

Reinterpreting Australia's Greatest Prime Minister

John Edwards 2005, *Curtin's Gift: Reinterpreting Australia's Greatest Prime Minister*, Allen and Unwin, St Leonards, 198pp, ISBN 9781865087047, RRP \$35.00.

'I came out of Bataan and I shall return'.

Most Australians and Americans correctly identify this statement to General Douglas MacArthur after his long retreat from the Philippines in March 1942. Few people would realize that it was made on the railroad platform in Terowie, a small settlement on the northern edge of the wheat belt and 200 km north of Adelaide, at the end of the 1600 km narrow gauge line from Alice Springs, which MacArthur had just travelled in a slow rickety train of three timber carriages—so primitive that the train had to be stopped to allow passengers to pass from one carriage to another. In his long trip through the continent he had experienced at first hand the appalling state of Australia's transport infrastructure.

MacArthur had reasonably expected to arrive in a small but developed country, well-prepared to deal with the Japanese threat. He found, instead, a country with undeveloped and fragmented transport, run-down industrial capacity, and the main part of its armies either fighting in the distant African campaign or held as prisoners of war by the Japanese.

March 1942 was a low point for MacArthur and Australia's Prime Minister John Curtin. Since Curtin had taken office just five months earlier, Japan had entered the war, with outstanding early success. In December 1941 they had invaded Malaya and struck a blow on the US Pacific fleet in Pearl Harbor. By February Singapore, Britain's impregnable fortress, had

fallen. By March the Japanese had advanced through Ambon and Timor to the north coast of Papua New Guinea, and Darwin had been bombed—the first of many raids on northern Australian ports. Australians felt threatened as they never had before.

Curtin was acutely aware of that threat. He had made his own historical 'Look to America' statement in his new year message at the end of 1941. It was indeed a radical statement. Although the Australian nation was forty years old, it still had strong attachments to Britain. It had been only fifteen years earlier, in 1926, that Britain formally acknowledged Australia's right to an independent foreign policy, and it was still somewhat heretical to believe that there may not be a full alignment between British and Australian interests.

From this era myths were born. Curtin became Australia's liberator from the grasp of the Old World, seizing back our diggers from North Africa to save the homeland. MacArthur passed into history as a celebrity general.

In his short work *Curtin's Gift*, John Edwards sets out to correct the record. The myth of Curtin as Australia's Paul Revere has tended to obscure Curtin's more enduring achievements, which Edwards carefully documents. With his background as an academic economist and economic advisor to Paul Keating, it is hardly surprising that he focuses on Curtin's economic achievements. Thus he summarises his view of Curtin:

His enduring importance does not lie in the war against Japan, but in how he was able to use the war against Japan to change the nature of Australian political institutions and Australia's economy. In our pursuit of military myths and national heroes, in the emotional trauma of Australia's separation from England, in our acceptance of his own posture as warlord, we have got Curtin seriously wrong.

Curtin and MacArthur, one brought up in the proud working class socialist traditions of the Australian Labor Party and the other brought up in the equally proud traditions of the US military establishment, had little shared ideology, but they appreciated their mutual dependence (a relationship rendered with a little licence in the play *Shadow of the Eagle* by George Blazevic and Ingle Knight). They rapidly agreed on a division of labour—MacArthur would look after the fighting and Curtin would look after mobilizing Australia for war.

The Japanese soon suffered the fate of over-extended military ventures; by late 1942 they had suffered several reversals. In May the invasion fleet headed for Port Moresby had been turned around in the Battle of the Coral Sea, and in August Australian soldiers had inflicted the first significant defeat on Japanese land forces in the Battle of Milne Bay. And, of course, no mention of the war in 1942 can overlook the successful Kokoda campaign.

Australia had a massive war mobilization. In 1942 there were more than half a million Australians

in uniform, out of a population of seven million. (By way of comparison, in a population of 300 million, the USA today has a military force of only 1.5 million.) The divisions which had been fighting in Africa were brought back to fight in the war against Japan—Australia's war. Contrary to mythology, they did not have to be wrest from the clutches of the British; the dispute was not whether they should be deployed in Europe or Asia; rather it was about which area of Asia. Curtin's will prevailed, and they were brought back to Australia, rather than being deployed to Burma—a deployment which would almost certainly have led to their capture.

Edwards presents strong evidence in support of the notion that Australia never was under dire threat. Both Macarthur and Curtin, for their own reasons, however, had strong reasons for sustaining the notion of imminent danger to the homeland, even as the threat from Japan diminished. Macarthur's messianic desire to liberate the Philippines is the subject of another story, Curtin's domestic program is the subject of Edwards' work.

Both Macarthur and Curtin had to put up with the Churchill-Roosevelt strategy of giving priority to the war against Germany, while holding the Japanese advance. With more than 20 000 Australians held as Japanese prisoners of war, in brutal conditions, Curtin would have been politically foolish to have conceded publicly that the Japanese operation was on hold.

Curtin's domestic agenda was about strengthening the Australian economy, or, as Curtin said, attending to the 'social question'. Those who have been conditioned by the shallow political debates of the last twenty years may wonder if Curtin really understood his priorities; did he not appreciate, as so many Labor politicians now hold as an article of faith, that there is a necessary tradeoff between social and economic objectives? Surely

Labor has to be circumspect about its policies, for its social programs inevitably impose some cost to economic performance. Better to tread softly.

Curtin did not tread softly, and he would have correctly considered any conflict between economic and social objectives to be a false dichotomy. Economic institutions and economic activities have no legitimate ends other than social ends. And, unlike modern politicians, he understood the difference between finance and economics. Economic management is concerned with real resources—the number of people mobilized for defence and civilian production, the capacity to produce ships and aircraft, the condition of the nation's transport infrastructure.

The immediate task facing Curtin was to gear up Australia's industrial capacity to produce munitions—including sophisticated supplies such as aircraft and weapons systems. This necessitated resurrection of Australia's manufacturing sector, so badly damaged during the Depression—a damage aggravated by the policies the Lyons Government had adopted on the advice of Sir Otto Niemeyer of the Bank of England. (Edwards reveals that Curtin, through his independent studies, had independently come to the same conclusions as Keynes about the causes of and remedies for the Depression.)

To this end Curtin was quick to use his wartime powers to persuade the states to yield their powers over income tax to the Commonwealth. He made those taxes more progressive, and, on the expenditure side, used conditional grants to the states to direct their expenditures towards ends directed by the Commonwealth. As early as 1942 the Curtin Government was considering postwar planning and had set up a Department of Postwar Reconstruction. (Butlin, Coombs, Crawford, Hewitt, Melville, Swan and Tange are among the names of prominent public servants who

worked in that Department.) In 1944 Australia was a strong and influential participant in the Bretton Woods processes, which would see the establishment of a new liberal economic order. (Revisionist reconstructions of Curtin which portray him as an isolationist are grossly unfair.)

In centralising power he set the scene for national reconstruction; postwar Australia would no longer be the provincial backwater Macarthur had found in 1942. It would be a fairer and more modern society, and economic policy would be decided by politicians giving effect to social policies, rather than by bankers concerned with the neatness of their ledgers.

Curtin was not to live to see the fruits of his labours. He died in July 1945, after the German surrender but before the Japanese surrender. Others were to take much of the credit for Australia's spectacular postwar success—a country which was to become transformed by successive waves of immigration, by a hugely expanded participation in tertiary education, and an economy which achieved the seemingly irreconcilable goals of full employment, high growth, generous welfare and low inflation. (Curtin would have been disappointed, perhaps, to have learned that it would still take sixty years before Australia would have a north-south transcontinental railroad, and that in 2006 the highways linking our main cities would still be incomplete.)

These achievements are Curtin's legacy—his gift to Australia. Republicans may wish to claim Curtin as one of their own, but in postwar Australia we were still standing for 'God Save the King' in cinemas, our passports still had us described as 'British subjects', we flocked in our millions to see the new monarch in her 1954 visit, and Britain was to remain the preferred source of immigration for many years. Edwards points out that Curtin

was opposed to British imperialism, and to the assumption that the interests of Australia and Britain would automatically align, but that was the limit of his opposition.

Edwards' work is short, and skilfully crafted. He concentrates on Curtin the Prime Minister, but he provides insight on the experiences that shaped his ideas, particularly his

observations of the lost opportunities and mismanagement as Australia struggled through the Depression. Those who want more of Curtin's background filled in would do well to turn to David Day's 1999 biography *John Curtin: a life*. But even that much longer work does not explain so clearly Curtin's economic ideas and policies.

The lesson for contemporary Australia is that the Labor Party has a strong tradition in successful economic management. Edwards has given us an insight to Curtin the practical economist, who understood that attention to economic structure is far more important than financial impression management.

Ian McAuley

Australian Values

Brian Howe 2007, *Weighing Up Australian Values*, UNSW Press, Sydney, 208pp, ISBN 9780868408859, RRP \$29.95.

Weighing Up Australian Values by Brian Howe is a timely look at how policy affects the working lives of Australians. Brian Howe was Deputy Prime Minister of Australia from 1991-1995 and what he offers is what one might expect from a former Labour leader under Keating. His proposal for equitable social policy is imaginative yet rooted in conventional economic theory. The main achievement of the book is to provide a thought-provoking policy proposal for how to manage the labour force in the era of decentralisation and Workchoices.

The title of the book *Weighing up Australian Values* is an obvious dig at last year's political ping-pong over so-called Aussie Values. In contrast to the mind-numbing quality of that debate Howe offers a careful exploration of what values mean in the lived experience of workers at all levels and at all stages of life. The book aims to set out a values-driven social policy that responds to the fundamental changes both in our economy and society.

Howe's essential argument is that Australia needs a new focus for its social policy. Rather than equating social policy with social security Howe argues that social policy should be about working with people to anticipate risk so that they can manage periods of change in their lives more effectively. Howe warns that the danger of

present policies is that rather than encouraging people to improve their education and skills they will make people feel that their only choice is to retreat and protect the minimum security that social benefits provide.

Howe bases his definition of risk on Gunther Schmidt's idea of Transitional Labour Markets (TLMs). Schmidt has argued that when people move between activities—such as unemployment and employment, education and work, or work and caring—they are most at risk. These transitions carry an element of risk both for individuals and for society as a whole. The broad implications of TLMs work well on a number of levels because everyone moves through these changes and readers will be able to empathise with one or more of the kinds of risk described.

A key problem that Howe identifies is that those who most need to make the risky transition to upskill are the least likely to do so and are also less likely to receive support from their employers and from government for further training. In order to encourage upskilling he suggests the introduction of 'learning accounts'. Learning accounts would be where the worker saves for skill development, the same way workers currently save for retirement through superannuation. In Howe's proposal, this saving would

not be compulsory; however it would be the 'default option'. This proposal makes excellent sense in the context of the current skills shortage.

The main weakness of Howe's argument is his assumption that people must complete secondary education. Unless the secondary system drastically changes to better accommodate less academic students, this assumption will remain an overly simplistic answer to the problem of unemployment. There seems little point in forcing students who are disengaged from the learning process into classrooms to endure an inevitable loss of self-esteem. Fortunately this glitch in Howe's argument does not substantially undermine it—a system of learning accounts could work well for people who do not complete secondary school.

Although Howe clearly disapproves of Workchoices, his book will engage both sides of the political divide with its broad scope and imaginative policy proposals. Howe's experience in government gives his work an edge that is lacking in most academic texts and his belief in the power of good policy to bring out the potential in people is a refreshing take on how best to manage both community interests and economic development.

Lucy Marshall