

WORKING PAPERS
IN
AUSTRALIAN STUDIES

WORKING PAPER NO 50

THE BANK OF ENGLAND AND
THE ORIGINS OF THE
NIEMEYER MISSION, 1921-30

By

Bernard Attard



SIR ROBERT MENZIES CENTRE FOR AUSTRALIAN STUDIES

Institute of Commonwealth Studies

University of London

27-28 Russell Square

London WC1

Sir Robert Menzies Centre for Australian Studies
Institute of Commonwealth Studies
University of London

WORKING PAPER NO 50

**THE BANK OF ENGLAND AND
THE ORIGINS OF THE
NIEMEYER MISSION, 1921-30**

By

Bernard Attard

St Antony's College
Oxford

July 1989

Series Editor: Carl Bridge
ISBN No: 1 85507 007 3

(i) The Niemeyer Mission and its Significance

The mission of Sir Otto Niemeyer to Australia ran its course, with an interlude in New Zealand, between 14 July and 13 November 1930. It achieved an early climax in August at a Premiers' Conference in Melbourne, at which Niemeyer urged that Australian costs and the Australian standard of living would have to come down, and the Premiers resolved to balance their budgets, putting their names to a plan which subsequently became known as the Melbourne Agreement. Finally, the mission foundered on 25 October, with the election of a Labor Government in New South Wales, after a campaign in which the Melbourne Agreement had been the principal issue and the Labor leader, Jack Lang, had used Niemeyer as his 'political chopping block'.¹ Lang had pledged to repudiate the Agreement. On the eve of the election, Niemeyer cabled to Montague Norman, the Governor of the Bank of England, in London, telling him quite simply: 'if Lang wins, it will be impossible to hold the position'.²

My interest here is in the circumstances and events that preceded Niemeyer's arrival in Australia. In the first instance, I want to place his mission and the proposals he was authorized to make within the context of Australia's uneasy relationship during the preceding decade with the City of London and the Bank of England. Subsequently, I want to narrow my focus to the origins of the mission during the English spring of 1930. By thus examining the discussions which commenced at the Bank of England in March of that year, we will be able to measure the influence on the Bank of Australia's borrowing and economic policies during the 1920s, and better understand the nature of Niemeyer's mission and the respective roles of the banks, the Government and the conservative opposition in bringing Niemeyer to Australia.

The mission merits this kind of attention for two reasons. By March 1930, the Scullin Government desperately required the assistance of the Bank of England to meet its financial commitments in London, which primarily took the form of an annual interest bill of around £25m on a combined Australian government debt in London of over £525m.³ With the onset of the Depression, the Commonwealth Government had been unable either to float further loans or to find the exchange to pay its interest, and had only been able to manage by running up enormous overdrafts with the Commonwealth and Westminster Banks, and by relying on short-term finance in the form of Treasury Bills that had a life of six months. This became known as floating or short-term debt. At the end of 1929, it already amounted to over £23m⁴ and it acted as a straitjacket on the Scullin Government. According to Scullin's biographer: 'The short-term debt was an ever present menace, and Scullin was rarely free from anxiety over the threat of Australia's "bankruptcy". . . His continual difficulties in arranging the

payments due to creditors imposed vitally important limits on his freedom to frame policy'.⁵ C B Schedvin, who has written the definitive account of Australia and the Depression, states quite simply: 'the struggle to avoid default on public interest obligations underpins the entire history of the depression'.⁶ Niemeyer's mission mattered, therefore, in quite an immediate sense, because upon Niemeyer's recommendation hung the assistance Australia might expect from the Bank of England.

But Niemeyer's mission mattered in a deeper sense, too, for it became one of the pivots upon which the history of the Depression in Australia turned. Niemeyer's report to the Premiers in August 1930 led, through the Melbourne Agreement, to the Premiers' Plan of June 1931, which for better or worse became the blueprint for Australia's recovery from the Depression. Depending on one's perspective, therefore, Niemeyer was either the catalyst that started the debate about how the country should extract itself from the Depression, or the manifestation of external market forces which compelled Australia to adjust its internal economy.⁷ Just as importantly, his visit caused deep discord within the Australian Labor Party and set in motion the train of events that led to schism within the Labor movement and the downfall of the Scullin Government.⁸ To Labor radicals, Niemeyer embodied all the parasitic characteristics of capitalist finance which, since the 1890s, they had personified as the Money Power. Whoever had invited him to Australia, whatever he did or said once he got there, to this section of the Labor movement Niemeyer's arrival was extraordinarily provocative and tapped deep springs of nationalist and anti-imperial sentiment. For conservatives, and possibly the mainstream of public opinion, however, he was a rallying point, an authority above the fray who pointed the way to sound finance and economic rehabilitation.⁹

(ii) The Background

Historically, the Australian colonies, later states, depended heavily upon London for the capital with which to pay for government-sponsored development at home. Their importance as borrowers had diminished before the first world war, as the effects of the depression of the 1890s and drought were felt and an increasing proportion of their needs were found locally. Around 1921, however, with the inauguration of ambitious post-war schemes of development and the appearance in money markets of the Federal Government as an overseas borrower in its own right, Australia regained its place as an important borrower in London, particularly of money invested in government securities. By the middle of the decade, it had become the predominant overseas borrower. By June 1930, as we have seen, the Australian public debt in London (including the war debt) stood at just under £526 million, or £8.9 billion in mid-1980s values.¹⁰

Yet throughout the decade, the mood of the London market was steadily turning against the Australian governments and their apparently insatiable demand for capital. This had, in part, to do with the sheer volume of money being taken out; behind this, however, lay more fundamental problems: the relative decline of the London capital market, the feeling that more money should be available for investment at home, and, since the return of Britain to the gold standard in April 1925, sensitivity to movements in the exchange. The soundness of the Australian economy was also open to question. Australian governments pursued policies that were anathema in free trade Britain: they created manufacturing behind high tariff walls, primary industries nurtured by government bounty, an artificial standard of living sustained by an over-regulated labour market. In 1928, S M Bruce, then Prime Minister, invited four leading British industrialists to advise on ways of encouraging British investment in Australia and on Anglo-Australian economic co-operation generally. The mission eventually produced a report which was critical of almost every aspect of recent development, of the arbitration system, and of the practice of adjusting wages in accordance with movements in the cost of living.¹¹

This shift in the attitude of the London market was perceptible as early as 1924, but it is possible to give only one example here. In July 1928, Richard Casey, the Australian Liaison Officer in Whitehall, had a conversation with F C Goodenough, the Chairman of Barclay's Bank. He reported:¹²

Mr Goodenough has clear and well defined views as to Australian Government financing in London.

He admitted that he knew nothing of Australia and comparatively little, except vague hearsay, of the potentialities of the country or of the state of development that we have reached. The useful point of view that he could bring to bear was that of an experienced City man with his ears open to the criticism that he heard. This criticism was impossible to get away from. Rightly or wrongly, it was voiced daily by countless men in the City in the interminable discussions and conversations that go on with regard to the securities that are on offer in the City...

The too consistent borrowing on the part of Australia was rather getting on the nerves of the 'market'. Whether our security was good or not so good was really not in question. The point was that we were tending to glut the market with our loans, and if we persisted we would undoubtedly suffer...

He had the impression that there was a lack of soundness in our methods of conducting ourselves, in that we were trying to maintain an impossibly high standard of living and wages, and were bolstering up this position with loan money.

By 1930, both Niemeyer and the Bank of England had had long experience of Australian public finance. In 1921, as a Treasury official, Niemeyer negotiated the War Debt Funding Agreement with James Collins, the Secretary to the Australian Treasury. Later, in his

capacity as Controller of Finance, he advised the Chancellor of the Exchequer on questions of Australian finance when, from time to time, they required attention. On these matters, he was unyielding and held the same views as the City. In 1927, he joined the Bank of England as an Adviser.¹³

One of the Bank's prime functions as a central bank was to supervise the smooth functioning of the British financial system. Following the War, and inspired by Montague Norman, its interests expanded beyond the City of London to include the economic reconstruction of Europe and the encouragement of the creation of central banks, both there and in the British Dominions. The financial institutions it sought to foster were to be rooted in principles of central banking which it articulated most explicitly when preparing for the International Economic Conference held in Geneva in April 1922. The most important for our purposes here was 'Autonomy': central banks 'should be free from political pressure'.¹⁴ Sayers explains: 'Norman's ideal, preached in season and out of season, was that there should be both formal autonomy and substantial independence in action. In the early 1920s, when extreme inflation was in many countries linked with political pressure to finance government deficits, the central bankers and other financial authorities joined gladly in international aspirations that might strengthen resistance to the assaults of needy Ministers of Finance'.¹⁵ Long after Genoa, Norman and Niemeyer (to quote Sayers again), 'remained almost frantically attached' to the doctrine of the independence of the central bank.¹⁶

It is within this context of encouraging central banking and eschewing political interference, both to the benefit of the central bank and the general good of the financial system, that we must place the Bank of England's contacts with the Commonwealth Bank during the 1920s and after. The Commonwealth Bank had been created, principally as a savings bank, by the Fisher Labor Government in 1911. It opened a branch in London in 1913, but it was only in 1924, when the Bruce-Page Government passed an Act that enabled the Bank to function more strictly as a central bank and placed it under the control of the Governor and a board of seven directors, that steady contact developed between it and the Bank of England.¹⁷ Norman took immediate notice of the 1924 Act; thereafter, he stayed in regular touch with the manager of the London branch and maintained an occasional correspondence with the Governor in Australia.¹⁸ This relationship was strengthened in 1927 when, at the invitation of the board, Ernest Harvey (who was then Comptroller) visited Australia to advise about how the Bank might better discharge its functions as a central bank.¹⁹ Norman retained a paternal, if occasionally high-handed interest — particularly when colonial politicians were involved.²⁰

Quite apart from Norman's interest in the creation of central banks, the Bank of England remained responsible for the functioning of the London capital market and the management of the exchange. In these capacities, it also found itself dealing with questions of Australian

public finance, particularly as the level of Australian borrowing rose and the visits of Sir Joseph Cook, the High Commissioner, for advice on various aspects of the loan programme, increased. The Bank shared the market's dismay at the sheer weight of borrowing; it worried about the effect on the restored gold standard and the choking of the market with unwanted securities which had to be taken up by the underwriters and subsequently disposed of. For these reasons, Norman strongly supported the establishment of the Loan Council in Australia, hoping that—if only inadvertently—it would slow down the rate of borrowing.²¹ For these reasons too, he sought to apply a restraining hand.²²

Yet, however worthy his motives, the view from Australia was always different. The peculiar insistence and dogmatism with which Norman expressed himself could easily appear as interference in government affairs, while his doctrine of the independence of the central bank might seem calculated to deny to Government some of its legitimate functions, particularly to Earle Page, the Leader of the Country Party and Treasurer between 1923 and 1929. Probably for these reasons, the Nationalist-Country Party Coalition was wary of encouraging too close a relationship between the London Bank and its Australian counterpart. As early as 1925, Page blocked a bid by the Commonwealth Bank to displace the High Commissioner's Office as the institution in London responsible for negotiating the terms of Australian loans.²³ In 1926, he advised the Cabinet against the appointment of Norman to the Bank's Board of Advice, warning that, although Norman's advice was always valuable and forthcoming, such an individual might come to exert undue influence and: 'To make English requirements paramount would be very dangerous to the Commonwealth Bank, because it is easy to see that English financial interests may not always coincide with those of Australia'.²⁴ The Government had already decided to send James Collins to London as Financial Adviser to the High Commissioner. Bruce later explained to Parliament that Collins had been appointed because the Loan Council had found itself hampered 'in the absence of an expert adviser in London with the necessary knowledge of Australian public finance and completely independent of any financial organisation in Great Britain'.²⁵

Collins had had sufficient experience as Secretary to the Treasury also to be wary of the Bank of England. By 1928, he had gained sufficient confidence to withhold from the Bank all information about prospective Australian issues, other than with the direct instruction of the Government.²⁶ Norman tried to bring considerable pressure through the Commonwealth Bank to have this policy reversed, but the Board was embarrassed, unsure of its ground, and did not wish to jeopardize its otherwise good relations with the Government; it therefore prevaricated.²⁷ Norman remained determined to make his influence felt. In January 1929, seeing a report that Australia was about to go to the market again, he summoned first the Commonwealth broker, then the London Manager of the Commonwealth Bank, to impress on both the importance of not setting the price too high. When this advice was ignored, he

summoned Richard Casey, the Liaison Officer and ever a sympathetic auditor, and poured out his complaints about Australian borrowing.²⁸ To Norman it was a question of the smooth functioning of the market for which he was responsible; to a suspicious Prime Minister, it simply appeared that the Governor had interfered for his own ulterior motives.²⁹ The loan flopped. Ernest Harvey wrote to the Governor of the Commonwealth Bank rehearsing the entire sorry history of recent Australian flotations. He noted that the responsibility for overriding the advice of the Commonwealth's agents lay squarely with the Government authorities in London, and he murmured a faint, but unmistakable warning:³⁰

They should not forget . . . that they are not the only borrowers whose needs have to be considered and if they make it a practice to disregard the opinion of their London Advisers, who alone have before them all the facts to form a correct view of the situation, they must not be surprised if they find that their appearances in this Market gradually come to be less welcome than we should wish them to be.

What I have attempted to show is that, since at least the middle of the 1920s, the Australian Government had had an uneasy, if not to say tense, relationship with the financial establishment in Britain. London was deeply critical of the volume and the practice of Australian borrowing, and of the economic policies pursued by Australian governments. Its experience affected its attitude to the Australian financial crisis in 1930 and influenced the conditions the Bank of England wished to impose in the event of its offering assistance. We have also seen that the Bank of England had developed a close relationship with the Commonwealth Bank and sought to sponsor in Australia a form of central banking which was protected from political control or influence. The Bruce-Page Government, however, was determined to have the whip hand in fiscal policy. It was cautious of the relationship between the two banks and often suspected the good faith of the London bank. By 1929, there had been a sharp deterioration in relations between the Government and the Bank of England, which embarrassed the Commonwealth Bank. More importantly, it created within the Commonwealth Bank Board a deep frustration with Government that found free expression in 1930.

The Scullin Government had to bear the consequences of the poor relations between the Bruce-Page Government and the Bank of England. In important respects, however, the tensions between the Scullin Government and the banks matched the earlier tensions between its predecessor and the same institutions. In this particular sense they crossed ideological boundaries. They presented the same conflict between governments determined to exercise their prerogative to frame policy and central banks mistrustful of politicians and concerned to secure the smooth functioning of their financial markets, to protect investors and to guarantee

that any advance to a customer was repaid. Running deeper than this was the tension between different conceptions of the proper role of the state in the economy, the one interventionist and potentially inflationary, the other based on the political economy of the late nineteenth century. A conservative government, representing a coalition of interests no less than Labor, was better placed to stand up to the banks. Labor in power after October 1929, but lacking a majority in the Senate, lacked also the inner cohesion and self-confidence to assert its authority. By contrast, the nostrums of 'sound finance' and balanced budgets provided an issue around which all conservatives could rally, whatever they might have done in office.

(iii) The Foreground

We can now turn to the spring of 1930 and the discussions in London between representatives of the Commonwealth Government and the Bank of England, which in due course led to Niemeyer's departure for Australia on 18 June. It is only possible here to sketch in the background to the Depression. The break in the prices of Australia's export staples, wool and wheat, in mid-1929 was swiftly felt throughout the economy and contributed to a shortage of sterling exchange, which was exacerbated by the inability of the Australian governments since the beginning of the year to raise a fresh loan. On 12 October 1929, a Labor Government under James Scullin came to office in Canberra. On 21 November, James Fenton, the incoming Minister for Trade and Customs, tabled a new tariff that represented an average increase of 30 per cent on previous rates. There were eventually to be fifteen such amendments, all revising the tariff upwards and extending the range of items covered. In January, Scullin announced that assisted immigration from Britain would be discontinued, and the export of gold was prohibited, Australia in effect going off the gold standard. The value of Australian stock overseas began its long, steep decline. At the end of 1929, the floating debt in London was just over £23m; by 31 August, it had climbed to over £38m.³¹

The situation had come swiftly to a crisis, but Australia's predicament was viewed with little sympathy in England. The raising higher of the tariff wall, the discontinuance of assisted immigration, and the rationing of exchange by the banks, which created difficulties for exporters, caused deep resentment and weakened whatever inclination the British Treasury may otherwise have had to offer assistance. As early as January 1930, Fenton, who was in London to attend a naval conference and to promote trade, may have sought some financial accommodation, but the leading industrialist, Sir Arthur Balfour, told Norman that London should lend no more money. Philip Snowden, the Chancellor of the Exchequer in MacDonald's Labor Government, simply advised: "passive resistance" to [the] fin[ancial] needs of [the] Com[mon]wealth'.³² Sir Richard Hopkins, who had taken over Niemeyer's job in the Treasury, best articulated the view in Whitehall. After noting the raising of the tariff,

the end of assisted immigration, and the conventional view that 'For a long time...Australia has overborrowed and...its general internal economy is artificial', he continued:³³

In these circumstances taken as a whole the credit of Australia in the City is under a cloud.

It would be natural if efforts to raise new capital were coldly received, and indeed the time may well come when Australia will find it almost impossible to borrow here unless its general internal policy is reconsidered. There are circumstances in which the Government can in an informal way use its good offices in the City to ease the path of Dominions and Colonies when seeking financial facilities but these good offices could certainly be not used with effect on behalf of Australia at the present time.

Yet the voices indirectly seeking to influence Norman were Australian as well as English. Sir Arthur Balfour's outburst in January was provoked by a letter from the Melbourne businessman Robert Knox, which Balfour subsequently passed on to Norman. Knox was the founder and Deputy Chairman of the Australian Association of British Manufacturers and soon became the President of the National Union, the fund-raising organisation of the Nationalist Party in Victoria. He complained bitterly that representations to the Government about the tariff were 'useless', and told Balfour that the Association of British Manufacturers had taken the view:³⁴

that nothing short of the prospect of serious financial difficulties, or of injury to Australia's export trade, would make the Government pause to consider the effect of its action. It is felt here that only by strong official representations by the British Government may the Australian Government be made to realise the danger of the course it pursues in inviting retaliation from Great Britain. We have, therefore, urged steps to be taken to persuade your Government to make those representations.

There were other Australian voices besides the overtly political; a message, for example, from James Brigden, the economist of the Overseas Shipping Representatives' Association in Sydney. In his view: 'Despite every political expedient allowed by [the] London Banks we cannot escape crisis. Impossible to estimate [the] degree but labour costs must fall to re-establish confidence in London'.³⁵

Against this remarkably unpropitious background, the question of some form of financial assistance to Australia was raised. The immediate difficulty was the half-yearly payment of £2.77m on the war debt due to the Exchequer on 31 March. The Government was unable to get sufficient exchange from the Australian banks and, according to Schedvin, 'reluctantly decided to follow [the Chairman of the Commonwealth Bank] Sir Robert Gibson's suggestion to approach the Chancellor of the Exchequer for temporary deferment of the March war debt

payment'.³⁶ Thus, on 11 March James Collins interviewed Sir Richard Hopkins at the Treasury. According to Hopkins's record:³⁷

Mr Collins stated that he called by instruction of his Government and was instructed to say that his Government would only take such a step with the utmost reluctance and they desired to know whether, as an alternative, the British Government would be prepared to use their good offices with the Bank of England to secure the necessary advance to the Australian Government for such a period of time as might be necessary while they are rehabilitating their Exchange.

The original instruction from Australia to the High Commissioner's Office has not survived, but Hopkins's account conflicts with Fenton's statement to Parliament of 15 November that : 'The Chancellor of the Exchequer suggested to the High Commissioner that he should consult the Governor of the Bank of England'. The initiative for the approach came from Scullin and Edward Theodore, his Treasurer, *not* the Chancellor. Historians have subsequently accepted Fenton's version.³⁸

On the following day, 12 March, Norman wrote to Collins, telling him that the Chancellor had led him 'to believe that you wish to have a conversation with me'.³⁹ He invited him to a meeting at 5.30 that evening. J S Scott, the London Manager of the Commonwealth Bank, was also present. They discussed the exchange position during the next twelve months, the new tariff and a schedule for repaying over two years any advance from the Bank. But the Bank required further information and it was agreed that Collins should return in two days with a statement of the Commonwealth's obligations in London, and the possible resources for meeting them, as far ahead as January 1931. On 14 March, Sir Granville Rylie, the High Commissioner, was authorized by Theodore: 'to discuss fully with [the] Bank of England all questions relating to [the] means of financing our London obligations'. Collins and Scott saw Sir Ernest Harvey, the Deputy Governor, later that day.⁴⁰

A pause ensued while the Bank examined the figures provided by Collins. The March war debt payment remained uncovered.⁴¹ To Richard Kershaw, an Australian Rhodes Scholar now employed by the Bank, who later accompanied Niemeyer to Australia, it seemed 'inevitable that the Australian Government must come to the Bank of England for help — and that within the next few days'. This was on 25 March. According to Kershaw, however, any assistance would have to be given on the basis of strict conditions: in the short-term, the imposition of a system of import licensing which 'would do least possible harm to British goods', the shipment of gold until credit contraction resulted, and the raising of loans purely to ease the exchange position; in the long-term, the Commonwealth would have to adhere to its avowed policy of drastically cutting the loan programme for several years to come, and to undertake a 'thorough and scientific revision' of the tariff.⁴² From an early stage, therefore,

the Bank believed that only significant adjustments of economic policy, rather than the restoration of wool and wheat prices alone, would correct Australia's exchange problem. Further information was still required and the Bank would not commit itself about providing any assistance. On 28 March, with the war debt payment due on the following Monday, a meeting took place between Norman, Harvey, Ryrie, Collins and Scott. As a result, Ryrie cabled fourteen questions to Australia covering the exchange and financial position in London, the balance of payments, the loan programme, the tariff, and the government's policies for covering interest commitments and repaying any credit provided in London.⁴³

The matter now hung fire until a reply was received from Australia. Somehow the Commonwealth Bank found the exchange for the war debt payment, possibly on the basis of a credit from the Bank of England.⁴⁴ In the meantime, Norman attempted to widen the circle of those involved in the discussions. On 1 April, he had lunch with the former Prime Minister, Bruce, who was in London attending to private business affairs, and then passed him on to Harvey and Niemeyer, who made his first appearance in the discussions.⁴⁵ Since January, Bruce had been trying to shore up London's flagging confidence by doing what he could 'to help privately by seeing the editors of the financial papers and as many people' as he could 'who count in the City'.⁴⁶ After his visit to the Bank of England, he told John Latham, the Leader of the Opposition: 'I am trying to remove some of the misapprehensions and to pave the way for our financial resuscitation in the London market'.⁴⁷ Norman also contacted Sir Ernest Clark, who had been a member of the 1928 British Economic Mission to Australia, and on 3 April, Ryrie passed on to Scullin his request to bring Clark or 'any other person who in his opinion might be able to assist' into the discussions. The High Commissioner added, however: "Self and Collins feel it is [a] very delicate matter to advise upon but we suggest you consider whether it would be wise to lay our whole position before any non-official person'. Scullin accordingly rejected the proposal.⁴⁸

The Commonwealth's reply to the Bank's fourteen questions arrived on 8 April. According to Schedvin, the questions had been 'incapable of precise answers, and the vague and inconclusive information that was supplied to the Bank was the best that could be provided'.⁴⁹ This is as may be, but the Bank set about analysing the figures, Niemeyer and Collins staying in close touch. Fenton, the Minister for Trade and Customs, was still in London. In mid-March, he had seen the Chancellor, probably about the war debt payment.⁵⁰ Now, on 15 April, he interviewed Norman, then discussed the details of a two-year plan of assistance with Harvey, Niemeyer, Collins and Scott.⁵¹ Harvey was still unhappy about the accuracy of the information with which the Bank was being supplied, but, on the following day, reported to the Committee of Treasury (a committee of Directors of the Bank appointed to assist the Governor) that the Commonwealth would probably need £20m for the rest of 1930, and a further £20-30m afterwards. 'The Committee agreed that if these figures were confirmed, the

Bank would be prepared to help the Australian Government obtain the required assistance subject to the acceptance by the latter of such conditions and obligations as the Bank might consider necessary'.⁵² Here, however, was the rub.

The Bank's deliberations had by now been complicated by a separate though related issue, and one close to its heart. On 1 April, Theodore started to introduce legislation to implement a commitment in the Labor platform to separate the central banking from the trading functions of the Commonwealth Bank, and to create a central reserve bank. Norman had raised the subject with Collins at their first meeting on 12 March.⁵³ When the introduction of legislation became imminent, the representatives of the Australian trading banks in London got in touch with the Bank of England, hoping that it might be able to tell them something, but the Commonwealth Bank Board, one of whose members had advised the Government during the drafting of the Central Reserve Bank Bill, declined to divulge any information before it was introduced.⁵⁴ On 5 April, Sir Robert Gibson, the Chairman of the Board, told Harvey that, despite his reservations regarding the possibility of political influence, the legislation was 'on [the] whole sound'.⁵⁵ The trading banks, however, were up in arms, and went to the Bank of England with their objections.⁵⁶ Apart from the trading banks' fears of competition from a state bank backed by a central reserve bank, the Bank of England considered that the new institution would not be created in its own image, or governed by its cherished canons of central banking. On 7 April, Harvey advised Gibson:⁵⁷

Having regard to [the] apparently inevitable need of obtaining financial help I think it vitally important that [the] Government should confine present action to measures essential for [the] correction of [the] financial position and not combine with them proposals involving a form of Central Bank regarded here as fundamentally unsound in principle, thus perhaps unnecessarily impairing confidence in their general line of policy. I still think therefore postponement might be the wisest course.

Moreover, in view of its possible re-organization, the Commonwealth Bank felt unable to guarantee the amount of overdraft it would be prepared to allow in London at the end of the year. With this in mind, on 22 April, Collins sent a cable to Australia, drafted with Niemeyer's assistance, strongly hinting that the Bill ought to be dropped.⁵⁸

On 23 April, Niemeyer drew up a balance sheet predicting Australia's financial position in London on 31 December 1930 and 1931. He also wrote a covering memorandum. This is the critical document in the origins of his mission. He calculated that Australia would require £30m in 1930 and £28m in 1931. This, however, was based upon 'large assumptions' for which it was 'not possible to find any firm basis', particularly regarding the balance of trade. 'Assuming we desire to help', Niemeyer asked, 'are there not points on which we should wish for assurances?' These points covered: the balancing of Commonwealth and State

budgets; the reduction of the works programme and an intimation of precisely when the Government aimed at reaching its avowed object of an annual works expenditure of £7m; a definite statement that, as the Government claimed, the present tariff was only temporary; and an assurance that the Government would be able to convert its maturing domestic loans during 1930 and 1931. There were also two other points upon which, by implication, the Bank would require assurances. The first concerned the central bank legislation, which contained 'many provisions which would not be acceptable to normal central banking theory'. The second was more fundamental: the question of whether the existing tariff and the stimulation of Australian wheat production were sufficient to pull the balance of payments around. 'If not', Niemeyer asked, 'are we doing any good by the palliative of loans?' He also noted that: 'There are no signs either of contraction of public expenditure or of contraction of credit, or of reduction in the costs of production and standard of living in Australia'. He continued.⁵⁹

Obviously, if we could wait till the Autumn, and if it were certain that Australian conditions will permit of responsible Australian Ministers (Scullin and Theodore) being in England for the Imperial Conference in September, there would be everything to be said for waiting for personal discussion with them; but it does not seem to me to be practicable to wait as long as that, even if the arrival of the Ministers were certain.

Following that, I do not see how we can successfully deal through the representatives here, or in the absence of a liaison in Australia. Can we get such liaison?

Do we not need someone in Australia sufficiently aware of our mind to be able unobtrusively to talk on our behalf to the Commonwealth Bank and/or Ministers and interpret us to them and them to us? Can we find and despatch such a person?

Niemeyer's memorandum is the first document in the Bank of England's records that suggests that the Bank might send someone to Australia. As early as 7 April, the Bank had felt a need for personal consultation with 'some person or persons fully informed regarding all aspects of the matter, banking, economic and financial' who could be sent from Australia.⁶⁰ Schedvin finds this proposal, in a cable from Harvey to Gibson, 'extraordinary', that it was probably 'not ... serious', and that 'The Bank may already have been thinking in terms of sending its own representative to Australia, but was not yet prepared to be so forthright'.⁶¹ The Bank's uncertainty about the information with which it had been supplied, however, is well documented. The proposal itself was a response to a message from Gibson, in part *cri de coeur*, which concluded with an appeal for advice, and resurfaced on sufficient occasions, notably in the memorandum of 23 April now under consideration, to indicate that the Bank was genuinely uncertain about how to proceed. As late as 20 May, Norman confessed that he was 'as much perplexed about the Australian position as anyone'.⁶²

The memorandum may have reflected the thinking of Niemeyer and Harvey all along or it may represent a hardening of their position. In either case, allowing for the objections in Whitehall to the tariff and the overlay of doctrinaire thought about banking and economics, many of the points it raised were legitimate, particularly the concern with the balance of trade and the desire that assistance be not merely palliative, but address underlying causes. Yet it is equally true that many of the points upon which the Bank desired assurances were contingent on so many factors, and concerned so many aspects of government policy, that it was unreasonable for the Bank to expect either swift or clear-cut answers. Niemeyer had moved a stage further than Kershaw's notes of the previous month. He tacitly assumed that assistance from the Bank would depend upon major readjustments in the Australian economy, involving balanced budgets, a revised tariff, a drastically reduced loan programme, a central bank along conventional lines, and the reduction of both costs and the standard of living. Here, in other words, is the embryo of Niemeyer's August statements to the Loan Council and the Premiers' Conference which finally issued the Melbourne Agreement.

There the matter rested for another fortnight, possibly to allow the Governor time to contemplate the consequences of sending someone to Australia, possibly to see what the departure of Fenton and Collins for New York on 26 April would turn up. It soon became clear, however, that New York was as reluctant to advance money as London, and that the Bank could no longer delay. On 7 May, Harvey got in touch with Gibson and asked for his personal opinion on what action the Bank could helpfully take. He traversed the ground covered by Niemeyer's memorandum, referring to the discussions with Collins, to the fact that the Bank had no definite mandate to advise, to the inadequacy of the information available, and to the points upon which the Bank desired assurances. It was clear that Australia would have to raise large sums overseas, but the Bank did not see what plan there was for remedying the economic situation and making borrowing operations possible. Harvey then set out the three options that appeared to lie open to the Bank.⁶³

- (a) We could stand aside altogether and await developments.
- (b) We could confer with a special intermediary sent here privately by [the] Commonwealth Government with complete information on all aspects and a considered picture of the future.
- (c) We could perhaps ourselves send privately an intermediary to Australia if invited to do so and if he would be taken into full confidence.

Harvey's message, and Gibson's subsequent reply, give the impression that banks were deciding policy behind the back of the Government. Harvey communicated with Gibson, however, in accordance with the Bank of England's established principle, as he pointed out himself in his cable of 7 May, 'as far as possible to act through or at least in agreement with'

the central bank of any overseas Government with which it was dealing. Moreover, as on an earlier occasion, the Bank also got in touch with Richard Casey, the Liaison Officer, and soon after Casey informed Scullin:⁶⁴

From what I hear I have reason to believe that the Bank of England are anxious to do anything they can to assist in present exchange difficulties, though they are not formally concerned. If you think their advice should be sought, would it not be well for a private invitation to be sent from you to them?

In the event of such an invitation I think they might think it useful to send privately to Australia some person in their confidence who could act as a liaison confidentially with you with a view to obtaining full information and explaining in discussion with you current difficulties.

The Bank's records do not indicate what reply, if any, Scullin made. What matters is that he and Theodore had received an early intimation of the Bank's desire to send someone to Australia, if not through Fenton, then through Casey, and had an opportunity to take stock of the situation. In other words, they had not been kept completely in the dark.

Harvey's message to Gibson was sent on a Wednesday and appears to have taken Gibson by surprise; at any rate, he did not acknowledge it until after the weekend, and then did not send a reply until 16 May, over a week later. What Harvey eventually received was a cable that ran to five pages in which Gibson opened with a tirade, directed not simply against the present government, but against the whole course of Australia's economic policy since his appointment as an original member of the Commonwealth Bank Board in 1924:⁶⁵

I appreciate fully the difficulties facing you involved in intervention on your part in assisting in clearing up financial difficulties in Australia, and in view of past experience of unsound borrowing policy to which attention and warnings have repeatedly been directed without effect it is no wonder that you should require definite assurances and clear understandings before committing yourselves to participation in the matter. On the part played by Governments of Australia in the past the responsibility must be attributed to all in a greater or lesser degree irrespective of which Party was in power and this in itself is a factor which involves greater difficulties in bringing about the necessary and inevitable readjustment of the unsound economic position which has steadily been developing here.

Nothing but 'the most drastic curtailment of borrowing with resultant deflation and a return to sound economic methods' could save the situation. Scullin, he believed, was at least sincere in his desire to act; the problem lay in the party behind him, particularly as deflation would result in unemployment and a lowering of the standard of living. This was not for the faint-hearted, and the government might even have to be compelled by force of circumstance to pursue it to the end. Thus, Gibson explained: 'The political Party in power during such [a]

process must have great determination or must be forced through inability to borrow to carry the process through'. After reviewing the current outlook, he added: 'Assistance must be obtained but Australia should be forced to adopt [a] policy of self-reliance'. Turning to Harvey's suggestions, he did not think that the despatch of a representative of the Government was practicable, for the 'Selection of [an] unbiassed intermediary capable [of] presenting [the] true picture [was] unlikely'. He therefore 'heartily approve[d]' of someone coming over from the Bank. He suggested that the approach be made through the High Commissioner. By 30 May, although unable to guarantee that the Government would welcome a visitor, Gibson agreed with Harvey that Niemeyer would be the best man for the job.⁶⁶ In the meantime, Harvey and Niemeyer stalled the discussions with Collins, who had returned from New York, and then, on 30 May, suggested to him the terms of a message to Australia in which the Bank proposed to send Niemeyer to Australia.⁶⁷

The High Commissioner's actual cable to Scullin of 30 or 31 May, and Scullin's reply of 6 June, have not survived in the Australina Government archives, although both are faithfully paraphrased in Fenton's statement to Parliament of 15 November. According to Frank Anstey, the Minister for Health and Repatriation, whose own writings had contributed enormously to radical Labor's theory of the Money Power: 'Theodore and Scullin — without reference to Cabinet or Caucus — had invited the Bank of England to send out an "adviser"',⁶⁸ but this was only half-true. On 5 June, Theodore reported the position at which the negotiations in London had arrived to Cabinet: 'The consensus of Cabinet was that the proposed visit of N[iemeyer] be welcomed'.⁶⁹ Schedvin writes that: 'Both Gibson and Harvey must have been surprised when... Scullin indicated that he would welcome Sir Otto's visit'.⁷⁰ We now know that he and Theodore had had almost a month to think about it. On 6 June, Scullin informed London that the Commonwealth Government 'would cordially welcome [a] representative of [the] Bank visiting Australia'. He thought, however, that 'publicity could not be avoided' and that an announcement should be made immediately. He therefore suggested the terms of a statement of Parliament, which he made on 19 June.⁷¹

(iv) Conclusions

Three points can be made in conclusion. Almost from the outset, the Bank of England had envisaged that Australia would have to make substantial changes to its economic policies before confidence would be restored among British investors and before the Treasury and the City would be prepared to provide assistance. Niemeyer's role in Australia, therefore, was not so much to conduct an inquiry and advise on the basis of what he had discovered, as to suggest action upon lines that had already been determined. Any proposals that he was prepared to make regarding future Australian borrowing in London envisaged that it would

take place under the tutelage of the Bank of England and be largely managed by the Commonwealth Bank. In August, Montague Norman reminded Niemeyer 'that as the result of your negotiations the Commonwealth ought sooner or later to be able again to borrow under the moral responsibility for a time of the Bank of England. I should therefore wish our right to be consulted during such period regarding external borrowings and financial policy to be somehow recognised by the Commonwealth Government'. This mattered to Norman because he mistrusted 'all Australian Governments and Ministers'.⁷² Shortly after, Niemeyer told Norman of a plan to 'concentrate the London business affairs of the Commonwealth as much as possible in the hands of the Commonwealth Bank to the relative exclusion of Australia House, a project on which Gibson is very keen'.⁷³ Neither of these proposals had much to do with the fact that Labor happened for a season to be shakily in power in Canberra. They stemmed directly from the Bank of England's experience of Australian borrowing in London during the 1920s, and would have been abhorrent to any government.

The idea of a Bank of England mission to Australia arose within the Bank. It is important to recognize, however, the extent to which Norman in particular was responding as much to mainstream economic opinion in Australia as represented by the economist, Brigden, and the Commonwealth Bank, as to the politically motivated, like Knox, or hostile opinion in Whitehall, the City and the Federation of British Industry. The respective roles of Bruce and the Australian trading banks are more difficult to fix. Bruce wrote to Latham on 15 July:⁷⁴

I see that Niemeyer arrives in Australia, and it will be interesting to see what comes out of his visit. I believe it is essential to Australia to get the assistance of the Bank of England in sorting out the situation which has arisen in regard to the overdrafts of all the Australian Governments in London. The Bank, however, I am fairly clear, are not prepared to give their assistance unless they are satisfied that Australia is taking steps which will, within a reasonable time, lead her to getting on a sounder financial and economic basis. Niemeyer's job will be to convey this without appearing to dictate to Australia, and Scullin's job will be to try and make some arrangement without it appearing that the Government has been dictated to.

Yet, apart from the one visit to the Bank on 1 April, there is no evidence in Bruce's correspondence or the Bank's records either for Macintyre's assertion in the *Oxford History of Australia* that Bruce had been 'in close touch with the Governors of the Bank of England', or Radi's claim in the *Australian Dictionary of Biography* that behind the scenes he had negotiated 'for the Bank of England to provide some relief on the acute problem of Australian Government overdrafts'.⁷⁵ Norman saw both Bruce and Fenton, and, as we have seen, ended by mistrusting 'all Australian Governments and Ministers'.

The role of the Australian trading banks is harder to pin down. They were hostile to Labor's

central bank legislation and had been in touch with the Bank of England. If there was any change in the attitude of the Bank, it coincided with the introduction of the Central Reserve Bank Bill. Certainly it mattered enough for the Bank to seek a definite assurance for the High Commissioner that Niemeyer would be able to discuss the central bank proposals during his visit. Moreover, once Niemeyer got to Australia, he wasted little time, in his own words, in pouring 'poison' on the Bill.⁷⁶

According to Macintyre, who reflects current historiography, Niemeyer's visit had been 'arranged beforehand between the Bank of England and the Commonwealth Bank', and 'the circumstances surrounding the immediate financial crisis of 1930' gave plausibility to the belief within Labor that there was a Money Power conspiracy against Australia.⁷⁷ Without doubt, the inability of the Scullin Government to get a grip on the machinery of government, and the outright hostility of powerful sections of the community played a large part in determining the government's fate. In important respects, however, Scullin bore the consequences of the unpopularity in London of its predecessor, as well as the frustration of the Commonwealth Bank with the borrowing policies and practices of the 1920s. Scullin, moreover, took the initiative in approaching the Bank of England and was more fully apprised of the trend of its thought than the standard accounts allow. Finally, the Commonwealth Bank, in staying in touch with the Bank of England — and vice versa — was acting in accordance with a well-established convention of central banking, rather than joining a conspiracy against Labor.

The Bank of England's response to the Australian financial crisis was based upon a sense of metropolitan superiority, upon an insensitivity to local conditions, and upon rigidly held beliefs about finance, economics and banking. It had hoped that Niemeyer's mission would pass off quietly and with as little notice as possible. Had Montague Norman known about the hornet's nest he was about to stir up for the Bank Niemeyer would probably have never ventured beyond Threadneedle Street. According to the senior British Trade Commissioner in Australia: 'Niemeyer was not the success he might have been; [he] lost his head a bit, was tactless and did some very stupid things'.⁷⁸ But Niemeyer could literally disappear over the horizon. Scullin had to live with the consequences. 'Whatever may have been the urgency of the reason', wrote the journalist Warren Denning, 'Mr Scullin was never forgiven for bringing Sir Otto Niemeyer to Australia, or rather, for allowing him to come'.⁷⁹

NOTES

1. Quoted in W J Mandle, *Going it Alone: Australia's National Identity in the Twentieth Century* (Ringwood, 1980) p. 73. For accounts of Niemeyer's Mission see: Mandle, ch. 4, 'Sir Otto Niemeyer, Catalyst of Australia's Depression Debate'; C B Schedvin, *Australia and the Great Depression* (Sydney, 1970), pp. 180-190; Peter Love, 'Niemeyer's Australian Diary and Other English Records of His Mission', *Historical Studies*, xx (1982-83), pp. 261-77.
2. Bank of England Archives, London (henceforth BE): G1, Governor's Files; item 291, cable, No. 32, Sir Otto Niemeyer to Montague Norman, 24 October 1930.
3. The figures are for June 1930; see: Commonwealth of Australia, *Official Yearbook*, 1932.
4. Schedvin, p.115
5. John Robertson, *J H Scullin: A Political Biography* (Perth, 1974), p. 392.
6. Schedvin, p.3.
7. Mandle, pp.74-75, 84.
8. *Ibid.*, p. 75.
9. Peter Love, *Labour and the Money Power, Australian Labour Populism, 1890-1950* (Melbourne, 1984), pp. 91, 101.
10. For an account of Australia and the London capital market during the late 'twenties see Schedvin, ch. 5.
11. Heather Radi, '1920-29', in Frank Crowley (ed.), *A New History of Australia*, (Melbourne, 1974), p. 413; W J Hudson & Jane North (eds), *My Dear P.M.* (Canberra, 1980), n. 22, p. 239.
12. *Ibid.*, No. 142, Richard Casey to S M Bruce, 26 July 1928. For other examples see Schedvin, pp. 97-99.
13. E.g. Public Records Office, London (henceforth PRO): Treasury; T160, Finance, 1920-1942; box 67, file F2217/2, minute, O S N[iemeyer] to Chancellor, 13 March 1925. For Niemeyer's career see *Dictionary of National Biography, 1971-1980* (Oxford, 1986).
14. R S Sayers, *The Bank of England, 1891-1944* (Cambridge, 1976), pp. 158-59.
15. *Ibid.*, p. 159.
16. *Ibid.*, p. 523.
17. Geoffrey Sawer, *Australian Federal Politics and Law, 1901-1929*, (Melbourne, 1956), pp. 92, 231.
18. BE: OV13, Representative Country Files: Australia; item 32, Norman to Sir Joseph Cook (Australian High Commissioner in London), 16 June 1924.
19. Sayers, pp. 205-6.
20. See, for example, Norman's strong views in 1925 regarding the appointments of the Governor and the Deputy Governor: BE: OV13/32, Norman to Cook, 22, 26 October 1925; Cook to Norman, 23 October, 2 December 1925.
21. BE: G1/286, Memoranda of Interviews, M N[orman], 4, 11 December 1925.
22. E.g. BE: OV13/32, Norman to J J Garvan (Chairman), Commonwealth Bank Board), 17 June 1926.
23. Australian Archives, Canberra (henceforth AA): Department of the Treasury; CRS A571, Letters, Inward, 1901-1976; file 25/20056, James Kell (Governor, Commonwealth Bank) to James Collins (Secretary to Treasury), 16, 20 November 1925; Collins to Kell, 18, 27 November 1925.

24. *Ibid.*, 28/3756, Cabinet Submission by Earle Page (Treasurer), approved 28 June 1926.
25. Commonwealth of Australia, *Parliamentary Debates* (henceforth *CPD*), cxix, p. 7031, 20 September 1928. Collins was appointed in April 1926.
26. BE: G1/286, cable, from London Office [of the Commonwealth Bank], 17 February 1928; Ernest Riddle (Governor, Commonwealth Bank) to Sir Cecil Lubbock (Deputy Governor, Bank of England), 28 August 1928.
27. *Ibid.*, letter, Riddle to Norman, 13 June 1928.
28. AA: Prime Minister's Department; CRS A1606, Correspondence 'Secret and Confidential', Series 1926-39; item C17/1, part 7, cable, Sir Granville Ryrie (High Commissioner) to S M Bruce 11 January 1929; Hudson & North, No. 167, Casey to Bruce, 17 January 1929.
29. AA: S M Bruce; CRS A1420, Correspondence with External Affairs Officer, London 1924-1929; file 7, Bruce to Casey, 18 January 1929.
30. BE: G1/286, Ernest Harvey to Riddle, 24 January 1929
31. Schedvin, p. 139. See Schedvin generally for the history of the Depression in Australia.
32. BE: Adm 20, Montague Norman Diaries; item 19, Norman Diary, 13 January 1930; G1/286, Norman's autograph note on Sir Arthur Balfour to Norman, 15 January 1930.
33. PRO: T160, 807/F11935/1, Minute, R V N H[opkins] to Mr Grigg, 3 February 1930.
34. G1/286, R W Knox to Sir Arthur Balfour, 12 December 1929.
35. BE: G1/291, cable, Chairman, Overseas Shipping Representatives' Association (Sydney) to Australian Tonnage Committee (London), 3 March 1930. A copy of this cable was sent to Norman on 11 March.
36. Schedvin, p. 132
37. PRO: T160, 396/F11935/02, Minute, R V N H[opkins], 11 March 1930.
38. For Fenton's statement in Parliament of 15 November see E O G Shann and D B Copland (eds), *The Crisis in Australian Finance, 1929-1931* (Sydney, 1931), pp. 34-35. Schedvin, pp. 132-35 is the only account of the origins of Niemeyer's mission based upon documentary sources (in his case the records of the Commonwealth Bank), and hence is the parent of all other accounts.
39. BE: G1.291, Norman to Collins, 12 March 1930.
40. *Ibid.*, Note, 12/3[1930]; 'Pencilled notes of the Governor', n.d.; AA: A1606, C17/1, part 8, cables, High Commissioner to Prime Minister, 13 March 1930; Prime Minister to High Commissioner, 14 March 1930.
41. BE: G1/291, 'Message from Scott for Deputy-Governor', R N K[ershaw], 15 March 1930.
42. *Ibid.*, 'Australian Funds in London', R N K[ershaw], 25 March 1930; 'Australian Funds in London', summary of conclusions.
43. AA: A1606, C17/1, part 8, cable, Ryrie to Prime Minister, 29 March 1930. I have been unable to find any evidence in the Bank of England's records for Schedvin's statement (probably deriving from the Commonwealth Bank) that: 'If the Bank was satisfied that everything was being done in Australia to meet the emergency, it stated that it would be prepared to help find £25m for the Loan Council (the sum necessary to meet government commitments up to 31 January 1931) in addition to recommending postponement of the war debt payment' (pp. 132-33). This seems to be based upon a mis-reporting of the March meetings by Scott.
44. Schedvin, p. 133. I have not seen any evidence that the Bank of England *did* assist the Commonwealth Bank in meeting the war debt payment, but the possibility of such

is suggested by the assistance the Bank subsequently provided of the Commonwealth Bank a year later when New South Wales defaulted on its interest commitments in London; see AA: A1606, C17/1, part 9, cable, High Commissioner to Prime Minister, 31 March 1931.

45. BE: ADM 20/19, Norman Diary, 1 April 1930
46. National Library of Australia, Canberra (henceforth NLA): MS 1009 (Sir John Latham Papers), series 1, ff. 1954-55, Bruce to John Latham, 40 January 1930.
47. *Ibid.*, 1/1969/72, Bruce to Latham, 1 April 1930.
48. BE: G1/291, Sir Ernest Havery to Sir Ernest Clark, 31 March 1930; AA: A1606, C17/1, part 8, cable from High Commissioner, 3 April 1930; BE: G14, Committee of Treasury; item 89, minutes, 9 April 1930.
49. AA: A1606, C17/1, part 8, cable, Scullin to High Commissioner, 8 April 1930; Schedvin, p. 133.
50. PRO: T160, 807/F11935/1, minute, R V N H[opkins] to Phillips, 19 March 1930.
51. BE: ADM 20/19, Norman Diary, 15 April 1930.
52. BE: G14/89, Committee of Treasury, minutes, 16 April 1930.
53. BE: G1/291, 'Pencilled notes of the Governor', n.d. For an account of the history of Theodore's banking legislation see Schedvin, pp. 172-76.
54. BE: OV 13/49, Note, Sir E Harvey, 28 March 1930; G1/291, Cable No. 372, from the Governor [of the Commonwealth Bank], Sydney, 28 March 1930.
55. BE: OV13/47, cable, Sir Robert Gibson to Harvey, 5 April 1930.
56. BE: OV 13/49, cable from Sir Mark Sheldon (Chairman, Australian Bank of Commerce), 4 April 1930; memorandum, Sydney (New South Wales) Banks, n.d.; minutes, Associated Banks of Victoria, 4 April 1930.
57. *Ibid.*, cable, Harvey to Gibson, 7 April 1930.
58. AA: A1606, C17/1, part 8, cable, High Commissioner to Prime Minister, 22 April 1930; BE: OV 13/47, Collins to Niemeyer, 16, 22 April 1930; Niemeyer to Collins, 17 April 1930.
59. *Ibid.*, 'Australia', 23 April 1930. The memorandum is unsigned, but as, since the beginning of April, Niemeyer had been liaising with Collins and analysing the figures provided by the Commonwealth Government and other sources, one can assume that Niemeyer was the author. The other alternative is Harvey.
60. BE: OV 13/49, cable, Harvey to Gibson, 7 April 1930.
61. Schedvin, p. 134.
62. BE: OV 13/47, cable, Gibson to Harvey, 5 April 1930; G1/290, Norman to Lord Southborough, 20 May 1930.
63. BE: G1/291, cable, Harvey to Gibson, 7 May 1930.
64. BE: OV 13/47, 'Confidential for Prime Minister from Mr. Casey', n.d. but see the minute on the transcript: 'Cable first EMH[arvey] to Gibson 6/5'.
65. BE: G1/291, Gibson to Harvey, 16 May 1930.
66. *Ibid.*, cables, Harvey to Gibson, 22 May 1930; Gibson to Harvey, 30 May 1930.
67. AA: 1606, C17/1, part 8, cable, Ryrle to Prime Minister, 28 May 1930; BE: G1/291, cable, Harvey to Gibson, 31 May 1930.
68. Peter Cook, 'Frank Anstey: Memoirs of the Scullin Labor Government, 1929-32', *Historical Studies*, xviii (1978-79), p. 376.
69. AA: Cabinet Secretariat; CRS A3264/XM, Scullin Ministry...copies of Cabinet Minutes', 5 June 1930
70. Schedvin, p. 135.

71. BE: G1/291, Collins to Harvey, 6 June 1930; *CPD*, cxxxv, pp. 2933-34, 19 June 1930.
72. BE: G1/291, cable, no. 14, Norman to Niemeyer, 22 August 1930.
73. *Ibid.*, Niemeyer to Norman, 1 September 1930
74. NLA: Latham Papers, 1/1979-83, Bruce to Latham, 15 July 1930.

75. Stuart Macintyre, *The Oxford History of Australia*, iv (Melbourne, 1986), p. 258; Heather Radi, 'Stanley Melbourne Bruce', *Australian Dictionary of Biography*, VII (Melbourne, 1979), p. 458.

76. BE: G1/291, Harvey to Ryrie, 24 June 1930; Niemeyer to Norman, 1 September 1930.
77. Macintyre, pp. 257-58.
78. PRO: Dominions Office; DO 35, Original Correspondence, 1926-46; box 220, file 8438/24, R W Dalton to E R Eddison (Department of Overseas Trade), 8 January 1931.
79. Warren Deming, *Caucus Crisis, The rise & fall of the Scullin government* (Sydney, 1982), p. 112.