



*Joseph and Enid Lyons and children in the garden of the Prime Minister's Lodge, Canberra*

former Labor man he could attract those Labor voters who, like him, did not want to make things worse by departing from 'sound finance'. He was also a Catholic, the father of 11 children. So he would attract some Catholic voters from Labor, the party Catholics traditionally supported. Lyons has been the only Catholic to lead the party opposed to Labor.

The Labor government's attempts to depart from 'sound finance' had all been rejected by the Senate and the Commonwealth Bank. Prime Minister Scullin then accepted that he would have to follow 'sound finance' more or less. He had been a socialist in his youth; now he recognised that he had no chance of implementing a distinctive Labor policy; his job was to find a consensus policy that would save the country from ruin. In June 1931 he and the state premiers (who came from both sides of politics) agreed on a plan for state and federal governments that cut wages and pensions and the interest paid on loans. Lyons and the United Australia Party supported it. Scullin needed their votes in the parliament because he allowed the Labor members a free vote on

the Premiers' Plan. That meant that Labor men did not have to vote to cut wages and lower pensions.

The difficult part of the plan was the cutting of interest rates on loans. Lenders had contracts with governments that set down the interest rate. To break a contract was thought to be immoral and irresponsible—it was what Lang had done. But the principle of the Premiers' Plan was that the pain of government cutbacks should be equally spread. So lenders were asked to agree voluntarily to an interest cut. They nearly all did. Then by law the rest were made to follow, with exceptions allowed in case of hardship. The Melbourne money men were upset at this compulsion and wanted Lyons to oppose it. He refused.

The Scullin government lost office because the Labor members from New South Wales who were loyal to Lang voted against it. An election was held in December 1931. The Labor government that had chopped and changed so much was totally discredited. There was no sign of the Depression lifting. The result was a foregone conclusion. Lyons and the United Australia Party came in on a landslide.

Australia was now fully committed to 'sound finance', except for the government of Jack Lang. He had signed the Premiers' Plan and then ignored it. In February 1932 he again refused to pay interest on a loan.

In the early months of 1932 democratic government in New South Wales came very close to collapse. The government would not meet its financial obligations. There were three private armies. A Labor Army had been formed to fight the New Guard. The Old Guard was on standby. The state was physically breaking up because the Riverina and New England were on the point of declaring their independence. This was their way of escaping from Lang.

The New Guard had promised that Lang would not be allowed to open the Harbour Bridge, now nearing completion. It had plans to kidnap him and place him in the old Berrima Gaol. One Guardsman, Captain de Groot, was so concerned at these plans that he put forward a gentler alternative. He would ride with the lighthorsemen in the procession and cut the ribbon before Lang. The plan was accepted, and de Groot declared the bridge open 'in the name of the decent and respectable citizens of New South Wales'.

The Lyons government paid the interest that Lang was not paying. It then passed a law to recover this amount from New South



*New Guardsman de Groot opens the Harbour Bridge before Lang*

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Wales. The Commonwealth government had the right to take what it was owed out of the bank account of the New South Wales government. To stop this happening Lang ordered that money collected in fees and taxes should not be paid into the bank. It was to be kept in the basement of the Treasury, which was guarded by members of the Timberworkers' Union. It seemed that the Commonwealth might have to use force against Lang.

There were two outside powers that could bring Lang down. He ruled a state within a federation, and so he might be controlled by the federal government. He held office as premier at the wish of the king's representative, and so he might be controlled by the governor.

The governor was an Englishman, Sir Philip Game. Acting according to the constitution, he had chosen and supported Lang as premier because he was the leader of the party with a majority in the Assembly. He had accepted Lang's advice to appoint new Labor members to the Legislative Council—and had been criticised by Lang's opponents for doing so. He had given the New Guard a very cold reception when they marched into

Government House grounds to present a petition asking him to dismiss Lang. But now Game decided that Lang was breaking the law in hiding money from the Commonwealth. He asked the premier to withdraw the order to keep money out of the bank. Lang refused. The governor then dismissed him. He made the leader of the Opposition premier and accepted his advice to hold an election.

The governor acted properly. Under the Westminster system the head of state—king, queen or governor—holds ‘reserve powers’ to be used in emergency to guarantee that the system runs properly. A government must itself obey the law. If a government persists in breaking the law, it can be dismissed. The one criticism made of Governor Game by some constitutional experts is that he should have waited until a court declared that Lang was acting illegally.

Lang went quietly. He knew he had run out of options. Force and the threat of force had become factors in the state’s politics, but Lang made no attempt to use force to stay in power. Two hundred thousand people gathered in a Sydney park to support Lang after his dismissal, but this was an election rally, not the beginnings of a people-power parade. The private armies melted away. A note of dismissal from a governor had brought peace. The respect for constitutional authority ran very deep.

Lang lost the election and was never premier again. The United Australia Party with Country Party support governed the state for the rest of the 1930s. The federal Labor Party knew it would never govern again while Lang retained his power base in New South Wales. The Lang machine was hard to break. Until 1936 the official Labor Party ran in opposition to Lang’s. When the two agreed to combine, Lang remained leader. It was only in 1939, when Labor MPs regained the right to elect their leader, that Lang was removed.

In the Commonwealth too the United Australia Party with Lyons at its head remained in office throughout the 1930s. The Depression began to lift soon after Lyons became prime minister. His government did not perform so well after the crisis had passed. Lyons was much better at winning elections than at developing new ideas. He was the most popular prime minister the country had had.

Lyons had close contact with the big businessmen who backed the United Australia Party. He sought advice from them and they