary people made him invaluable at important times, such as in the lead-up to the 1949 electoral routing of Labor. At other times he ensured that backbenchers remained on message and united behind their party and their leader. Like Ben Chifley, Arthur Fadden seemed to understand the average Australian; Menzies might have acknowledged the ‘forgotten Australians’, but Fadden understood them. That was his legacy.

Fadden suddenly became ill with leukaemia, and died soon after on 21 April 1973, aged seventy-eight. He was the last Queensland prime minister until Kevin Rudd assumed the office in 2007.17

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17. Francis Forde was acting prime minister after Curtin’s sudden death in 1945; unlike Fadden, who was nominated prime minister by both the UAP and the Country Party following the dumping of Menzies in 1941. He therefore was prime minister in his own right – albeit for a very brief 40 days.
Reflections on a political life

One of parliament’s great characters, Arthur Fadden was shrewd and tough ... But he had a generosity that was as large as the rolling black-soil country of his Darling Downs (Clark, Age, 17 June 2000).

Arthur Fadden began his last speech in the federal parliament at ten minutes after midnight on 12 September 1958. In it, he chose not to speak about his political achievements or his legacy; instead he focused on the friendships he had made during his twenty-two years in federal politics. In his valedictory speech he emphasised that his friends were not only on the government benches but also among the Opposition. He then articulated what many perhaps feel, but few say, on retirement from a career in which they have invested most of their energy and time:

I should be one of the happiest men in Australia to-night, but believe me I am not. The courage that I had when I decided to get out of politics has dissipated like ice-cream in the sun, as the days have gone on. To-night, I am very sad to leave this place. Parliament is very important. It is the real basis of our existence, from whichever angle you like to look at it. We have our different views, our different convictions, our different policies and our different objectives. If we did not have them, God help democracy! (QPD 1958, vol.21, p.1225).

Promising to keep his speech short because ‘I have always found that the fellow who talks the least stays here the longest’, Fadden stated that he hoped to ‘go out of this place without an enemy’. After thanking his party for being ‘most loyal to me’, and his party colleagues for having ‘tolerated me, followed me, and had confidence in me,’ he also acknowledged the support of the Liberal Party. He stressed his appreciation for ‘friends so tolerant and understanding,’ adding that ‘the best word in the Australian language is ‘mate’ (QPD 1958, vol.21, pp.1225–6).

1. Ulrich Ellis (2007, p.249) recalled how Fadden appreciated the help he received from colleagues and friends. He compared Fadden’s approach to his assistants to Page’s. ‘If I was [Fadden’s] baggage man he was grateful and if he wanted me to find some information for him he courteously asked me … Earle Page only phoned when he wanted to discuss some situation and needed my help … Artie’s religion was mateship and I was his “mate”’. 
Friendship and loyalty underpinned Fadden’s actions in politics. This thesis has argued that his capacity to inspire affection among his colleagues was instrumental in keeping their support in difficult times. Fadden was a shrewd politician who also understood the concerns of his rural constituency, and for the most part ensured that their wishes were translated into policies, even if it meant disagreeing with his Liberal cabinet colleagues. While Fadden was usually willing to compromise to ensure coalition unity, at times – for example, during the currency appreciation debates of the early 1950s – he showed that he was also a determined politician who was prepared to break up the government if rural concerns were ignored. Menzies’ reaction to Fadden’s ultimatum shows that he recognised that was no idle threat.

Fifty-two years have passed since Fadden retired from the political stage. Since that time Australia has become habituated to seeing the ALP and the Liberal–Country (or National) Party coalition opposing one another in the federal parliament. For many observers of Australian politics, this arrangement is taken for granted as a permanent feature of the political landscape (see Carney 2010). It is easy to forget that in the years leading to Menzies’ and Fadden’s election victory in 1949, the coalition was anything but stable. This thesis has argued that over the decade that followed, the coalition was cemented by these two men’s preparedness to work cooperatively. Fadden was a rare breed of politician, tough enough to get what he wanted, but nice enough to engender a regard in political colleagues, public officials and journalists that sustained him when times were hard. Because of these traits, he exercised power and, at times, exerted his will over a divided cabinet in a way that was not permanently corrosive. Fadden’s career demonstrates that politics is an intensely personal endeavour. This fact was ignored by Robert Menzies in his first term as prime minister (1939–1941), and lately by Kevin Rudd (2010), at great personal cost.

**Fadden and ideas**

Fadden’s style of leadership is not easily defined. He fits the transactional leadership model in that he was a strong and determined advocate for Country Party interests, achieved many concessions for them and received their continuing support in return. But he was also a ‘supportive leader’ (see Rafferty & Griffin 2004, p.333), who created friendly and congenial working relationship with political colleagues and his public service officials. Many of these friendships would transcend politics.

Fadden’s leadership was situational, very much suited to the era in which he lived. He was interested in politics from an early age, and continued throughout his life to provide assistance and support for rural industries, with particular emphasis on Queensland’s sugar industry. He strongly believed that the Country Party should serve the interests of primary producers as its first priority, and he was dogged in his determination to ensure that this occurred. In this approach he presented as something of a paradox, for he also repeatedly urged for greater unity (perhaps even an amalgamation of sorts) between the coalition partners.

Conflicts between the coalition partners arose when Fadden and the Country Party believed that primary producers were likely to be adversely affected by a proposed policy. As his wool averaging scheme in 1950 and the later creation of the development bank attest, Fadden was mostly successful in achieving his aims, even if at the time he had to endure harsh criticism not just from the opposition but also from among his own supporters. During these difficult interludes Fadden proved that he had the grit and determination to see a job through to the end. Yet he was best suited to the role of deputy leader. This was noted by Menzies who, perhaps somewhat unkindly, suggested that Fadden lacked an overarching vision:

> Arthur Fadden, the Leader of the Opposition and leader of the Country Party, was … a genial and popular soul, thoroughly extrovert, with an unsurpassed fund of anecdote and metaphor. He was a good politician and a good political companion, but as a political general he never seemed to me (and I write of him with great personal affection) to develop a coherent grand strategy or penetrative tactics. He no doubt thought … that ‘the duty of an Opposition is to oppose’ (Menzies 1970, p.20).
Fadden and Menzies

The most important relationship of Fadden’s federal political career was with Robert Menzies. The two men were polar opposites in many respects. Menzies was urbane, but with a tendency towards pomposity\(^3\), while Fadden was an egalitarian mixer with a crude streak. Yet largely because of the personal character traits that saw him easily win friends, Fadden was catapulted to the office of prime minister, upon the resignation of Menzies, in 1941. Despite early tensions that could have permanently alienated lesser men, the two forged a working relationship that, while not personally close, was successful and long-lived. Menzies was head of the government, but Fadden’s input should not be downplayed. He often provided the political ‘nose’, and his political judgements were often proved correct. His understanding of what voters were feeling contributed significantly to the election victory in 1949 (W Brown, pers.comm., 19 February 2003). When Menzies was returned to the prime ministership for a second time, Fadden became treasurer and deputy prime minister. The Menzies–Fadden duo was a partnership that endured.

Fadden as a coalitionist

Fadden’s initial decision to run for office under the Country Party banner was somewhat paradoxical, for on the surface he was not a typical Country Party man (Killen 1985, p.24). He could almost have been comfortable with the ALP, except for his strong abhorrence of socialism (which immediately precluded him from joining that party), his roots in regional Queensland and his alliance with the sugar industry. The UAP was not well represented in regional Queensland in the 1930s. The natural party for Fadden was the Country Party.

Fadden was a staunch coalitionist (P Davey, pers.comm., 15 February 2006). This is evidenced by statements he made throughout his eighteen years as the federal Country Party leader, and by his nominations as the joint coalition leader in 1943 and 1946. As such he was the go-between for many Liberal backbenchers, and was often chosen as

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\(^3\) Brett (1992, p.292) quotes both Percy Spender’s account: ‘Menzies regarded himself as a superior being. His great fault was that he could not conceal this regard for himself from others’; and Brian Penton, who claimed ‘he wore the mantle of the superior man’ (see also Hazlehurst, 1979b, p.186).
their voice to Menzies and the executive. According to those interviewed for this thesis, backbenchers from both coalition parties would come to Fadden with their concerns (Donnelly 1987). He was therefore an important person in ensuring that the coalition and interparty consensus remained intact.

It was argued in this thesis that Arthur Fadden’s capacity to defuse inter- and intraparty tensions was basic to the maintenance and effective operation of the coalition, particularly in the early days after Page’s 1939 assault on Menzies. Menzies put his imprimatur on the government and was its chief articulator and visionary for new policy agendas. However, many within the conservative ranks found his manner abrupt and unforgiving, particularly during his first term as prime minister (Cramer 1989, p.74; Whittington 1969, p.viii). Fadden, in contrast, offered members of the coalition parties a deputy in whom they could confide their concerns about policies, personalities or any other matter they wished to raise and, usually, gain a sympathetic hearing (Cramer 1989, p.114). This thesis has argued that Arthur Fadden’s capacity and preparedness to act in this way contributed to the overall viability of the coalition. He had a finger on the coalition’s pulse, and at times played de facto agony aunt for junior ministers and backbenchers. Like a modern-day party whip he was forewarned of rising tensions, and more often than not was able to resolve them, or ameliorate any harmful effects, before they became too serious. According to one former senior Canberra public servant (pers.comm., 20 February 2003), his ‘ability to mix it with people, to get on with people, was an important advantage’. Malcolm McColm, a Liberal Party backbencher during the 1950s, concurred:

If ever we, in the Liberal Party backbench, had arguments that were getting out of control, we would talk to Artie. As a sort of mediator-cum-benevolent uncle, he could always find a solution that satisfied us (Donnelly 1987).

4. Menzies viewed the Westminster system as the essence of good government. Notions of an impartial public service were more than convenient tags, and his belief in this particular tradition is evidenced by the numbers of departmental secretaries who continued in their roles after the defeat of Ben Chifley’s Labor administration (Martin 1995, p.23).

5. Menzies leadership style should be viewed in two distinct stages. The first (1933–1944) saw him as a young, arrogant man incapable of listening to the views of average Australians or his backbench. The second, beginning in 1945 and continuing until Menzies retired in 1966, was markedly different. ‘His first taste of political defeat acted like a tonic, for it was a novel and instructive experience which made him a better leader afterwards’ (Fadden 1969, pp.109–11). Costar (1995, p.93) suggests that Menzies’ relationship with the Country Party can also be divided into two periods, pre- and post-1944.
Fadden and his constituents

Fadden was an easy mixer. This was in contrast to Robert Menzies, who did not have a ready rapport with the public and was, in his own words, prone to ‘intolerance and hasty judgements’ (Menzies 1967, pp.44–5). As Fadden once self-deprecatingly remarked, ‘Ming doesn’t tolerant fools easily, and we are none too keen on him either’ (J Killen, pers.comm., 6 June 2001). Fadden, for the most part, retained a sense of how politics influenced the everyday lives of Australians. For example, in a shrewd political move he convinced Menzies to end petrol rationing in the lead-up to the 1949 election. His slogan ‘Empty out the Chifley socialists and fill the bowsers’, was believed to have tipped the balance in favour of the coalition at the polls (see Donnelly 1987). Fadden loved the cut and thrust of electoral campaigning. Out on the hustings he enjoyed mixing with the locals and, as Ulrich Ellis (2007, p.249) recalls, ‘was at his best when there was the rough and tumble action of a good election meeting’.

Early in his political career Fadden proved he had enough appeal to win the seat of Darling Downs, based in south-east Queensland, without moving into the electorate. In taking the seat from the UAP in 1936 he showed he was one candidate to watch. His electoral campaigning cut through, and he was frequently invited to campaign for other candidates (Ferguson 1932).

At times throughout his career Fadden fronted policies that were deeply unpopular. His 1951 horror budget, introduced after much discussion in cabinet and consultation with treasury officials and the governor of the Commonwealth Bank, was an attempt to ameliorate the dramatic inflationary pressures resulting from the postwar boom. The early 1950s were among the most testing of times for Fadden. He and his parliamentary colleagues received numerous telegrams demanding his removal from office in the strongest possible terms. Many of the writers implied that Fadden, through his harsh budgetary restrictions, had betrayed their trust. To Menzies’ great credit, he continued

6. Costar and Vlahos (2000a) state that it was Fadden who ‘helped to persuade Menzies’ to abolish petrol rationing in the lead-up to the 1949 election.

7. Bill Ferguson wrote in the Cairns Post when Fadden was contesting the Queensland seat of Kennedy that ‘Mr A.W.Fadden … has promised Willie every assistance in his campaign. Mr. Fadden will be a tower of strength in this election.’ (Fadden’s 1930s scrapbook).
to support his treasurer throughout this time. Fadden likewise remained resolutely
determined to see the economic challenge through, a fact that won him the respect of his
treasury secretary Roland Wilson (J Wilson, pers.comm., 18 August 2005).

**Fadden and his officials**

Arthur Fadden was treasurer at a time when his department was headed by an
intellectual giant, Roland Wilson (see Weller 2001, p.183); and, like many other
ministers of the day, Fadden often followed the advice he received from his
departmental secretary (Cornish n.d., pp.31,37). As minister one of his tasks was to
represent treasury views in cabinet, and Wilson was happy with the quality of this

Suggestions that Fadden readily deferred to Wilson in all matters relating to budgetary
detail were for the most part accurate (Weller 2001, p.187). However, this statement
does not tell the whole story. John Stone responded to the idea that Fadden was a
treasury stooge by saying ‘one only had to look at the tax concessions made during the
period as proof that it was not always a one-way street’ (pers.comm., 27 October 2003).

Stone’s recollection was that Roland Wilson and Fadden had a reasonable working
relationship, and that they trusted one another. This view is supported by Hugh Morgan,
who claimed in a speech delivered at St John’s College, University of Sydney on 28
November 1991 (‘Australia and the world: immigration and its consequences’) that
Fadden had ‘earned the unqualified respect’ of Roland Wilson. Wilson’s wife
confirmed that Fadden and Wilson had a good partnership (J Wilson, pers.comm., 18
August 2005).

Fadden kept in contact with many senior public servants after he retired. For example,
his personal files contain letters from Sir Arthur Tange expressing a degree of warmth
for Fadden⁹, and one from Richard Randall (written when Randall was secretary of the

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⁸ Roland Wilson headed the department of the treasury between 1951 and 1966.

⁹ Arthur Tange was secretary of the external affairs department. His reply to Fadden’s congratulatory
letter (dated 4 August 1959) after Tange received his knighthood was warm and personal, and spoke
of Fadden’s ‘kindness towards others for which many like us will always be indebted to you. How
you have successfully combined this with the discipline required in the office you held for so long is a
recipe beyond price’ (Fadden’s personal papers).
treasury) in which he mentioned that ‘Jack Bunting had already told me about his meeting with you. Obviously he enjoyed it and I have a feeling that it bucked him up a lot’. 10

Fadden also enjoyed a long relationship with the governor of the Commonwealth Bank, Nugget Coombs. His response after winning the 1949 election (in which he had lambasted Coombs out of political expediency) was characteristic. Immediately after regaining the treasury benches, Fadden rang Coombs to assure him that his position was safe, and that his input was both needed and valued (Coombs 1981, p.131). This thesis has argued that in the period before independent ministerial advisers became an accepted part of the political process (see Tiernan 2007), the relationships between Fadden and his departmental heads were symbiotic. While Fadden (like most ministers of the era) relied on the advice of officials, secretaries too depended on the ability of their minister to argue the department’s view in cabinet.

**Fadden and the media**

Fadden’s relationship with the press contrasted too with Menzies’, particularly in the early years. Menzies was sometimes ‘awkward, even discourteous’ in his dealings with journalists (Lloyd 1988, p.127). Throughout his parliamentary career, Fadden retained a sense of humour that was legendary. 11 He had an easy rapport with most of the press, entertained them with stories, occasionally provided titbits of information and was, in return, respected (and, at times, shielded) by them. 12 Wallace Brown has suggested that Alan Reid went so far as to do himself out of a story by declining to view a copy of a budget speech that Fadden handed him on the day of its presentation (see page 242, fn.27). A former senior Canberra public servant who worked closely with Fadden

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10. Bunting was secretary of the prime minister’s department under Menzies and was secretary to the cabinet from 1959 to 1975. The letter was on treasury letterhead, and was dated 23 May 1968.

11. Clyde Cameron (pers.comm., 17 September 2002) said that Fadden was ‘one of the funniest Prime Ministers ever to hold office’.

12. Several people I spoke to suggested that Fadden had very cordial relations with Canberra’s journalists. This was on display on Fadden’s retirement, when the Canberra press corps organised a farewell party to honour his time in office. He may have occasionally said more to the press than he ought in the lead-up to his budget speeches. Yet it seems that his confidences were respected by the journalists present. ‘The press never let him down’, noted H Craig (pers.comm., 18 February 2003).
during the 1950s (pers.comm., 20 February 2003) remembered Fadden as having an
‘earthy quality about him … that endeared him to the journalists … they sensed he was
a good bloke’.

How much of that stemmed from the fact that Fadden provided them with information
is open to speculation, but it was the belief of some that he occasionally ‘said more than
he should’ (H Craig, pers.comm., 18 February 2003).

Fadden’s contribution: an enduring coalition

In conclusion, Arthur Fadden was vital to the establishment of an enduring federal
coalition. When Fadden entered the federal political arena the coalition had already
been established; but it had a tenuous, strained history and an uncertain future. By the
time Fadden left government there were no such doubts. From the 1950s the coalition
remained a feature of the Australian polity even when the Liberals did not need the
Country (or National) Party numbers to form a government. Fadden reshaped Australian
politics into a form that is now so entrenched that we forget that it was not always so.
The story of conservative politics in Australia may have been very different had either
Earle Page or John McEwen (both contenders for the leadership at the time) been
successful in their bids.

Toward the end of his career, Fadden experienced some personal difficulties. Yet even
then people seemed to appreciate his role as the arch-coalitionist – the consensual glue
keeping the diverse interests on the conservative side of politics unified. This thesis has
argued that Fadden’s political success was very much due to his personal strengths and
relationships. While John McEwen may have been frustrated at the wait to assume the
leadership of the Country Party, in the end he got what he wanted. McEwen was
sufficiently astute to realise that having a treasurer from his own party was useful in
getting funds for his department. He was also pragmatic enough to realise the political
cost of forcing a popular man to retire before he was ready. So, to the end, Fadden’s

13. Strategic chatting to members of the press was not beneath Menzies either, who early in his federal
parliamentary career was ‘reputed to be a Cabinet leak’ (Lloyd 1988, p.125).
likeability ensured his survival until he chose to leave. As one of his colleagues remembered:

[Arthur Fadden had] learnt how to get along with people and how to handle affairs without becoming deeply involved in them. He was an affable, astute, story-telling man … He was not the cleverest, the most experienced, or the wisest man in the Country Party, but he was the best colleague and probably the staunchest character (Hasluck 1952, p.266).
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MS 4936: Papers of Sir Robert Menzies, 1905–1978

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*General descriptions of National Archive series consulted for this thesis*

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A2880: Correspondence files, governor-general
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CP290/9: Cables to and from the prime minister (Rt Hon Robert Gordon Menzies) and party during their visit to England, 3 January 1941–17 December 1942
M58 (control symbol 86): Personal papers of prime minister McEwen – Sir Arthur Fadden
M2684: Correspondence files maintained by Harold Edward Holt as prime minister

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