

Robert Menzies: miners and the metals market crash of 1930

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When the base metals market crashed in 1930, the Australian mining industry rallied its political and media connections in its support. One of the issues around which it agitated was the tariff, which from the first decade of federation had been a defining element of the Australian polity through the principle of New Protection, which tied fair wages to tariff protection for local industry.¹ But as tariffs rose steeply (the average tariff for non-food manufactures doubled between 1920 and 1932), opposition to high protection grew.⁴ This change was partly due to the emerging discipline of economics, whose practitioners were confident that the costs of protection and free trade could be meaningfully estimated and compared. The verdicts they pronounced were sometimes far from unanimous, yet Australian economists largely agreed that inflated tariffs imperilled national growth by keeping wages artificially high, propping up inefficient industries, and disadvantaging export industries that were subject to variations in world prices yet also had to absorb higher input costs arising from protection.⁵ By the late 1920s it was well recognised by the mining industry and its backers that New Protection had led to high labour costs. Geoffrey Blainey has written that ‘undoubtedly many Australian gold mines would have survived the 1920s but for Australia’s policy of protecting urban industry at the expense of primary industry’.⁶

With the onset of the Great Depression, the Labor government of James Scullin initiated cascading tariff increases that alarmed many primary producers in export industries. A diverse and not necessarily cohesive group of interests lobbied for tariff reform, including leaders and financiers of the mining industry, economists and conservative politicians. Many of these figures were based in Melbourne, which was home to the most significant Australian mining companies in the country, and to their bankers, brokers and underwriters.¹¹ Robert Menzies, a Victorian politician then just starting to make his way into the federal arena, played no small part in transforming his party’s policy on protection through his involvement in the organizational side of conservative politics. This article describes that role and investigates the development of Menzies’ position on tariff reform.

Menzies’ connections in the world of Melbourne business have already been documented by his principal biographer, Allan Martin, and by others including Cameron Hazlehurst.¹² Martin described Menzies’ political association with the Capel Court Group (the Group), and its consequences for Depression-era politics. He also recognized the crucial role that stockbroker Staniforth Ricketson, leader of the Group, played in organizing Menzies’ finances.¹³ Hazlehurst delved deeper into the formation of these connections and their influence on him, concluding that a life in politics would have been ‘impossible’ for Menzies ‘had he not been able, for several years, to earn a

substantial income and to make that nexus of business and social acquaintanceships which ensured continuing access to the best financial advice and opportunities'.¹⁴ This article moves even further into that territory, focusing on Menzies' connections with mining and finance circles at the start of the Depression, when tariff and wage control was high on the mining industry's agenda.

Taking on the tariff

One night either late in 1930 or early the following year, Menzies sat down 'in the Secretary's office at the Athenaeum Club' in Melbourne with a small group of Victorian party officials, to overhaul the National Federation platform.¹⁵ In some ways it was an unlikely combination of personnel. The group included the conservative politician and senior party figure R.M. Cuthbertson, a company director by profession. Cuthbertson represented a tired, ageing, self-interested Victorian party, which Menzies had made it his mission to oppose. Since entering the Victorian Parliament in late 1928, he had argued that the Victorian government should cease its habit of propping up troubled industries, and live within its fiscal means. However, after the election of the Scullin and the onset of the Great Depression, Nationalists mobilized to oppose Labor's economic policies and to regain political leadership of the nation.¹⁶ Menzies was a leader of the Young Nationalists, and in that capacity a member of the Victorian National Federation's executive. He was also by then a member of the Group, which would soon help engineer Joseph Lyons's transfer from federal Labor to leadership of the conservative forces ranked against the Scullin government.

Photo 1: Staniforth Ricketson.

Photo 2: Robert Menzies, early 1930s.



Source: Photo 1: Courtesy Matthew Ricketson (grandson) family collection.

Source: Photo 2: National Library of Australia nla.pic-an12148932 Luke, Monte, 1885-1962
1930-1939 Robert Menzies PIC PIC P950/32/E LOC M1.

The meeting at the Athenaeum Club is the subject of correspondence in the Menzies Papers in the National Library, in a letter written to Menzies by another man

who was present, C.F. Kean, a member of the Federation's 1934 executive. If Kean's account is correct (and Menzies' reply does tend to confirm it) then the meeting was one of the early documented acts of cooperation by different Nationalist factions in Victoria leading to the creation of the United Australia Party.¹⁷ Kean recalled that the meeting produced a 12-point platform, 'which was subsequently adopted by the federal conference sitting in Melbourne'.¹⁸ That conference was an interstate convention of the Australian National Federation held in early April 1931, summoned expressly to discuss united political action with other political forces opposed to the Scullin government.¹⁹ Further discussion quickly followed this conference and in early May the United Australia Party (UAP) was formed with Lyons as its leader.²⁰

The revised platform produced by the meeting at the Athenaeum Club was drafted against the backdrop of the Premiers' Conference, which in August 1930, advised by the Bank of England's representative, Sir Otto Niemeyer, had agreed to balance government budgets and desist from raising further loans overseas.²¹ A key element of the new platform was its refashioning of tariff policy, which was 'to be revised upon an economic basis, full consideration being given to the effect of the tariff upon the costs of production in exporting industries and upon the cost of living'.²²

Since the Commonwealth's first protective tariff measure in 1907–1908, Australian tariffs had risen dramatically, and by 1927 were higher than for any other major industrial country except the United States.²³ Yet during the federal election campaign of October 1929, Labor's leader, James Scullin, made it clear he was committed to further tariffs.²⁴ After the election, faced with the urgent need to redress the nation's trade imbalance, the Scullin government quickly introduced a schedule of tariff increases on three hundred items, following it with a second schedule before the end of the year, and 'many more' in 1930 and 1931.²⁵ The leading historian of the Australian depression, Boris Schedvin, judged the later schedules to be 'hastily written and ill-designed', also noting that they were partly intended to stimulate local demand for labour, as well as to reduce imports:

Only a small proportion of the increases passed through the normal procedure of Tariff Board investigation and recommendation, and there appears to have been truth in the Opposition's claim that the schedules were rewritten using a standard rate of increase.²⁶

Federal Parliament had to approve such tariff increases, but Scullin exploited a loophole that allowed him to delay bringing the new schedules to parliament until the end of the session in which they were introduced. Conservatives in the Senate were chafing to debate the increases, but it was not until the end of October 1931 that the Scullin Tariff reached the upper house.²⁷

Like Australia's greatest primary industries, wool and wheat, the mining industry was officially 'unsheltered', that is, not protected by tariffs. Within the industry, the picture was somewhat complex. Miners who added value by refining and manufacturing, specifically Broken Hill Proprietary Co. (BHP) and its steel industry, were protected by tariffs in their secondary production.²⁸ Early in the Depression gold miners also benefited from a bounty on gold production introduced by the Scullin

government.²⁹ But generally speaking, the mining industry received little or no relief from the effects of high tariffs on the cost of its inputs. It also had the disadvantage of being dependent on a large workforce, and thus was sensitive to the historical connection between tariff and wages policy.³⁰

While the rest of Australia's export sales were collapsing over financial years 1928–1929 and 1929–1930 (the value of the pastoral industry's exports plunged by £30 million in that time, a fall of 37 per cent) the value of exports from mines and quarries soared by about £25 million from a base of £10 million.³¹ Thereafter, they collapsed. BHP was one of the few Australian companies to report larger earnings to the Stock Exchange in 1929, but a year later it returned no dividend to shareholders.³² In mid-1930, base metal prices fell sharply and kept declining (see Table 1).³³ Mining share prices followed the metal prices down (Table 2).

Table 1: *Falls in base metal prices on the London market* (Prices are averages per ton; all shown in sterling).

	Year 1913	September 1929	September 1930	8 October 1930
Copper	£68 5s 9d	£75 6s 9d	£46 6s 6d	£43 11s 10d
Lead (spot)	£18 6s 2d	£23 11s 5d	£17 17s 0d	£15 15s 0d
Spelter (spot)	£22 14s 3d	£24 8s 11d	£15 16s 5d	£14 1s 3d
Tin (spot)	£201 13s 7d	£204 18s 9d	£132 14s 0d	£119 7s 6d

Source: 'Metal Prices. Much Below Pre-war', *Sydney Morning Herald*, 10 October 1930, p. 1.

Table 2: *Share price declines at the start of the Great Depression.*

	31/8/1929	31/12/1929	30/9/1931
BHP	31s 3d	25s 9d	13s 0d
Broken Hill South	74s 6d	67s	35s 3d
Electrolytic Zinc (pref.)	39s 6d	34s 0d	19s 2d

Source: *The House of Were, 1839-1954: The History of J.B. Were & Son, and its Founder, J.B. Were & Sons*, Melbourne, 1954, p. 298.

This collapse in prices coincided exactly with Labor's tariff increases, making mining a case study of industry in which many owners and management wanted to see tariff policy moderated so that input costs and wages were contained. Even before the Scullin government, the mining industry had complained about high tariff levels. In 1928, H.E. Vail, general manager of the Lake View and Star gold mine near Kalgoorlie, complained to the *Kalgoorlie Miner* that customs tariffs on plant and machinery were exorbitant. He gave the example of some imported experimental plant that cost his company £14,000, against which duty of £700 was due.³⁴ It was not surprising therefore that as the Scullin Tariff grew during the course of 1930, mining industry agitation against tariff increases also grew considerably.³⁵

The miners' case was strengthened by the impact in political and business circles of Niemeyer's pronouncements to the Premiers' Conference. He had specifically noted that the protection of secondary producers was achieved at the expense of primary production.³⁶ As Schedvin summarized: 'If Australia was to emerge from a regime of emergency tariffs and rationed exchange, she must depend on the primary producer, and the ability of the primary producer to sell in world markets would depend on his costs of production'.³⁷ The Melbourne banks, following Niemeyer, argued that the best way to

reduce Australia's overseas indebtedness was to bring costs of production down by reducing wages and inducing deflation.³⁸ The *Argus* newspaper, bible of the Melbourne business establishment, reprinted in pamphlet form Niemeyer's review of Australia's position, and his speech to the Commonwealth and State leaders on 18 August 1930.³⁹ The newspaper was a focus of the voices raised against the Scullin Tariff.⁴⁰

For the Collins House group, the slump's impact was severe. W.S. Robinson, leading member of the group, wrote that 'the price of lead and zinc was undermined more viciously than the price of almost any other commodities'.⁴¹ While he was sympathetic to the Scullin government's efforts to manage the economic crisis, his brother Gerald, also a member of the group, publicly objected to the tariff increases in an article prominently published in the *Argus*.⁴² Under the headline 'Metal Mining/Its existence threatened/Lower costs imperative', his article asserted that 'the general level of wages and costs in all industries—inflated by the "New Protection"—must be brought down'. Award wages for miners at Broken Hill had been greatly increased in 1920 when metal prices were at 'dizzy heights', but now mine output was down to prewar levels, and the situation was exacerbated by tariffs: 'The high tariff on machinery is a vexatious burden'.⁴³

Though the Premiers' Conference had resulted in commitments to balanced budgets, it had done so without firm commitments to how the balancing would be achieved. It was implied that expenditure would have to be reduced, and wages and salaries should be the first to be cut, but the detail was left to each government.⁴⁴ A month after the Premiers' Conference, the Nationalists' federal leader, John Latham, told the annual conference of the Victorian National Federation that drastic economies were necessary, but they would require unpopular politics.⁴⁵ Latham's predecessor, Stanley Melbourne Bruce, had become convinced that high wages were interconnected with tariff policy, and this was a persistent theme in Nationalist policy discussion in the late 1920s. It was not entirely surprising, therefore, that the Nationalists meeting at the Athenaeum Club decided to advocate a clear commitment to tariff reform for the health of the economy.

Nevertheless their stand flew in the face of Victorian political tradition. Since the nineteenth century, tariff protection of local industry had been a token of faith with liberals in Victoria, and even with many conservatives. Protection had not only helped local boot and clothing manufacturers, it had also assisted the development of underground gold mining in the state, by fostering the development of local capacity to manufacture and repair heavy plant and equipment.⁴⁶ For years, the Victorian National Federation had performed a political balancing act, representing manufacturers who were intractable supporters of the tariff, but also attempting to placate constituents in primary industries. The Nationals' dilemma was demonstrated by Prime Minister Bruce's lame pledge at the 1928 federal election to adhere to the party's protective tariff policy, but also to set tariffs on a more 'scientific' basis, initially by referring the matter to the Council of Scientific and Industrial Research.⁴⁷

Robert Menzies was inextricably linked to driving through the change to a firm policy of tariff reform, first as one of the authors of the revised Nationalist platform, and then as one of the delegates who shepherded through its acceptance at the interstate

conference in Melbourne in April 1931.⁴⁸ The safe carriage of the policy plank was more significant than it perhaps appears, not least because it meant that when Lyons accepted leadership of the conservative forces, he was bound by a commitment to reform tariff policy.

The episode prompts interesting questions about his role in tariff reform and how Menzies' thinking on the issue developed. At this point of his career he had limited ministerial experience as an economic manager. While his stance on protection could be interpreted as a political response to Scullin, nevertheless the new policy he helped create represented a bold departure from traditional Nationalist reverence for tariffs. It seems unlikely that Menzies' involvement in tariff policy was mere political expediency, especially in light of his exposure to men associated with mining and banking, through his contacts with both the Collins House and Capel Court groups.

Menzies joins a club

Robert Menzies' turn to fiscal conservatism dates from from 1929. In the state election that year, he called for fiscal responsibility and the reigning in of the meliorist tendency of Victorian politics, which during the twenties had seen governments of various stripes propping up failing industries and had recently brought on proposals for state unemployment insurance. Early in 1930, in a debate about unemployment relief, he questioned Victoria's proud tradition of New Protection, telling the Legislative Assembly that it was time to rethink its policies. Warning that 'protection against cold winds' came at a high cost, he spoke against the principle of State intervention in economic problems.⁶⁴

We may create difficulties, but when it comes to removing the difficulties we may very well find that the first principle is to remove parliamentary influence, and we may get rid of many of those difficulties at the same time ...

Mr Solly (Labor): We removed the sweater from Flinders-lane by legislation.

Mr Menzies: Perhaps so, and incidentally did many other things. We probably created other evils. The point I am making now is that we are going to face the present crisis by looking unblinkingly at the economic truth. I think we would be better employed and the Government would be better employed, in making that truth abundantly clear to the public than by bringing along legislation of this kind, which merely trifles with the problem.⁶⁵

Menzies also demonstrated that he was becoming business-minded:

[T]o the extent to which that unemployment can be regarded quantitatively as one of the normal incidents of industry, industry might be asked to carry the burden. But when that unemployment swells to a proportion which indicates that it is abnormal, when it arises as a direct result of general, powerful, economic circumstances, then I would ask honourable members to ask themselves whether industry should in the same way accept responsibility for the burden.⁶⁶

Such statements were at odds with his earliest appearances in parliament, when he had, for example, been sympathetic to calls to raise workers' compensation payments

quite substantially.⁶⁷ Without doubt, Menzies had become persuaded of a harder line on the economy, and in 1930 he frequently spoke publicly on the topic.⁶⁸ Allan Martin places him in the camp of Niemeyer's supporters, an advocate of slashing spending and balanced budgets, 'cold to the dismay of Labor men who saw the cuts associated with budget-balancing as an assault on traditional verities'.⁶⁹

In regard to protection, Menzies, as a reforming Young Nationalist, would surely have been influenced by the arguments of the contemporary economists. A committee of economists, appointed by the Bruce-Page government in 1928 to investigate the impact of tariffs, estimated the 'total excess costs' for Australian industry at £36 million, £26 million of which originated from secondary industries to the disadvantage of Australian consumers and unprotected primary industries, including wheat, wool and mining.⁷⁰ The committee concluded that 'the present costs of protection are dangerously high'.⁷¹ By 1931, one of its members, Douglas Copland, an architect of the Premiers' Plan, was adamant that an 'essential condition of recovery from the present depression [was] the restoration of a measure of prosperity in primary production'.⁷² Between August and October 1930, Copland contributed to the *Argus* a notable series of articles that discussed the problems of the Australian economy, including 'the burdens of the tariff', which Menzies would have read.⁷³

Yet it seems unlikely that Menzies was personally influenced by Copland on protection: the two men's friendly acquaintance did not blossom until the mid-thirties.⁷⁴ In terms of personal contacts, Menzies' father, James, was undoubtedly one of the sources who had the politician's ear. Menzies senior had been employed by BHP as a statistical officer and tariff adviser since 1926. BHP's house journal noted that in the role of tariff adviser he had done 'invaluable work during the early years following the establishment of the steel industry at Newcastle, when the question of adequate tariff protection was of vital importance to the success of the steel industry'.⁷⁵

Most significantly, by early 1930 Menzies already had personal connections with both the Collins House group and the Capel Court group. Although these groups were separate, their interests overlapped (as, sometimes, did their personnel). In 1922, J.B. Were's *Monthly Notes* told investors that despite concerns over rising costs in base metal mining, prices had also risen and the firm took an 'optimistic view of the future and recommended the purchase of Broken Hill stocks'.⁷⁶ In 1925, J.B. Were published a brochure for its clients in which it assessed the revival of mining, pointing out how prices for base metals were now 'wonderfully favourable', which had allowed the Collins House group companies to make handsome profits and pay large dividends.⁷⁷

Menzies' connections with the Collins House group dated back to 1926 when he had played a role in the Victorian campaign against the Bruce-Page government's referendum proposal to extend the Commonwealth's industrial powers. Arthur Robinson, a leading voice in conservative politics, a member of the Legislative Council from 1912 to 1925, and at various times a Cabinet minister, was leader of the campaign, and Menzies was a supporting speaker at Robinson's opening address.⁷⁸ Robinson, the eldest brother of W.S. Robinson, was lawyer to the Collins House group. He was also a supporter of fiscal orthodoxy.⁷⁹

The Constitutional Club was another of Menzies' points of contact with Collins House. The club was associated with the Young Nationalist movement, and press reports of the day show that Menzies often addressed its meetings.⁸⁰ Another active participant was the political veteran William Watt, a former premier of Victoria who had later served in the federal sphere, most notably as a senior member of Billy Hughes's National government. He acted as 'Speaker' of the Constitutional Club's model parliament, using it as a podium to air his critique of contemporary politics and policy.⁸¹ Watt, a close friend and political intimate of W.L. Baillieu, the founder of the Collins House group, was chairman of the local board of the Zinc Corporation Ltd, one of 53 mining companies with headquarters domiciled in Collins House.⁸² He was also chairman of British Dominion Film Ltd, and his numerous directorships included Qantas, the Silverton Tramway Company Ltd, and various rubber companies.⁸³ He was an important contact in Melbourne's mixed world of politics and business.

A significant supporter of Menzies who helped bring him into Watt's ambit was Ferdinand Wright, the Australian principal of a Dutch international shipping insurance company. Wright was already acquainted with Menzies when the budding politician stood for the Legislative Council in 1928.⁸⁴ The two men had probably first met through the Melbourne Savage Club, of which both were members by 1925.⁸⁵ Wright was politically deeply conservative, yet he talked up Menzies to the influential figures in business and politics with whom he mingled, even when Menzies seemed to represent a threat to the old guard.⁸⁶ Wright also knew Watt and admired him immensely.⁸⁷

It was probably Wright who, in the late twenties, brought Menzies into the West Brighton Club, 'a social club for well-to-do men' situated in the prosperous bayside suburb of Brighton.⁸⁸ Established in the late nineteenth century, it had cultivated a reputation for idiosyncrasy. The membership was a surprising assortment of influential men, many of them already members of the Australian, Melbourne or Athenaeum clubs, who obviously yearned for fellowship of a more vivid stripe.⁸⁹

Watt was president of the club in 1928, the year that Menzies joined. Friday night dinners at the West Brighton were almost compulsory. Members gathered to sing the club song—'Song of joy, song of bliss/Home was never like this/Yip-I-Addy-I-Ay'—and to roast each other with satiric songs. Watt presided over the ceremonies with a rubber executioner's axe, which he used to smite the necks of members who failed to sing lustily enough or who talked too loudly at dinner.⁹⁰

A club for manly silliness, where business was strictly not discussed, the West Brighton nevertheless provided the young Menzies with an entrée to the world of Melbourne's influential insiders. It made him known to senior men who were deeply connected in the intermingled Melbourne world of politics and business, and it immersed him in the atmosphere of crisis that by late 1930 tinged the outlook of business, banking and mining.

Yet the most important relationship in Menzies' education in matters of business was his growing friendship with Staniforth Ricketson, leader of the stockbroking firm, J.B. Were & Son, then based at 349 Collins Street. An altogether more reserved, less magnetic character than the leaders of the Collins House group, afflicted by deafness incurred in the Gallipoli campaign,⁹¹ Ricketson cultivated the loyalties of a small circle

of trusted businessmen and politicians who carried his perspective to the worlds of politics and business.⁹² For some, he created positions as directors of J.B. Were's investment companies. In the case of others, such as the most prominent member of the Group, Sir John Higgins, J.B. Were's public support of ventures with which they were associated appears to have helped win their loyalty. After the First World War, Higgins was chairman of the British Australian Wool Realisation Association Pty Ltd, formed to dispose of Australia's post-war wool mountain. At times he was strongly criticized by the nation's woolbrokers for his handling of this challenging role. Were's commended his efforts to clients, and in their monthly circular published 'elaborate details of the plan, together with calculations as to the value of the priority certificates'.⁹³ Higgins also had strong knowledge of the Australian mining industry. A metallurgist by training and professional experience, he had founded the Australian Metals Exchange during the war, and was also government nominee on the Zinc Producers' and Copper Producers' Associations.⁹⁴ W.S. Robinson's memoirs include an account of Higgins's attempts to develop large-scale zinc refining works in Britain during the First World War.⁹⁵

Nor was Higgins the only member of the group with strong mining industry experience and connections. Ambrose Pratt had been editor and part owner of the *Australian Industrial and Mining Standard* for nine years. He was also a mining executive in his own right. With A.W. Palfreyman, an astute Melbourne businessman said to be the largest shareholder in BHP, Pratt controlled twenty tin-mining companies in Malaya and Thailand.⁹⁶ In fact, the Group's business composition was striking for its orientation to mining, construction and finance, and the near absence of manufacturing interests. The other members, besides Ricketson and Menzies, were Kingsley Henderson, an architect and property developer, and C.A. Norris, from the insurance industry.⁹⁷

Early in 1930, Menzies had been announced as an inaugural director in the second publicly listed investment company Ricketson created, the National Reliance Investment Company Ltd. This company, capitalized at two million pounds, invested in shares and government bonds; the press reported that it was set up 'to take advantage of the comparatively low prices [then] reigning for Stock Exchange securities'.⁹⁸ Menzies was also a director of the Australian National Foundation Investment Co. Ltd, formerly Were's Investment Trust.⁹⁹ In the years that followed, he privately acknowledged his friend's assistance. In 1935, Menzies wrote appreciatively to Ricketson that his generosity and unselfishness in looking after Menzies' financial affairs, and his advice, had probably enabled Menzies to stay in politics.¹⁰⁰

Ricketson gave Menzies a valuable entrée to one of the Melbourne elite's favourite resorts, Mount Macedon, 65 kilometres from Melbourne. Its lushly forested hilltops were thickly dotted with the summer retreats of the Establishment, including the likes of the Baillieus and the Herbert Brookeses. Brookes was the son-in-law of Alfred Deakin, a businessman and member of the Tariff Board, and his own son Wilfrid Brookes was a member of the Collins House group. In 1929, Ricketson sold his own holiday cottage at Macedon to Menzies, and bought a much grander pile called Hascombe, further up the hill.¹⁰² On weekends and summer holidays at Hascombe or Penola, the Brookes's property, Ricketson and Menzies played tennis with members of

the business and political elite.¹⁰³ The journalist Rohan Rivett, who wrote a biography of his grandfather Herbert Brookes, thought that the conversation enabled by this social tennis helped cement Menzies' place in the affections and trust of Brookes.¹⁰⁴

All the while, Ricketson was gradually educating Menzies in the financial world, and in his own views about the economy. The investment companies of which Menzies became a director invested in shares and bonds. By 1928, Ricketson was aware that there was talk of another slump. The house history of J.B. Were & Sons, which can be read as Ricketson's authorized version, notes that 'The firm was counselling caution' in its advice to its clients.¹⁰⁵ It goes on:

... indications of the approaching economic depression were fairly definite in 1929, when the country, lulled for years into a false sense of prosperity by the circulation of large sums of borrowed money, and high prices for staple products, felt the first tremors which boded disaster.¹⁰⁶

This house history spoke favourably of the tariff reforms enacted in 1921 under Hughes's government and of further increases in the tariff under Bruce. It was less impressed by the Scullin Tariff of 1929, noting that it was 'not particularly well received'.¹⁰⁷

There is no doubt that Menzies, learning his way as a company director, would have been inculcated with such views, or that he took up the cudgels for Ricketson's point of view. Douglas Copland, who helped craft the Premiers' Plan, wrote of how he had been invited to a lunch convened by Ricketson and the rest of his group in this period, so that they could put to him their views of his plans for Australia's economic revival, which largely concerned their negative response to his plans compulsorily to reduce interest rates. Menzies was part of the meeting.¹⁰⁸

An interesting aspect of Ricketson's approach was that as a former journalist he appreciated the value of publications that clearly communicated the best intelligence available about the markets, and that provided an overview for investors.¹⁰⁹ He had the foresight to launch a series of regular reviews and publications that educated middle-class clients not of the world of business and finance, including his friend and co-director Menzies. Without a doubt, Ricketson and other members of the Group helped inculcate in Menzies a strong understanding of the state of the mining industry in the twenties, and the issues that it faced, including the tariff.

After Scullin

With Lyons at the helm, the United Australia Party won enough seats at the general election held in December 1931 to govern in its own right. In the lead up to the poll and afterwards, Lyons and his party espoused tariff reform. Soon after the UAP took office, Lyons's Minister for Customs, Henry Gullett, told parliament that tariff reform would reduce the costs of production for primary producers in export industries.¹¹⁰ The government proceeded to substantially reduce tariffs on imported items that were essential to export industries requiring heavy machinery. Table 3, showing data published by the Australian Institute of International Affairs in 1938, indicates the

removal or reduction of duties on plant and machinery that could only be obtained by importing it, and was used in mining, refining and steel making.

Table 3: *Some changes to tariffs on heavy machinery and plant, 1930–1938.*

	British Preferential Tariff % (1930)	British Preferential Tariff % (1938)	General Tariff % (1930)	General Tariff % (1938)
Crude-oil engines (over 100 horsepower)	55	Free	75	15
Air compressors (large)	55	Sliding scale starting from free	75	15
Circuit breakers and switch units (voltages above 15,000); other electrical plant	65	Free	75	15

Source: W.S. Kelly, 'The Australian Tariff', in *Australian Economic Policies* (Australian Supplementary Papers Series B, Nos. 1 to 4), Australian Institute of International Affairs, Sydney, 1938, p. 12.

However much conservative elements of the mining industry wished to break the link between wages and tariffs, they did not succeed. As Schedvin described, the tariff regime that the UAP inherited from Labor provided shelter for the incipient recovery of industry, and the UAP proved reluctant to dismantle it too quickly.¹¹¹ While the Lyons government lowered specific tariffs with the advice of the Tariff Board, it did not attempt to decouple wages from tariff protection, largely leaving wage cuts to the arbitration courts, and expecting the depressed state of industry to dampen wage demands.¹¹² Given Lyons's personal attitude to the tariff, this was not surprising. As Philip Hart has noted, Lyons as a Labor minister approved of the Scullin Tariff, and continued to support it in parliament after he changed parties, and it was not until September 1931 that Lyons's views on tariffs came into alignment with his conservative allies'.¹¹³

Most significantly, the decision of the Australian banks in late 1931 to unpeg the Australian pound from sterling played an important role in the rehabilitation of base metal mining: as Schedvin notes devaluation to some extent offset the fall in wheat, wool and metal prices.¹¹⁴ The argument to devalue was led by A.C. Davidson of the Bank of New South Wales, who had to fight hard to persuade the Melbourne banks of the correctness of this course. In December 1931, the Commonwealth Bank assumed sole responsibility for determining the exchange rate, which it set at A£125 to £100 sterling.¹¹⁵ Devaluation made miners' export earnings go further at home. It also created further opportunities for tariff reduction, since it made local manufacturers more competitive with their British counterparts.¹¹⁶ Some Australian miners involved in value

adding, notably BHP, benefited all round, from devaluation, decreased tariffs on plant and continued protection of manufacturing.¹¹⁷

The post-1931 parameters of the Australian economy were immensely more complex than Menzies and his colleagues could have imagined when they met to redraft the Nationalist party platform early in the Depression. As Kosmas Tsokhas has analysed, the UAP government's response to them was complex and contingent, attempting to balance competing interests and to find productive compromises between clashing agendas.¹¹⁸ The creation of the Ottawa Trade Agreement in 1932 flowed from Britain's decision to depart from partial free trade. This imperial agreement, based on the philosophy of 'home producers first, empire producers second, and foreign producers last', entrenched different types of tariffs, the British Preferential Tariff (BPT) and the General Tariff (applying to non-Empire imports).¹¹⁹ As table 3 reflects, this enabled the Australian authorities to lower (and/or raise) duties at differential rates. The agreement also created obligations on Britain to give preferred entry to its home market of a list of Australian commodities including copper, lead and zinc.¹²⁰

After the Ottawa Agreement, the Tariff Board declared that 'while it opposed prohibitive tariffs it would continue to recommend duties which would cover the higher costs associated with manufacture in Australia', though the emphasis would be on enabling 'efficient local industry to function'.¹²¹ Though protection persisted, the fraught atmosphere that had surrounded it gradually receded as the economy improved. The mining industry gradually recovered. By late 1933 BHP's share price outranked its 1929 pre-Depression price, and the other Broken Hill companies had fully rebounded by 1937.¹²²

Conclusion

At the end of 1930, much of the Australian mining industry was in desperate straits. Gold mining was about to launch into growth again, and BHP's protected steel industry meant that the company was doing better than other miners. Yet in base metal things were grim. Export prices, which in some cases such as lead and zinc were already down at the start of the depression, crashed during 1930 and the industry took several years to recover. Against that backdrop, it was not surprising that leaders of the mining industry rallied against the Scullin Tariff, which from its inception in 1929 raised further the costs of inputs for the mining industry.

Robert Menzies' involvement in the formulation of a party platform that challenged High Protection throws an interesting spotlight on his involvement with the mining and finance industries by 1930. For politicians who opposed the federal Labor government that swept the Bruce-Page ministry out of office in 1929, there was a clear political incentive to criticise the Scullin Tariff: Menzies was certainly part of that push. Yet his involvement in the drafting of the Nationalist platform ultimately submitted to the 1931 interstate conference also represents another moment in Menzies' turn to fiscal conservatism, and closer study shows the traces of influence of financiers such as Staniforth Ricketson in it. Reviewing the professional credentials and experience of the men who were Menzies' colleagues in the Group reveals a depth of connections with

the mining and finance industries. The tariffs policy episode is suggestive of Menzies' modus operandi: how he took his cues from the times and his personal context, rather than from a purely ideological stance. He had a particular bent for making policy that simultaneously and neatly combined solutions to a number of political and economic problems (as Menzies perceived them), and that was often influenced by sources close to home.

A final speculative point seems worth making. The precise date of the meeting at the Athenaeum Club described by C.F. Kean is not clear. It would have occurred between August 1930 and late March 1931. If it was late in that period, the potential stumbling block that Lyons's support for tariffs posed for his involvement with the conservative forces may have already been in the minds of the drafters, or at least in the mind of Menzies, who helped woo him over to the conservatives' side after Lyons's dramatic departure from the Labor ministry in February 1931. This could have been yet another reason why Menzies and the Group were keen to cement tariff reform in the revised platform.

Acknowledgments

The author wishes to thank the referees, whose insights into the mining industry during the Depression greatly improved this article.

Endnotes

¹ The Conciliation and Arbitration Court's Harvester decision of 1907 determined that there should be a basic wage calculated according to the requirements of a family of five in order to live in 'reasonable and frugal comfort'. After Harvester, 'the Australian standard of living had been closely linked with the principle of tariff protection': see C.B. Schedvin, *Australia and the Great Depression*, Sydney University Press, Sydney, 1970, pp. 140–141. Both Labor and the Liberals (and their successor party, the Nationals or Nationalists) were pro-protection, and introduced or supported tariff schedules. Notable tariff interventions were the 'Lyne tariff' of 1908, and the 'Greene tariff' of 1921, see E.A. Boehm, *Twentieth Century Economic Development in Australia*, 2nd edn, Longman Cheshire, Melbourne, 1979, pp. 189–191.

⁴ Kym Anderson and Ross Garnaut, *Australian Protectionism: Extent, Causes and Effects*, Allen & Unwin, Sydney, 1987, p. 6.

⁵ David Merrett and Simon Ville, 'Tariffs, Subsidies and Profits: A Reassessment of Structural Change in Australia, 1901-1939', in *Australian and Pacific Economic and Business History Conference*, Proceedings of the Economic History Society of Australia and New Zealand, University of Sydney, 2007, pp. 5-7; William Coleman, Selwyn Cornish and Alf Hagger, *Giblin's Platoon: The Trials and Triumph of the Economist in Australian Public Life*, ANU Press, Canberra, 2006.

⁶ Geoffrey Blainey, *The Rush That Never Ended*, 2nd edn, Melbourne UP, Melbourne, 1969, p. 290.

¹¹ John Kennett, 'The Collins House Group', unpublished MA thesis, Monash University, Melbourne, 1980; Noela C. Deutscher, 'Historical Aspects', in W.H. Richmond and P.C. Sharma (eds), *Mining in Australia*, University of Queensland Press, St Lucia, Queensland, 1983, pp. 61-62; T.M. Fitzgerald, 'The Contribution of the Mineral Industry to Australian Welfare', Report to the Minister for Minerals and Energy, the Hon. R.F.X. Connor MP, Canberra, April 1974, p. 58; Gilbert M. Ralph, 'The Broken Hill–Collins House Connection: Mining Personalities', *Journal of Australasian Mining History*, vol. 2, September 2004, pp. 198-221.

¹² A.W. Martin, *Robert Menzies: A Life*, vol. 1, Melbourne University Press, Carlton, Vic., 1993; Cameron Hazlehurst, *Menzies Observed*, George Allen & Unwin, Sydney, 1979.

¹³ Martin, *Robert Menzies: A Life*, vol. 1, pp. 83-98, 141-142.

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- ¹⁴ Hazlehurst, *Menzies Observed*, p. 42.
- ¹⁵ C.F. Kean to R.G. Menzies, 30 April 1942, Robert Menzies Papers, NLA MS 4936/14/410/1A. The letter was typed on United Australia Organization letterhead, which revealed Kean was by 1942 chairman of the party in Victoria. The meeting probably occurred after September when Menzies joined the National Federation's executive. See *Age*, 24 September 1930, for report of National Federation annual conference, which confirms Menzies' and Kean's memberships of the executive at that time.
- ¹⁶ Philip Hart, 'The Piper and the Tune', in Cameron Hazlehurst (ed.), *Australian Conservatism: Essays in Twentieth-Century Political History*, Australian National University Press, Canberra, 1979, p. 117.
- ¹⁷ Menzies' response, in the same folder, confirmed his recollection of the meeting. See R.G. Menzies to C.F. Kean, Robert Menzies Papers, NLA MS 4936/14/410/1A.
- ¹⁸ C.F. Kean to R.G. Menzies, 30 April 1942, Robert Menzies Papers, NLA MS 4936/14/410/1A.
- ¹⁹ *Sydney Morning Herald*, 11 April 1931, p. 14; *Canberra Times*, 9 April 1931, p. 2; *Courier* (Brisbane), 10 April 1931, p. 13.
- ²⁰ Clem Lloyd, 'The Rise and Fall of the United Australia Party', in J.R. Nethercote (ed.), *Liberalism and the Australian Federation*, Federation Press, Annandale, NSW, 2001, pp. 139-149; Martin, *Robert Menzies: A Life*, pp. 86-92.
- ²¹ Schedvin, *Australia and the Great Depression*, p.183.
- ²² Copy of constitution, enclosed with Kean's letter, C.F. Kean to R.G. Menzies, 30 April 1942, Robert Menzies Papers, NLA MS 4936/14/410/1A.
- ²³ Anderson and Garnaut, *Australian Protectionisms*, pp. 46, 47.
- ²⁴ 'Federal elections 1929, Labor policy for the Commonwealth', *Frankston and Somerville Standard*, 5 October 1929, p. 3.
- ²⁵ John Robertson, *J. H. Scullin: A Political Biography*, University of Western Australia Press, Nedlands, Western Australia, 1974, p. 193.
- ²⁶ Schedvin, *Australia and the Great Depression*, p. 143.
- ²⁷ Robertson, *J.H. Scullin*, p. 194.
- ²⁸ Iron and steel beams featured on the first list of prohibited imports issued by the Scullin government. BHP benefited hugely. See Schedvin, *Australia and the Great Depression*, p. 141n.
- ²⁹ *Ibid.*, pp. 154-155. Within a few years the bounty became redundant as the industry flourished again thanks to Depression era monetary policy. As Appleyard and Davies have written of the Western Australian goldfields, 'the industry was revived between 1930 and 1939 by a sharp rise in the price of gold as most countries abandoned the gold standard', see R.T. Appleyard and Mel Davies 'Financiers of Western Australia's Goldfields', in R.T. Appleyard and C.B. Schedvin (eds), *Australian Financiers: Biographical Essays*, Macmillan, Melbourne, 1988, p. 160.
- ³⁰ Blainey, *The Rush That Never Ended*, p. 290.
- ³¹ E.T. McPhee (ed.), *Year Book of the Commonwealth of Australia 1933*, vol. 26, Australian Government Printer, Canberra, 1933, p. 250, where see table showing exports of Australian produce from 1919-1920 to 1931-1932. Note the highest figure is inflated by increased exports of gold specie as the Depression approached. Other figures in the same text production for several years before the Depression, for example, the value of mineral production fell from 23 million pounds in 1927 to 13.35 million pounds in 1931, p. 497.
- ³² n.a., *The House of Were, 1839-1954: The History of J.B. Were & Son, and its Founder, Jonathan Binns Were*, J.B. Were & Sons, Melbourne, 1954, p. 269.
- ³³ Prices had recovered by the mid-thirties, see McPhee, *Year Book*, 1933.
- ³⁴ *Kalgoorlie Miner*, 22 March 1928, p. 4.
- ³⁵ Robertson, *J. H. Scullin: A Political Biography*, p. 195.
- ³⁶ Schedvin, *Australia and the Great Depression*, p. 182.
- ³⁷ *Ibid.*
- ³⁸ *Ibid.*, p. 161.
- ³⁹ *Argus*, 23 August 1930, p. 20.
- ⁴⁰ Robertson, *J.H. Scullin: A Political Biography*, p. 195. This also reflected the *Argus's* oppositional position to the *Age*, which was vehemently in favour of protection.
- ⁴¹ W.S. Robinson, *If I Remember Rightly: The Memoirs of W.S. Robinson, 1876-1963*, F.W. Cheshire, Melbourne, 1963, p. 150.
- ⁴² *Ibid.*, p. 148; Kennett, 'The Collins House Group', p. 60.
- ⁴³ 'Metal mining: its existence threatened', *Argus*, 23 September 1930, p. 9.

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- ⁴⁴ Schedvin, *Australia and the Great Depression*, p. 183.
- ⁴⁵ *Age*, 24 September 1930, p. 9.
- ⁴⁶ Robert Murray, *150 Years of Spring Street: Victorian Government: 1850s to 21st Century*, Australian Scholarly publishing, Melbourne, 2007, pp. 49–50.
- ⁴⁷ ‘Nationalist policy’, *West Australian*, 9 October 1928, p. 18.
- ⁴⁸ *Argus*, 11 April 1931, p. 19. A few months later, in September 1931, he became president of Victoria’s Nationalist Federation, his first staging post on the way to a career in federal politics.
- ⁶⁴ n.a., *The House of Were*, p. 231.
- ⁶⁵ *Victorian Parliamentary Debates* (hereafter *VPD*), 9 April 1930, vol. 182, p. 123.
- ⁶⁶ *Ibid.*, p. 124.
- ⁶⁷ *Ibid.*, 30 October 1928, vol. 177, pp. 2511–2522.
- ⁶⁸ Martin, *Robert Menzies: A Life*, vol. 1, pp. 79–82.
- ⁶⁹ *Ibid.*, p. 79.
- ⁷⁰ D.B. Copland, *The Australian Economy: Simple Economic Studies*, Angus & Robertson, Sydney, 1941, p. 64.
- ⁷¹ James Brigden *et al.*, *The Australian Tariff: An Economic Enquiry*, Melbourne University Press in association with Macmillan and Co. Ltd, Melbourne, 1929, p. 144.
- ⁷² The articles were collected in book form, see D. B. Copland, *The Australian Economy: Simple Economic Studies*, Angus & Robertson, Sydney, 1931, p. 16.
- ⁷³ Copland, *Simple Economic Studies*, p. 16.
- ⁷⁴ Marjorie Harper, *Douglas Copland*, Miegunyah Press, Melbourne, 2013, p. 215.
- ⁷⁵ *BHP Review*, December 1945.
- ⁷⁶ *The House of Were*, pp. 194–195.
- ⁷⁷ *Ibid.*, p. 231.
- ⁷⁸ Martin, *Robert Menzies: A Life*, p. 49.
- ⁷⁹ Leonie Foster, ‘Sir Arthur Robinson (1872–1945)’, *Australian Dictionary of Biography*, Melbourne University Press, Carlton, Vic., 1988, vol. 11, pp. 422–423; Robinson, *If I Remember Rightly*, pp. 148–149.
- ⁸⁰ Margaret Steven, ‘Thomas Sydney Richard Nettlefold (1879–1956)’, *Australian Dictionary of Biography*, Melbourne University Press, Carlton, Vic., 1988, vol. 11, pp. 3–4; Wilfrid Kent Hughes to Edie Kent Hughes, 18 May 1927. Wilfrid Kent Hughes Papers, NLA MS 4856/24/1.
- ⁸¹ Wilfrid Kent Hughes to Edie Kent Hughes, 18 May 1927. NLA MS4856/24/1.
- ⁸² John Anderson and Geoffrey Serle, ‘William Alexander Watt (1871–1946)’, *Australian Dictionary of Biography*, vol. 12, Melbourne University Press, Carlton, Vic., 1990, pp. 412–416; Ralph, ‘The Broken Hill–Collins House Connection: Mining Personalities’, p. 199.
- ⁸³ Anderson and Serle, ‘William Alexander Watt (1871–1946)’, pp. 412–416.
- ⁸⁴ F.H. Wright to Harold Cohen MLC, 4 October 1928, F.H. Wright Papers, NLA MS 8119/2/9.
- ⁸⁵ Joseph Johnson, *Laughter and the Love of Friends: A Centenary History of the Melbourne Savage Club, 1894–1994*, The Savage Club, Melbourne, 1994, p. 277.
- ⁸⁶ He introduced Menzies to John Monash, one of the most influential men in Victorian public life, and head of the State Electricity Commission after 1920, see F.H. Wright to John Monash, 2 June 1930, F.H. Wright Papers, NLA MS 8119/2/11. He also wrote glowingly of Menzies to R.W. Knox, and defended Menzies to Harold Cohen, another member of the Collins House group, see F.H. Wright to Harold Cohen MLC, 4 October 1928, F.H. Wright Papers, NLA MS 8119/2/9.
- ⁸⁷ W.A. Watt to F.H. Wright, 28 May 1928; F.H. Wright to J.C. Oost-Indie, branch manager of Batavia Sea and Fire Insurance, Sourabaya, 31 May 1928; W.A. Watt to F.H. Wright, 14 June (?) 1928, F.H. Wright Papers, NLA MS 8119/2/9.
- ⁸⁸ Wright appears to have collected club memberships. In 1929 he was invited to join the Australian Club. That membership is mentioned in his 1929 letterbook, in F.H. Wright Papers, NLA MS 8119/2/10. References to the Savage Club membership are in the 1928 letterbook, NLA MS 8119/2/9; N.V. Nixon, *West Brighton Club: The First 100 Years*, West Brighton Club, Middle Brighton, Melbourne, 1981, pp. 77, 184.
- ⁸⁹ *Ibid.*, pp. 77, 79.
- ⁹⁰ *Ibid.*, pp. 12, 93–103 passim, p. 135.
- ⁹¹ Robert Murray and Kate White, ‘Staniforth Ricketson’, in Appleyard and Schedvin (eds), *Australian Financiers*, pp. 309–314.
- ⁹² For example, one of this group, Sir John Higgins, invited Copland to lunch on Ricketson’s behalf, see Harper, *Douglas Copland*, p. 177.

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- ⁹³ Helga M. Griffin, 'Higgins, Sir John Michael (1862–1937)', *Australian Dictionary of Biography*, vol. 9, Melbourne University Press, Carlton, Vic., 1983; n.a., *House of Were*, pp. 182–183.
- ⁹⁴ Griffin, 'Higgins, Sir John Michael (1862–1937)'.
- ⁹⁵ Robinson, *If I Remember Rightly*, pp. 95, 98.
- ⁹⁶ Diane Langmore, 'Pratt, Ambrose Goddard Hesketh (1874–1944)', *Australian Dictionary of Biography*, vol. 11, Melbourne University Press, Carlton, Vic., 1988; n.a., *The House of Were*, p. 254.
- ⁹⁷ Helena Morris, 'Kingsley Henderson: Architect of Civic Virtue in Interwar Melbourne', unpublished MA thesis, Deakin University, Melbourne, 2011.
- ⁹⁸ 'New investment trust', *News* (Adelaide), 20 February 1930, p. 18; n.a., *House of Were*, pp. 480–481.
- ⁹⁹ Murray and White, 'Staniforth Ricketson', pp. 320–321.
- ¹⁰⁰ R.G. Menzies to S. Ricketson, 31 December 1935, Staniforth Ricketson's scrapbooks, J.B. Were Papers, Box 2, item 38, University of Melbourne Archives. Cited in Ricketson, *Staniforth Ricketson and the Rejuvenation of the Argus*, p. 166.
- ¹⁰² Martin, *Robert Menzies: A Life*, vol. 1, p. 73.
- ¹⁰³ Ralph, 'The Broken Hill–Collins House Connection: Mining Personalities', pp. 210–211; Rohan Rivett, *Australian Citizen: Herbert Brookes, 1867–1963*, Melbourne University Press, Carlton, Vic., 1965, p. 196.
- ¹⁰⁴ *Ibid.*
- ¹⁰⁵ n.a., *House of Were*, p. 257.
- ¹⁰⁶ *Ibid.*, p. 259.
- ¹⁰⁷ *Ibid.*, p. 269.
- ¹⁰⁸ Harper, *Douglas Copland*, p. 177.
- ¹⁰⁹ Murray and White, 'Staniforth Ricketson', p. 320.
- ¹¹⁰ C.B. Schedvin, *Australia and the Great Depression: A Study of Economic Development and Policy in the 1920s and 1930s*, Sydney University Press, Sydney, 1970, p. 367.
- ¹¹¹ *Ibid.*
- ¹¹² Between 1928 and 1932, the Commonwealth basic wage fell nearly 30 percent, thanks to adjustments in wages due to the cost of living and the direct cut of 10 percent made by the Commonwealth Arbitration Court in early 1931, see D.B. Copland, *The Australian Economy: Simple Economic Studies*, 4th edn, Angus and Robertson, Sydney, 1941, pp. 75–76.
- ¹¹³ Philip Hart, 'The Piper and the Tune', p. 117; 'Wages not sacred/ Mr Lyons's speech/ Tariff must be examined', *Age*, 3 September 1931, p. 8.
- ¹¹⁴ Schedvin, *Australia and the Great Depression*, p. 167.
- ¹¹⁵ *Ibid.*, pp. 157–166.
- ¹¹⁶ Kosmas Tsokhas, 'Business, Empire and the United Australia Party', *Politics*, vol. 24, no. 2, pp. 39–52.
- ¹¹⁷ Iron and steel beams were on the list of prohibited imports created by the Scullin government. See Schedvin, *Australia and the Great Depression*, p. 141n.
- ¹¹⁸ Tsokhas, 'Business, Empire and the United Australia Party'.
- ¹¹⁹ 'Imperial Preference', *Encyclopaedia Britannica Online*, viewed 7 September 2015: <<http://www.britannica.com/topic/imperial-preference>>.
- ¹²⁰ Schedvin, *Australia and the Great Depression*, p. 370.
- ¹²¹ W.S. Kelly, 'The Australian Tariff', in *Australian Economic Policies* (Australian Supplementary Papers Series B, Nos. 1 to 4), Australian Institute of International Affairs, Sydney, 1938, p. 8.
- ¹²² *The House of Were*, pp. 297–298.