

4

‘A chronic lack of self-reliance’? Australia’s response to the coming Pacific War, 1937–41

By 1937, war had reached the Asia-Pacific region and the world was once again drifting towards global conflict. This was likely to be a war in which Japan and Australia would be enemies. It is easy to believe that the Australia of the interwar years—a remote colonial outpost yet to assume full autonomy from Britain in foreign policy—could stand idly by, failing to prepare as war drifted towards its shores. This situation was seemingly the result of a ‘chronic lack of self-reliance’, as the Australian government could, according to David Day, ‘see no alternative to historic[al] reliance on Britain’.¹ Others, such as John McCarthy and Ian Hamill, have offered a more measured appraisal, acknowledging that Australia realised its strategic needs differed from those of Britain and, at times, attempted to articulate this. They nevertheless conclude that, when Australia failed to deliver meaningful changes in imperial defence planning, the nation remained wedded to the Singapore Strategy.² Australia’s disillusion was

1 David Horner, *High Command: Australia’s Struggle for an Independent War Strategy, 1939–45*, 2nd edn (Sydney: Allen & Unwin, 1992), 15; David Day, ‘27 December 1941 Prime Minister Curtin’s New Year Message: Australia “Looks to America”’, in *Turning Points in Australian History*, eds Martin Crotty and David Roberts (Sydney: UNSW Press, 2008), 131.

2 John McCarthy, *Australia and Imperial Defence 1918–39: A Study in Air and Sea Power* (Brisbane: University of Queensland Press, 1976); Hamill, *The Strategic Illusion*.

duly revealed in December 1941 when two RN capital ships, HMS *Prince of Wales* and HMS *Repulse*, were sunk by the Japanese and, in February 1942, with the fall of Singapore.³

Instead, this chapter examines how Australian policymakers, having drawn on the lessons of the interwar years, were acutely aware of the limitations of imperial defence planning for the Asia-Pacific region and adopted a much more proactive policy in response. In the same vein as the Allies' approach to the European aggressors, Australia coupled rearmament with appeasement. Eastern appeasement centred on coercive diplomacy, aiming to deter Japanese aggression for long enough to allow for military preparation. In the absence of an adequate security assurance from Britain, the Australian government was also looking beyond the Empire to the US, using diplomatic pathways to draw the US into Asia-Pacific affairs and extract a military guarantee. By shifting the focus from Australia's material preparation for the coming Pacific War, Australia's independent diplomatic efforts become apparent—efforts that sought to shape the circumstances under which the war took place.

Rearming for a regional conflict

The economics and strategy of Australia's rearmament process have been documented widely elsewhere, but it is useful to consider the changing nature of the nation's defence preparations in view of the outbreak of the Second Sino-Japanese War and the diverging strategic priorities of Australia and Britain that resulted.⁴

The 1937 Imperial Conference was, as Andrew May has written, an 'instrument of change' in Australian defence planning.⁵ Shortly after his return from the conference, Joseph Lyons was thrown into campaign mode for the upcoming federal election. The United Australia Party was

3 Day, *The Great Betrayal*, 1–16, 210–13, 234–56; Richard Waterhouse, 'Empire and Nation: Australian Popular Ideology and the Outbreak of the Pacific War', *History Australia* 12, no. 3 (2015): 30–54; Murfett, 'The Singapore Strategy', 97–201.

4 For instance, A.T. Ross, *Armed and Ready: The Industrial Development and Defence of Australia, 1900–1945* (Sydney: Turton & Armstrong, 1995); Albert Palazzo, 'The Overlooked Mission: Australia and Home Defence', in *Australia 1942: In the Shadow of War*, ed. Peter J. Dean (Cambridge, UK: Cambridge University Press, 2013), 53–69; Andrew May, 'Fortress Australia', in *Between Empire and Nation: Australia's External Relations from Federation Until the Second World War*, eds Carl Bridge and Bernard Attard (Melbourne: Australian Scholarly Publishing, 2000), 168–87.

5 May, 'Fortress Australia', 173.

returned to power in October. Part of the party's campaign agenda was a strong commitment to defence, including a new three-year rearmament program announced in September.⁶ The 1937–39 program was the third in a series. Australia's first rearmament program was announced in September 1933 and the second in December 1935, both of which focused on modernisation.⁷ Although Australia's economy was still recovering from the depression, the 1937–39 program was more intensive than those that had preceded it, combining expansion with modernisation. The forward estimate for the three-year budget was £43 million, marking deficit spending on defence for the first time since the end of World War I. Of this, £24.8 million was provided for new expenditure.⁸

More than an increase in expenditure, the new rearmament program suggested the nature of Australia's approach to defence was shifting. The navy was traditionally the priority in Australian and broader imperial defence strategy, while the army and air force were largely employed for the defence of Australian territory. Although this hierarchy changed very little in the new program, the air force was given increasing significance in terms of budgetary spending.⁹ With its vulnerable coastline and seemingly dangerous neighbourhood to the north, Australia's primary concern was coastal attack. The mobility of aircraft—essential in deterring and defending against coastal raids—created a particularly important role for the Royal Australian Air Force (RAAF). Accordingly, the RAAF received the bulk of the new expenditure, £8.8 million, while the Royal Australian Navy (RAN) and the Army received £7.75 million and £5.5 million, respectively.¹⁰ New coastal aircraft bases and anti-aircraft defences at major ports were proposed as part of the government's 'priority of provision in local defence'.¹¹

Particular attention was given to Australia's vulnerable north, including the construction of two new bases, at Darwin, in the Northern Territory, and Amberley, in Queensland.¹² The bases were to be filled with new

6 Bird, *J.A. Lyons*, 200–3; *CPD: Representatives*, 8 September 1937, No. 36, 737–81.

7 Ross, *Armed and Ready*, 111.

8 Bird, *J.A. Lyons*, 202; Paul Hasluck, *Australia in the War of 1939–1945. Series 4: Civil. Volume I: The Government and the People, 1939–1941* (Canberra: Australian War Memorial, 1970), 102. New expenditure refers to costs beyond the maintenance of existing services. This initial estimate was later reduced.

9 May, 'Fortress Australia', 169, 174, 178; Ross, *Armed and Ready*, 113; Horner, *High Command*, 14.

10 Hasluck, *Australia in the War of 1939–1945*, 102.

11 *CPD: Representatives*, 8 September 1937, No. 36, 739–40.

12 'Report on Progress of the Defence Development Programme (1937–38 to 1940–41) to 30th September 1938', NAA: A5954, 1039/1.

aircraft purchases. Avro Anson and Avro Cadets, general-purpose British-manufactured craft, were selected for coastal reconnaissance, training and to deter against raids, while combat ranks were filled with 180 Bristol Beaufort torpedo bombers. It was intended that the two Avro-class craft would be supplied by Britain's Air Ministry. However, by mid-1939, with ongoing delivery problems, the Australian government began local construction, forming the Department of Aircraft Production. Australia's decision to produce aircraft locally resulted in one of the more contentious issues in the nation's aeronautical history, the Commonwealth Aircraft Corporation (CAC) Wirraway. The Wirraway was a CAC (the Broken Hill Propriety Limited-led syndicate) adaptation of the American NA-16 light trainer, refitted with a simple undercarriage, bombs and a gun rack. Despite its original design as a trainer, the Wirraway was championed by Defence Minister Archdale Parkhill as a general-purpose aircraft, with diverse roles as a 'fighter, [in] army cooperation duties, reconnaissance tasks' and as a 'light bomber and advanced trainer'. The Wirraway was committed to frontline operations just once, in the Battle of Rabaul, only to be shot down by the vastly superior Japanese A6M Zero.¹³

Australia admittedly made some questionable decisions about rearmament, including the quality and suitability of some equipment. Nevertheless, policymakers were keenly aware of the nation's discrete defence requirements and sought to acquire equipment that would protect it and deter against future aggression.

Eastern appeasement

Australia may have been coordinating a more self-reliant defence policy, yet these measures would be useless unless time was created in which to implement them. The Australian government, accordingly, pursued appeasement in tandem with rearmament. Although the two may appear contradictory, rearmament was characterised as defensive rather than offensive and a contingency if appeasement failed.¹⁴

13 Butlin, *Australia in the War of 1939–45*, 267–8; Horner, *High Command*, 13–15; “Supply of Arms to Foreign Powers Statement of Air Craft and Aero Engines Under Construction and Release for Sale”, Air Ministry, 20 June 1939, cited in McCarthy, *Australia and Imperial Defence 1918–39*, 103.

14 Bird, *J.A. Lyons*, 200–2.

The 1936 trade diversion episode had ruptured Australia's carefully curated diplomatic and economic relations with Japan and the government set out to rebuild them. The earliest expression of eastern appeasement following trade diversion can be identified in Australia's response to the Second Sino-Japanese War. In much the same manner as it had responded to the Manchurian Crisis, the Australian government attempted to remain impartial, promoting international consultation as the means to a resolution.

Australia's position varied from that of Britain, which, like much of the international community, had condemned Japan's actions.¹⁵ Following the outbreak of war between China and Japan, the General Assembly of the League of Nations recommended a conference of the Nine-Power Treaty members with the hope of encouraging consultation and a resolution.¹⁶ Both Australia and Britain were signatories of the Nine-Power Treaty and, prior to the conference proceedings, the British government privately indicated its belief that effective consultation between Japan and China was improbable, necessitating economic sanctions against the Japanese. In the case of sanctions, the Dominion Secretary Malcolm MacDonald anticipated 'a very real danger of Japan taking violent action to prevent their [the sanctions] success'. He recommended that all countries intending to impose sanctions provide a mutual 'assurance of military support in the event of violent Japanese retaliation'.¹⁷ What MacDonald had suggested was a fatalistic acceptance that armed conflict with Japan was inevitable and imminent. This position would force Australia to abandon eastern appeasement and drift towards a war for which it was not yet ready.

In the interim between MacDonald's cable (19 October 1937) and Australia's reply (28 October 1937), Lyons stated publicly that 'the settlement of differences between nations should be sought, not by recourse to force, but by methods of cooperation and conciliation'.¹⁸ It was of little surprise, then, when the Australian government rejected the proposed economic sanctions, making clear it would only 'consult on the basis of conciliation' as it had been 'on this understanding that the

15 *ibid.*, 227–8.

16 'Doc. 75, Bruce to Lyons, 6 October 1937', in Neale, *DAFP*, vol. 1.

17 'Doc. 83, MacDonald to Commonwealth Government, 19 October 1937', in Neale, *DAFP*, vol. 1.

18 Museum of Australian Democracy, 'Australian Federal Election Speeches, Joseph Lyons, 23 October 1937, United Australia Party. Delivered at Deloraine, Tas., 28 September 1937', available from: electionspeeches.moadoph.gov.au/speeches/1937-joseph-lyons.

Commonwealth Government accepted the invitation' to the conference.¹⁹ The Nine-Power Conference was inconclusive, finding no immediate solution to the situation. Although the situation in the Asia-Pacific region was not improved, any further antagonism of Japan had also been avoided.

The Nine-Power Conference episode is significant for two main reasons. First, it reflects a growing assertiveness within Australia's approach to foreign policy. Most critically, this was an assertiveness directed towards Britain when the imperial figurehead's policy did not reflect the geopolitical interests of its dominion. Second, in avoiding economic sanctions, the Australian government appeared to be returning to the strategic use of trade employed before the trade diversion upset. As detailed in Figure 4.1, Japan's southward advance was more than simply a policy of territorial expansion and included securing zones for immigration and raw materials. At the centre of this policy were a rapidly growing population and the need for natural resources for continued economic growth. This involved the 'economic penetration' of Far Eastern nations, using Japanese capital to invest in foreign nations and secure essential tradeable goods.²⁰ While this was concerning in terms of regional security, the policy of economic penetration presented Australia with a relatively easy means of appeasing Japan.

Among the most well-known examples of Australia's economic diplomacy in interwar relations with Japan are the nationwide 1937–38 waterside workers' strikes—most famously, the *Dalfram* strike of 1938, when workers refused to load strategic cargo such as iron and scrap metal on to Japan-bound ships because it would likely be used for war purposes.²¹ This action compelled Attorney-General and Minister for Industry Robert Menzies to declare that Australia's international policy would be determined by the duly elected government, not 'by some industrial section'.²² Rather than revisit in detail the well-documented *Dalfram* episode, let us consider an event that was unfolding simultaneously, yet has received little attention in histories of this period.

19 'Doc. 88, Commonwealth government to MacDonald, 28 October 1937', in Neale, *DAFP*, vol. 1.

20 Frei, *Japan's Southward Advance and Australia*, 1; 'Longfield Lloyd to Murphy, 6 October 1937', NAA: A601, 402/17/30.

21 For a detailed account of the strike movement, see R. Lockwood, *War on the Waterfront: Menzies, Japan and the Pig Iron Dispute* (Sydney: Hale & Iremonger, 1987).

22 'Menzies statement for press, 26 November 1938', in Attorney-General's Department: Correspondence files, annual single number series [Main correspondence files series of the agency], 1857–, NAA: A432, 1938/1301.

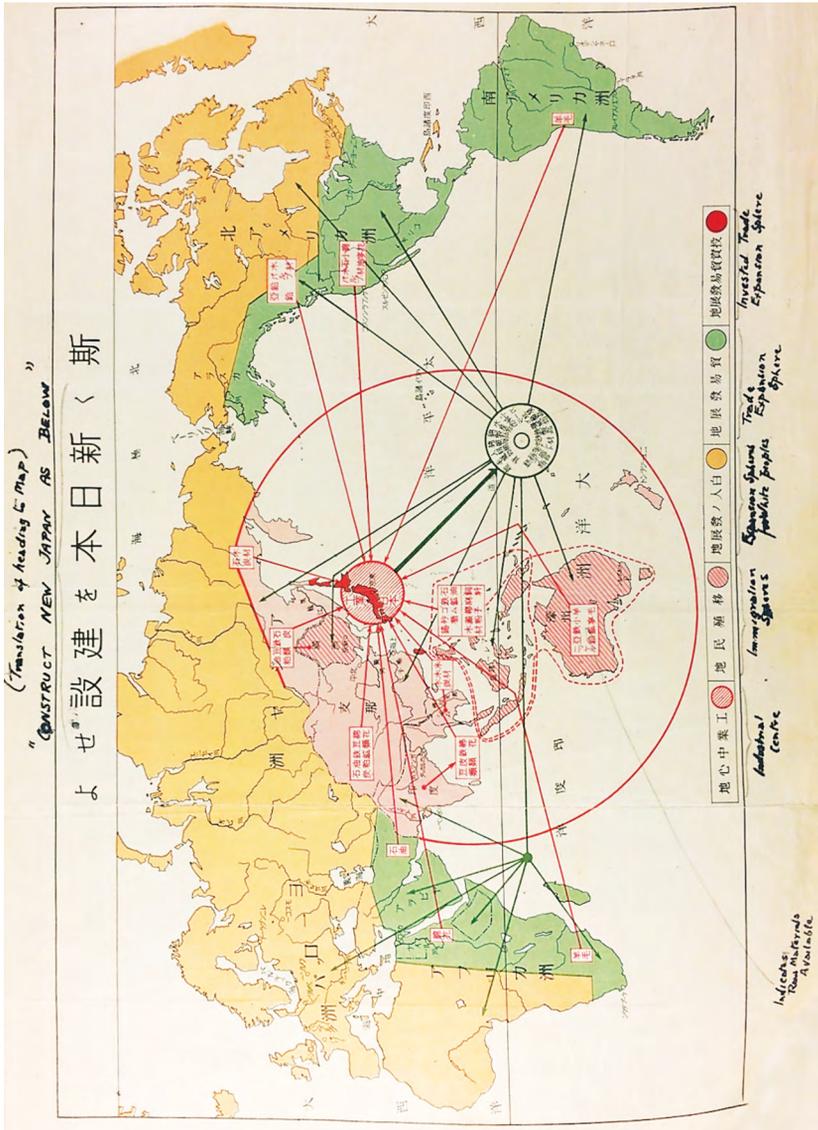


Figure 4.1 'Construct New Japan as Below': Japan's economic penetration

Note: Legend reads (left to right): Industrial Centre, Immigration Spheres, Expansion Spheres for White Peoples, Trade Expansion Sphere, Invested Trade Expansion Sphere.

Source: Courtesy of the National Archives of Australia, NAA: A601, 402/17/30.

In the settlement of the Trade Diversion Policy, the two nations negotiated a trade agreement. Japan committed to purchasing 800,000 bales of Australian wool (approximately 533,000 bales per annum) in the 18 months preceding 31 June 1938. As this period drew to a close and the two governments considered renewing the agreement, it was clear that Japan would fail to reach the agreed-on quota, having purchased only 503,000 bales. The Australian government understood the implications of this breach, with a March 1938 Cabinet minute noting that, unless Japanese wool imports increased or the wool-textile quota was renegotiated, Australia ‘has to face a question of withdrawing the Intermediate Tariff’.²³ Despite this assessment, neither a withdrawal of the tariff nor a reduction of Australia’s textile purchases was proposed. The Japanese total wool quota was reduced, with Australia guaranteed to service two-thirds of the total predicted need of 500,000 bales for the coming year. Japan would again fail to meet this revised quota.²⁴

In reviewing the 1938 Australia–Japan trade negotiations, Jack Shepherd remarked that Australia made no attempt to ‘drive a hard bargain’, ultimately accepting an agreement that was clearly in Japan’s favour.²⁵ This apparent complacency can be explained in terms of eastern appeasement. Cabinet recognised that retaliatory action ‘would probably precipitate another tariff dispute’, inciting fractured diplomatic relations. They agreed this must be avoided, and the option was not raised again. The Australian government also took into account Japan’s ‘abnormal political and financial conditions’ when negotiating the new agreement—that is, the nation’s over-reliance on foreign markets, which in turn created a trade deficit and restricted access to foreign currency.²⁶ In a continuation of approaches adopted in relation to the Manchurian Crisis and its reluctance to penalise Japan in the lead-up to the Trade Diversion Policy, Australia was carefully considering the strategic role of trade as it related to the deteriorating situation in the Far East.

23 “Japan–Australia Trade Negotiations”, Cabinet Minute, 18 March 1938’, NAA: A1667, 194/B/3/A/5 Part 1A.

24 Shepherd, *Australia’s Interests and Policies in the Far East*, 156–7.

25 *ibid.*, 158.

26 “Japan–Australia Trade Negotiations”, Cabinet Minute, 18 March 1938’, NAA: A1667, 194/B/3/A/5 Part 1A.

Difficult decisions: Yampi Sound and the 1938 iron ore embargo

The iron ore embargo of 1938, in which Japan was denied access to previously contracted iron ore deposits at the Yampi Sound mines in Western Australia, is an episode incongruent with Australia's ongoing efforts to maintain cordial relations with Japan in a bid to prolong relative peace. In 1935, the Japanese operated firm H.A. Brassert and Co. Ltd secured a 50-year lease at Yampi Sound. Developments began immediately to prepare the area for extraction with a planned commencement date in 1938. In March 1937, reports emerged of an imminent world steel shortage. The Australian government concluded that it was not a lack of available resources that had created the shortage, but rather inadequate output and no move was made to restrict the exportation of iron ore.²⁷

Then in May 1938, in what appeared to be a very sudden decision, the Australian government announced an embargo on the exportation of iron ore, effective 1 July 1938. This decision was justified on the basis of conservation, with the Australian government citing a recent report that indicated iron ore deposits were less than had previously been estimated.²⁸ During March–June 1938, a distressed Torao Wakamatsu, the Japanese Consul-General in Sydney, was in contact with Lyons on an almost fortnightly basis. He pressed Lyons to allow Japanese access to the existing Yampi project, emphasising the considerable funds that had already been invested in good faith.²⁹ Wakamatsu's anxiety was likely heightened by the increasingly stringent economic sanctions and restricted access to credit enforced by the US following its condemnation of Japan's actions in China.³⁰ Nevertheless, Australia remained firm in its resolve and the embargo was enforced.

27 Shepherd, *Australia's Interests and Policies in the Far East*, 87–9; 'Iron Ore: Yampi Sound', *Sydney Morning Herald*, 5 March 1937, 11; 'Doc. 15, Cabinet Minute, 9 March 1937' and 'Doc. 55, Bruce to Lyons, 4 August 1937', both in Neale, *DAFP*, vol. 1.

28 'Doc. 140, Prime Minister's Department to Longfield Lloyd, 17 March 1938' and 'Doc. 141, Lyons to Bruce, 17 March 1938', both in Neale, *DAFP*, vol. 1.

29 See Docs. 170, 178, 184, 208, 216, 249, 'Wakamatsu to Lyons', in Neale, *DAFP*, vol. 1.

30 For a summary of the United States' economic response to the Second Sino-Japanese War, see US Department of State, *Peace and War: United States Foreign Policy, 1931–1941* (Washington, DC: Government Printing Office, 1943), 32–6.

While documents since released reveal that the conservation claims were fabricated and the iron ore embargo was anti-Japanese in sentiment, it was not necessarily the end of eastern appeasement. Instead, the episode highlights Australia's pragmatic appraisal of appeasement and immediate national security requirements. While Australia supported bilateral economic relations despite the Sino-Japanese War, policymakers did not overlook the security implications of Japan's policy of economic penetration. Australia's attention to Japanese economic expansion is evidenced in the extensive strategic assessments compiled by the Australian government commissioner in Tokyo, Eric E. Longfield Lloyd. His findings were reported to various departments including the Departments of Commerce and External Affairs.

Among the activities noted by Longfield Lloyd was the Yampi Sound project. In March 1937, he reported having seen a map of the Asia-Pacific region 'upon which is shown, by the placing of a series of artificial palm trees, the extent ... of Japanese so-called "Overseas Enterprise"'. One of these palm tree markers had reportedly been used to 'coolly advertise' the Yampi project as part of Japan's program of economic expansion. While Longfield Lloyd recognised the strategic implications of this expansion, he regarded it as little more than 'an impudence'.³¹ By late 1937, with the outbreak of the Second Sino-Japanese War and the knowledge of inadequate imperial defence policy revealed at the 1937 Imperial Conference, Longfield Lloyd was more concerned. He described Yampi Sound as a Japanese 'foothold' within Australian territory and warned that the nation's aggressive expansion into China had been aided by a seemingly innocuous system of economic projects. He feared that allowing the Yampi Sound project to continue could 'only result in the occupation and exclusive right over a portion of Australian territory by Japanese interests and personnel'. So serious was the threat that Longfield Lloyd recommended the project be cancelled 'by any means whatsoever'. One proposed measure was an export embargo justified with a 'declaration of insufficiency'.³² This approach, appearing the least likely to cause offence to Japan, was the one later adopted.

In this instance, Australia made the prudent judgement that its longstanding fear of invasion and still incomplete rearmament process outweighed the strategic returns of appeasement and economic diplomacy.

31 'Longfield Lloyd to Murphy, 20 March 1937', NAA: A601, 402/17/30.

32 'Longfield Lloyd to Murphy, 6 October 1937', NAA: A601, 402/17/30.

Britain threatens eastern appeasement

Despite the iron ore embargo, the maintenance of stable relations with Japan and the relative peace this promoted remained a priority for Australian policymakers. Britain's relations with Japan threatened to disrupt this. In the years following the outbreak of the Sino-Japanese War, British–Japanese relations deteriorated. There was particular animosity surrounding Britain's financial assistance to the Chinese war effort and closer German–Japanese relations, with 1938 seeing Germany recognise the Japanese puppet state of Manchukuo and the announcement of a new Japanese embassy to be constructed in Berlin.³³ The most critical point in British–Japanese relations was the 1939 Tientsin incident.

The Chinese trading port of Tientsin was a concession to several nations, including Britain and Japan, the latter having partially occupied the area during the early weeks of the war with China. Co-occupation of Tientsin had been relatively peaceful until April 1939, when Chen Hsi-keng, manager of the Japanese-owned Federal Reserve Bank of North China, was assassinated by a group of anti-Japanese Chinese nationals. The British police in Tientsin aided in the arrest of four men accused of the assassination, handing them over to the Japanese police on the condition the men would not be brutalised during interrogation. On their return, the men alleged they had been tortured. When the Japanese again requested to interview the Chinese prisoners, the British police refused to cede custody and granted the men refuge in the British concession area.³⁴

For Australia, the Tientsin incident reaffirmed fears that Britain did not appreciate the fragility of Asia-Pacific security. With neither Britain nor Australia ready for war with Japan, it was necessary that conciliation be

33 Bradford A. Lee, *Britain and the Sino-Japanese War, 1937–1939: A Study in the Dilemmas of British Decline* (Stanford, CA: Stanford University Press, 1973), 132–3.

34 D.C. Watt, *How War Came: The Immediate Origins of the Second World War, 1938–1939* (New York: Pantheon Books, 1989), 351–6; 'Doc. 106, Bruce to Menzies (Prime Minister), 18 June 1939', in R.G. Neale (ed.), *Documents on Australian Foreign Policy, 1937–49. Volume 2: 1939* (Canberra: AGPS, 1976) [hereinafter *DAFP*, vol. 2].

encouraged. As had been the case in the Manchurian Crisis, the individual with the greatest opportunity to advocate for Australia's interests was Australia's High Commissioner in London, Stanley Melbourne Bruce. In a meeting with Prime Minister Neville Chamberlain, Bruce stressed that war with Japan was ill-advised while the situation in Europe remained unresolved. He believed Britain had dealt with the situation in Tientsin 'on the wrong leg' and advised every possible effort be made to avoid conflict, encouraging conciliation and the handing over of the accused Chinese nationals.³⁵ Faced with pressure from its dominions and, more significantly, the reality that it could not successfully wage war against Japan while seeking to deal with the situation in Europe, the British government was forced to choose the path of conciliation. On 20 August 1939, the Chinese prisoners were handed over and the Japanese and British governments entered negotiations concerning the parameters for bilateral relations while Japan was at war with China.³⁶

On 1 September 1939, Germany invaded Poland, prompting the outbreak of World War II in Europe. Part of Britain's war against Germany was an economic blockade. This strategy was extended to Japan, threatening to disrupt Australia's policy of economic appeasement. In February 1940, fearing Germany would gain access to strategic materials via Japan, the UK Committee for Sale of Empire Wool Abroad instructed the Australian government that the sale of any crossbred wool to certain neutral countries, Japan included, was forbidden.³⁷ Britain also turned its attention to Germany's access to strategic materials via the Trans-Siberian Railway. It was proposed that merchant vessels destined for the Russian port of Vladivostok would be intercepted and inspected by the RN.³⁸ In addition to attacking Germany's war effort, the British government was seeking to mirror the US policy of denying strategic materials to Japan in a bid to remove its war potential.³⁹ Britain, ill-prepared to respond to war in both Europe and the Pacific, knew the prospect of facing the

35 'Records of Meeting, Chamberlain and Bruce, 28 June 1939', in Records of the Cabinet Office, Cabinet Office and predecessors: Registered Files (1916 to 1965), TNA: CAB 21/893; Bruce recounts this meeting to Menzies in 'Doc. 114, Bruce to Menzies, 29 June 1939', in Neale, *DAFP*, vol. 2.

36 Watt, *How War Came*, 356, 358–9.

37 'Doc. 41, Prime Minister's Department to Bruce, 5 February 1940', in R.G. Neale (ed.), *Documents on Australian Foreign Policy, 1937–49. Volume 3: January–June 1940* (Canberra: AGPS, 1979) [hereinafter *DAFP*, vol. 3].

38 'Craigie (British Ambassador in Japan) to Dominions Office, TNA: DO 35/1034/2; 'Doc. 141, Eden to Commonwealth government, 13 April 1940', in Neale, *DAFP*, vol. 3.

39 Edward S. Miller, *Bankrupting the Enemy: The US Financial Siege of Japan Before Pearl Harbor* (Annapolis: Naval Institute Press, 2007), 1, 75–7, 84–5.

US remained the major deterrence against a Japanese declaration of war. In coordinating its economic policy towards Japan with that of the US, Britain aimed to bolster the weight of this deterrence.⁴⁰

Australia also recognised that the US remained the main deterrent to Japanese aggression.⁴¹ However, with no US military assurance forthcoming, the government was reluctant to act against Japan and did not meet Britain's instructions with enthusiasm. Australia's objection centred on existing wool quotas in the Australian–Japanese trade agreement (valid until 30 June 1940). The agreement stipulated that Australian wool sold to Japan could not be re-exported and the Australian government accordingly requested leniency.⁴² Menzies, concerned by the effect the wool boycott would have on both regional security and postwar trade with Japan, informed the British government of

a very strong impression here [in Australia] that our interests are being overlooked, that a course is being pursued which will gravely impair post-war trade between Australia and neutral countries, and that in particular the whole matter is creating a feeling that British authorities are indifferent to the problems of the Far East and in particular to our own vital concerns to maintain friendly relations with Japan.⁴³

The Australian government also dismissed plans to intercept merchant vessels as 'provocative and ineffective', arguing that economic exclusion would make Japan more desperate and incite a force to arms.⁴⁴ In instances such as this, Australia was likely viewed in London as somewhat of a diplomatic headache. In retrospect, it reveals a prudent government that discerned in British policy not only a threat to regional security within the immediate wartime context, but also the effect that slighting Japan may have on future trade relations.

Neither of Britain's proposed measures was implemented—Bruce secured trade with Japan on a three-monthly basis and the interception of merchant vessels was deemed an impractical measure by the British

40 Kosmas Tsokhas, 'Anglo-Australian Relations and the Origins of the Pacific War', *History* 80, no. 260 (1995): 400–20, at p. 405; Kosmos Tsokhas, 'Dedominionization: The Anglo-Australian Experience, 1939–1945', *Historical Journal* 37, no. 4 (1994): 861–83, at pp. 866–7.

41 'Bruce to DEA, 19 June 1940' and 'Bruce to DEA, 21 June 1940', both in Australian High Commission London: Monthly War Files, 1939–45, NAA: M100, June 1940.

42 'Doc. 41, Prime Minister's Department to Bruce, 5 February 1940', in Neale, *DAFP*, vol. 3.

43 'Doc. 45, Menzies to Bruce, 6 February 1940', in Neale, *DAFP*, vol. 3.

44 'Doc. 148, Commonwealth Government to Eden, 16 April 1940', in Neale, *DAFP*, vol. 3.

government—and crisis was avoided in Tientsin. These developments did, however, reinforce the divergent priorities of Australia and Britain.⁴⁵ Moreover, as Kosmas Tsokhas has argued, in the case of the interception of merchant vessels, the limits of imperial defence were glaring.⁴⁶ The US indicated it was unwilling to provide military aid if hostilities occurred in the course of the RN intercepting and searching Japanese vessels. This would necessitate the transfer of additional RN forces to act as a deterrent or, failing this, to respond to Japanese aggression. It was at the risk of causing ‘offence to the susceptibilities of the Japanese’ that the British government had decided not to intercept Japanese ships.⁴⁷ In this way, Britain again acknowledged that it did not have the military resources to respond adequately to Japan if it became aggressive.

There are, of course, contemporary parallels between the 1938 iron ore embargo and recent concerns about Chinese commercial inroads in Australia and the Pacific Islands. As in 1938, these concerns hinge on questions of political influence and security implications and have led to limits on foreign property investments, the banning of foreign political donations and Australia’s Foreign Relations (State and Territory Arrangements) Bill 2020, which seeks to bring state, territory and university arrangements with foreign governments in line with Australian foreign policy.⁴⁸ Directly north of Australia, China’s infrastructure program, the Belt and Road Initiative, has sparked speculation that the nation is using debt-trap diplomacy to secure economic leverage for strategic gains.⁴⁹ With this in mind, the 1938 iron ore embargo serves as a warning against over-reliance and an opportunity to invest in new and comprehensive partnerships.

45 Tsokhas, ‘Anglo-Australian Relations and the Origins of the Pacific War’, 410–13.

46 *ibid.*, 406–9.

47 ‘Doc. 180, Eden to Commonwealth government, 27 April 1940’, in Neale, *DAFP*, vol. 3.

48 For discussion of Chinese influence in Australia, see Clive Hamilton, *Silent Invasion: China’s Influence on Australia* (Melbourne: Hardie Grant Books, 2018); ‘Ensuring a consistent Australian foreign policy’, Joint media release, Prime Minister, Minister for Foreign Affairs, Minister for Women, Canberra, 27 August 2020, available from: www.pm.gov.au/media/ensuring-consistent-australian-foreign-policy.

49 Debt-trap diplomacy sees countries being granted unsustainable loans. If a nation were to default on a loan, the risk is China would use this economic leverage for political influence in the country and perhaps even gain access to the infrastructure project to use as it saw fit.

An Australian diplomatic service

As the war in Europe unfolded, imperial defence continued to weigh on the minds of Australian policymakers. The first half of 1940 was near-cataclysmic for the Allies: Germany swiftly conquered Denmark, Norway and the Low Countries throughout April and May; Italy declared war on the Allies on 10 June; and a week later France sought an armistice. By the end of June, the British Empire stood virtually alone in the defence of the North Atlantic, Mediterranean, Pacific and Britain's local defence.

These developments had ramifications beyond Europe, sparking fears that Japan would capitalise on the Allies' vulnerable position in the Asia-Pacific. In May, the British government requested urgent help in the defence of the Far East, asking Australia to make available additional sloops, armed merchant cruisers and two squadrons each of Wirraway general-purpose aircraft and Hudson bombers, as well as the early dispatch of Australian Imperial Force (AIF) troops earmarked for Singapore.⁵⁰ Then, on 13 June—the same day Australia agreed to make available some of the requested equipment—Britain, pre-empting the fall of France, informed the Australian government that, for the time being, it was 'most unlikely that we could send adequate reinforcements to the Far East' in the event of Japanese aggression. Previously, Britain had been prepared to abandon the Mediterranean on Japan's entrance into the war, relying on the French to contain the situation there. This course of action was no longer practicable.⁵¹

In the fallout of the deteriorating Allied position in Europe, Bruce openly criticised the lack of direction in imperial defence planning, remarking at a meeting of the Joint Planning Committee of the General Staff that it was

impossible to expect the Australian Government to feel anything other than extremely anxious in her cooperation if she had not a clear picture of what it was in the minds of those who were responsible here [in London] for the conduct of war.⁵²

50 Horner, *High Command*, 35–8.

51 'Doc. 376, Caldecote to Whiskard, 13 June 1940', in Neale, *DAFP*, vol. 3. For Australia's decision to make equipment available, see 'Doc. 372, Menzies to Whiskard, 13 June 1940', in Neale, *DAFP*, vol. 3.

52 'Doc. 19, Bruce to Menzies, 8 July 1940', in R.G. Neale (ed.), *Documents on Australian Foreign Policy, 1937–49. Volume 4: July 1940 – January 1941* (Canberra: AGPS, 1980) [hereinafter *DAFP*, vol. 4].

Britain attempted to dispel Australia's anxieties, suggesting the US might be willing to declare 'any alteration of the status quo in the Far East and the Pacific as a *casus belli*'.⁵³ In reality, the US government faced an unfavourable opinion of the war in the Congress and among the public, and doggedly refused to commit to actions that might lead to a force of arms.⁵⁴ British Prime Minister Winston Churchill also assured the Australian government that if Japan invaded Australia or New Zealand, Britain would 'cut our losses in the Mediterranean and sacrifice every interest' to come to their aid.⁵⁵ Privately, Churchill believed Japan would not enter the war until at least late 1941 and anticipated raids rather than a large-scale invasion of Australia. With Australia half a world away and earnestly fearing invasion and a *casus belli* highly unlikely, neither assurance was particularly comforting.

Australia's immediate response to the crisis of 1940 was to strengthen its diplomatic representation. Australia had long been content with international representation via the British diplomatic service, believing formal representation was not required due to the 'fundamental similarity' the imperial framework lent to the two nation's foreign policies.⁵⁶ By June 1940, however, this similarity was no longer so apparent and it was essential Australia establish formal diplomatic relations with Japan. On 19 June, just two days after France began suing for peace, the Australian War Cabinet agreed the nation required its own diplomatic service in Tokyo. Here it is significant to note that the War Cabinet concluded such an appointment was necessary 'before the international situation deteriorate[s] further', highlighting once again the intersection of defence and diplomacy in Australia's preparation for the Pacific War.⁵⁷

The attempt in June 1940 was in fact not the first to try to establish an Australian diplomatic service in Japan. In March 1939, Lyons had suggested to the British government that Australia make formal diplomatic appointments in Japan and the US. These appointments would have been Australia's first outside Britain and were, Lyons argued, 'imperative' to national interests.⁵⁸ Britain endorsed the proposed legation in Washington

53 'Doc. 406, Caldecote to Whiskard, 19 June 1940', in Neale, *DAFP*, vol. 3.

54 Christopher Thorne, *Allies of a Kind: The United States, Britain and the War Against Japan, 1941-1945* (London: Hamish Hamilton, 1978), 39-40, 76; Horner, *High Command*, 38-40.

55 'Churchill to Menzies, 11 August 1940', cited in Horner, *High Command*, 38.

56 'Mr Lyons on Australian Proposal', *The Times*, [London], 8 June 1937, 13.

57 'Doc. 405, War Cabinet Minute, 19 June 1940', in Neale, *DAFP*, vol. 3.

58 'Doc. 63, Lyons to Caldecote, 30 March 1939', in Neale, *DAFP*, vol. 2.

but opposed the proposal for Tokyo. The Secretary of State for Dominion Affairs, Lord Caldecote, believed an appointment in Japan would 'weaken the Imperial bond' as it suggested that Australia and Britain were not coordinated in their views on the nation's aggressive actions in China. The situation was further complicated by the fact that no legation had initially been proposed for China, suggesting favourability towards Japan in the continuing Sino-Japanese War.⁵⁹ Australia did not act on its proposal for a legation in Japan, although private discussions continued. In March 1940, Menzies remarked in a cable to Bruce that 'the increasing significance of the Far East to Australia appears to outweigh other considerations'.⁶⁰ These other considerations were presumably the appearance of condoning Japanese actions and, although only implied, imperial unity.

By June 1940, Australia's concern was so acute it acted regardless of Britain's disapproval. On 22 June, the Australian government informed Caldecote of the decision to establish an Australian legation in Tokyo, requesting he immediately initiate the necessary steps.⁶¹ John Latham was selected as Australia's first Minister to Japan on the basis of his past experience as Minister for External Affairs and in the 1934 AEM.⁶² With this appointment, Australia diverted from what had formally been a united foreign policy with Britain.

In the months between the decision to appoint a minister in Japan and Latham's arrival in December, Japan became further entangled in European and Far Eastern aggression. On 16 July, the relatively moderate Japanese Prime Minister Mitsumasa Yonai and his Cabinet were forced to resign due to pressure from the Imperial Japanese Army and the War Minister.⁶³ The incoming government included Prime Minister Prince Fumimaro Konoe, an aggressive nationalist who had been prime minister during Japan's invasion of China in 1937, and, as Foreign Minister, Yosuke Matsuoka, who had led the Japanese delegation during its withdrawal from the League of Nations.⁶⁴ Once in office, the Konoe

59 'Doc. 75, Caldecote to Whiskard, 29 April 1939', in Neale, *DAFP*, vol. 2.

60 'Doc. 89, Menzies to Bruce, 4 March 1940', in Neale, *DAFP*, vol. 3.

61 'Doc. 418, Commonwealth government to Caldecote, 22 June 1940', in Neale, *DAFP*, vol. 3.

62 'Doc. 182, Advisory War Council Minute, 29 October 1940', in Neale, *DAFP*, vol. 4.

63 'Doc. 1079, Grew (Ambassador in Japan) to Hull (Secretary of State), 17 July 1940', in John G. Reid, Ralph R. Goodwin and Louis E. Gates (eds), *Foreign Relations of the United States Diplomatic Papers, 1940, The Far East, Volume IV* (Washington, DC: US Government Printing Office, 1955) [hereinafter *FRUS 1940*].

64 Lionel Wigmore, *Australia in the War of 1939–1945: The Japanese Thrust. Series 1: Army. Volume 4* (Canberra: Australian War Memorial, 1957), 22.

Cabinet announced its intentions to form foreign policy in the ‘strictest of relations with the Axis powers’ and with ‘vigorous prosecution of the plan for the establishment of a new order in East Asia’.⁶⁵ Kono’s new government was quick to act on this declaration: in August, Japan sought to align itself with the pro-Axis Vichy government in German-occupied France; on 22 September, the Japanese Army invaded northern Indochina; and, on 27 September, the nation signed the Tripartite Pact with Germany and Italy, in which each signatory recognised the other’s vision and sovereignty within their respective regions and committed to mutual assistance in the event of war.⁶⁶

Australia remained firm in its commitment to establish a diplomatic representative in Japan, even as Britain requested the appointment be postponed and the British Ambassador in Japan contemplated evacuation.⁶⁷ The rationale underpinning Australia’s position can be gleaned through an Advisory War Council minute of late October 1940 that outlined Latham’s role in Japan. The Advisory War Council hoped an appointment in Japan would grant Australia ‘prestige’. Although Latham’s appointment was ‘not an act of separation’ between the British and Australian governments, he was cautioned that he ‘should not be or even appear to be in the pocket of the Ambassador of the United Kingdom Government’. The government did not believe that war with Japan could be avoided; however, if Latham could soften perceptions of Australia and the Empire as a whole, this would perhaps delay Japan’s entry into the war. Australia would, in turn, ‘gain time to allow for the development and the growing strength of [its] defences’.⁶⁸ The value of this approach was no doubt amplified as Longfield Lloyd reported mounting hostility in Japan towards the British—for instance, the menacing words of Sankichi Takahashi, outspoken former commander of the Combined Japanese Fleet, that Britain ‘is standing in our way and is doing her best to defeat our national task’. He cautioned the Japanese people not to take immediate action against Britain, for defeat was presently the likely outcome, but to wait and ‘listen to the commands of the captain’.⁶⁹

65 ‘Doc. 1082, Grew to Hull, 13 July 1940’, in Reid et al., *FRUS 1940*.

66 Frei, *Japan’s Southward Advance and Australia*, 143, 147–9.

67 ‘Menzies to Bruce, 9 July 1940’, in Prime Minister’s Department: Master sheets (used stencils) of outwards cables, annual single number series, 1939–49, NAA: A3196, 1940/15; ‘Craigie to Commonwealth government, 3 October 1940’, NAA: A981, Far 14 Part 1.

68 ‘Doc. 182, Advisory War Council Minute, 29 October 1940’, in Neale, *DAFP*, vol. 4.

69 ‘“Latest Situation in the South Seas and Japan’s Position—Japanese People Must be Prepared for What May Happen”, 19 October 1940’, cutting, in NAA: A601, 402/17/30.

As noted, Australia proposed the establishment of a legation in Washington in March 1939. One of Australia's principal aims in the two years preceding the outbreak of the Pacific War was to draw the US into Pacific affairs and extract from it a military guarantee. The legation in Washington was central to this aim, as evidenced in a cable Menzies received from Bruce, who was briefly considered for the appointment:

In Washington my activities would be directed towards ensuring maximum cooperation of the United States while she is out of the war; her military help should war go unfavourably to Allies, her diplomatic collaboration in resolving Far Eastern problems, and her armed intervention should Japan become actively hostile.⁷⁰

The man eventually charged with the task as Australia's first Minister to Washington was Richard Casey.

Casey arrived in Washington in February 1940 and his approach as minister mirrored Bruce's earlier assessment. Casey pursued a twofold strategy of public and private diplomacy, seeking to draw attention to Australia's plight in the war in Europe and overlapping Australian and US interests in the Pacific.⁷¹ Casey's diaries from his time in Washington recount dozens of public addresses, press releases and invitations to dine with the US political elite.⁷² Casey judged the result of his publicity campaign to be that a great many Americans who had previously little to no knowledge of the far-flung Commonwealth country were now at least aware of the nation, its culture and concerns.⁷³

Casey's second task of formal diplomacy was a more difficult one as he had to contend with US isolationism and opposition to war, which were, as Casey's biographer W.J. Hudson has noted, amplified by the

70 'Bruce to Menzies, 18 October 1939', in Prime Minister's Department: Miscellaneous cables, 1937–43, NAA: CP290/6, Bundle 1/1.

71 Carl Bridge, "'The Other Blade of the Scissors': Richard Gardiner Casey, Australia's First Minister to the United States, 1940–1942", in *Diplomats at War: British and Commonwealth Diplomacy in Wartime*, eds Christopher Baxter and Andrew Stewart (Leiden: Martinus Nijhoff, 2008), 127–48; Carl Bridge, 'R.G. Casey, Australia's First Washington Legation, and the Origins of the Pacific War, 1940–42', *Australian Journal of Politics and History* 28, no. 2 (1982): 181–89.

72 For Casey's Washington diaries, see Carl Bridge (ed.), *A Delicate Mission: The Washington Diaries of R.G. Casey, 1940–1942* (Canberra: National Library of Australia, 2008).

73 'Doc. 149, Casey to McEwan (Minister for External Affairs), 16 April 1940', in Neale, *DAFP*, vol. 3.

1940 presidential election.⁷⁴ The crisis in Europe in the first half of 1940 prompted the DEA, Menzies and Bruce to request Casey seek some measure of support from the US, be it material assistance or a declaration of war.⁷⁵ With firsthand experience of US isolationism, Casey placed little confidence in the likelihood of the nation taking such a course of action.⁷⁶ Nevertheless, he called on President Franklin D. Roosevelt and other key officials, expressing his government's desire to see the US make a declaration of war.

One such meeting was with the US Undersecretary of State Sumner Welles, with whom Casey had formed a friendship and whom he described as 'receptive' and someone to whom he could 'talk freely and easily'. He painted a grim picture for Welles in which Germany, following the imminent collapse of France, 'would be free and in a good position to concentrate all efforts by sea and air on Britain'. In this scenario, the landing of German troops on British soil was 'perfectly possible'. Casey believed the RN 'would not give up itself under any circumstance', leading to heavy losses and possible immolation. Welles judged this to be 'an extremely unwise and illogical' course of action for, while 'the British Fleet remained in existence it was possible to retrieve the situation at some later date'.⁷⁷ Welles doubtless appreciated Casey's implied message that the RN was vital to the protection of US interests in Europe, for it alone prevented Germany turning its gaze across the Atlantic Ocean to the US. Although Welles promised to report Casey's message to Roosevelt, he was soon informed that a US declaration of war remained 'unthinkable'.⁷⁸

As the presidential campaign progressed and it appeared likely that Roosevelt would be re-elected, there was a private shift in the US position on the war. In October, the US and British governments agreed to share decoded information from Japanese and German communications. In December, Roosevelt approved Secretary of State Cordell Hull's

74 W.J. Hudson, *Casey* (Oxford, UK: Oxford University Press, 1986), 117. See also, James Prior, *America Looks to Australia: The Hidden Role of Richard Casey in the Creation of the Australia–America Alliance, 1940–1942* (Melbourne: Australian Scholarly Publishing, 2017), 53–63.

75 'Doc. 239, DEA to Casey, 15 May 1940', 'Doc. 280, Menzies to Casey, 26 May 1940' and 'Doc. 287, Bruce to Casey, 27 May 1940', all in Neale, *DAFP*, vol. 3.

76 'Doc. 257, Casey to DEA, 20 May 1940', in Neale, *DAFP*, vol. 3.

77 'Doc. 319, Casey to Menzies, 30 May 1940', in Neale, *DAFP*, vol. 3.

78 'Doc. 9, Memorandum by Hull, 6 June 1940', in Rogers P. Churchill, N.O. Sappington, Kieran J. Carroll, Morrison B. Giffen and Francis C. Prescott (eds), *Foreign Relations of the United States Diplomatic Papers, 1940, The British Commonwealth, The Soviet Union, The Near East and Africa, Volume III* (Washington, DC: US Government Printing Office, 1958).

suggestion that Anglo-American joint discussions be held, specifically focusing on the general military resources and strategies to be adopted on US entry into the war. These meetings would take place in Washington in early 1941.⁷⁹

Casey was able to report a small victory for Australia. Roosevelt had agreed to host an Australian naval office to 'investigate and expedite Australian orders in the United States in respect of Australian naval requirements'. Commander Henry Burrell was duly appointed, arriving in Washington in November 1940. Admittedly, Roosevelt requested the naval appointment and subsequent discussions not be publicised in the US or Australian press, lest he and his government be seen as warmongers.⁸⁰ Nevertheless, this appointment indicated the US was aware of its shared security interests with Australia—even if it would not yet act on them—and was assessing the logistics of coordinated US–Australian operations.

As the US position on the war shifted, Casey frantically made a case for Singapore. In meetings with State Department staff and high-ranking military planners throughout November and December, Casey encouraged the transfer of US warships to Singapore, contending that 'with a sufficiently strong demonstration the Japanese might be deterred from carrying things very much farther'.⁸¹ Casey judged Hull to be receptive, appreciating that the war was entering 'a new and dangerous phase'.⁸² Hull's own retelling of this meeting was far less encouraging, noting that the US wished to see the effect of economic embargoes before it committed to deploying naval vessels. Hull, accordingly, 'could not undertake to go into [Casey's] inquiry'.⁸³ No decision was made regarding Singapore and 1940 closed without a military guarantee from the US.

From January to March 1941, the British–US discussions were under way in Washington. During these months, it became even more urgent to convince the US of Singapore's significance. Throughout February, reports

79 Bridge, 'R.G. Casey, Australia's First Washington Legation, and the Origins of the Pacific War', 184; 'Doc. 213, Casey to DEA, 2 December 1940', in Neale, *DAFP*, vol. 4.

80 'Doc. 177, Casey to Menzies and McEwen, 17 October 1940', in Neale, *DAFP*, vol. 4.

81 'Doc. 257, Memorandum of Conversation by Berle (Assistant Secretary of State), 15 November 1940', in Reid et al., *FRUS 1940*. See also 'Doc. 252, Memorandum of Conversation by Hull, 12 November 1940', in Reid et al., *FRUS 1940*; 'Casey to DEA, 15 November 1940', in Australian Legation United States of America: Correspondence files, annual alphabetical series (Washington), 1939–87, NAA: A3300, 11, in which Casey recounts a meeting with Secretary of the Navy Frank Knox.

82 'Doc. 216, Casey to DEA, 4 December 1940', in Neale, *DAFP*, vol. 4.

83 'Memorandum of Conversation by Hull, 3 December 1940', in Reid et al., *FRUS 1940*.

arrived that the Japanese Army, already occupying northern Indochina, was making moves towards Cam Rahn Bay in the south-east. It was also reported that the nation was looking towards the proposal for the Kra Isthmus canal, which would afford Japan a strong position from which to attack Malaya, Thailand and, most critically for Australia, Singapore.⁸⁴ Despite these developments and Casey's reasoning, US policymakers remained unconvinced that Singapore was vital to their own interests. Instead, they believed their forces needed to be reserved for the United States' Pacific and Atlantic bases—expressly for the defence of the nation's territory.⁸⁵

While the British–US discussions offered welcome news for war in Europe, this did not extend to Australia's region of strategic concern. The Australian legation staff and Burrell, who was present at the joint talks, reported that only an attack on US possessions would induce the nation to declare war on Japan. In this scenario, both the British and the US delegates agreed that Europe would be the priority, necessitating a holding war in the Pacific until Germany and Italy had been defeated.⁸⁶ This decision was, as historians have established, the earliest suggestion of what would come to be known as the 'Beat Hitler First' policy.⁸⁷ The US delegates recognised the strategic importance of Singapore in a war against Japan, admitting its loss would be 'unfortunate', but they were not convinced it would 'have a decisive effect on the issue of the war'.⁸⁸ The Atlantic and Mediterranean theatres were the primary concerns. If necessary, the US would 'contemplate ... abandoning the Far East in order to ensure maximum concentration in [the] Atlantic and Mediterranean'.⁸⁹ The US delegates made clear in the strongest possible terms that 'it would be a serious mistake for the United Kingdom [and its empire] in making their

84 'Doc. 277, Caldecote to Whiskard, 7 February 1941' and 'Doc. 304, Caldecote to Whiskard, 17 February 1941', both in Neale, *DAFP*, vol. 4.

85 'Casey to DEA, 24 February 1941', NAA: A981, Far 25 Part 1. This report was compiled by Burrell and sent through the Washington Legation.

86 'Watt to DEA, 7 February 1941' and 'Watt to DEA, 13 February 1941', both in NAA: Far 25 Part 1. For a report on the final Anglo-American arrangements, see 'Casey to DEA, 14 March 1941', in NAA: A981, Far 25 Part 1. These reports were compiled by Burrell and sent through the Washington Legation.

87 Bridge, 'R.G. Casey, Australia's First Washington Legation, and the Origins of the Pacific War', 184–5; John Robertson, 'Australia and the "Beat Hitler First Strategy", 1941–1942: A Problem in Wartime Consultation', *Journal of Imperial and Commonwealth History* 11, no. 3 (1983): 300–21, at pp. 301–5.

88 'Casey to DEA, 24 February 1941', NAA: A981, Far 25 Part 1. This report was compiled by Burrell and sent through the Washington Legation.

89 'Watt to DEA, 13 February 1941', NAA: A981, Far 25 Part 1.

strategic dispositions to withstand a Japanese attack against Singapore to count on prompt military support by [the] United States'.⁹⁰ Quite simply, Britain and the US were fully occupied with affairs in Europe, leaving the Japanese threat on the periphery of their grand strategy for a global war.

At this point, formal diplomacy had proved fruitless in convincing the US that it shared security interests with Australia. Australia sought a new diplomatic strategy to tether its interests to those of the US and, in July 1941, it was presented with an opportunity.

From appeasement to deterrence

Japan faced restricted access to strategic materials as a result of British and US sanctions in response to its activities in northern Indochina. The Japanese government and army placed increasing pressure on the NEI for greater market access throughout the first half of 1941. Failing this, invasion was the likely recourse. The British government, judging continued economic pressure to be the most effective means of deterring aggression, proposed decisive action: a total economic embargo against Japan and the renunciation of the 1911 Anglo-Japanese Treaty of Commerce and Navigation. For the full weight of these measures to be felt, dominion cooperation was necessary.⁹¹

The Australian government understood it was now time to make a decisive shift from appeasement to deterrence, agreeing that a full economic embargo would effectively hinder Japan's capacity to carry out regional expansion. However, the nation would not accept deterrence without certain parameters and wanted to ensure more perilous measures against Japan included a safeguard against retaliatory hostility. With the knowledge that, in the case of Japanese aggression, Britain could not, and the US would not, respond with an adequate counterforce, the Australian government postponed making a final decision.⁹²

90 'Casey to DEA, 24 February 1941', NAA: A981, Far 25 Part 1.

91 'Doc. 386, Cranborne (Secretary of State for Dominion Affairs) to Commonwealth government, 5 April 1941', in Neale, *DAFP*, vol. 4.

92 Tsokhas, 'Anglo-Australian Relations and the Origins of the Pacific War', 402, 414–17; 'Commonwealth government to Dominions Office, 14 May 1941', TNA: DO 35/1035/1.

On 9 July, Casey's friendship with Welles provided vital information in Australia's campaign to draw the US into Pacific affairs. Welles confided in Casey that the interception and decoding of Japanese diplomatic cables had revealed its army was poised to move south through Indochina, Thailand and the NEI. The US planned to respond with a full and immediate economic embargo. Although Welles admitted this course of action would 'likely provoke Japan to war with them [the US] before long', he believed it useless to continue issuing warnings to Japan without acting on them.⁹³ Here was an opportunity for the Australian government to coordinate its policy with the US.

Casey immediately informed his Prime Minister and Minister for External Affairs of this conversation. The following day, Menzies made known his government's decision on the British government's proposed economic embargo against Japan. He informed Britain that Australia would cooperate on the condition that such action was 'part of a carefully weighed plan with adequate safeguards for us'. These safeguards were a coordinated Australian-British-US economic embargo against Japan and, critically, a commitment from the US to support Allied merchant ships in the event of Japanese aggression, even if no attack had been made against US ships.⁹⁴ Britain agreed to Menzies' conditions, informing the government that it expected the US would mirror British policy; unbeknown to Australia, the US was holding off on announcing an embargo so it could coordinate action with Britain.

On 26 July, some 140,000 Japanese troops positioned themselves to invade southern Indochina. Britain renounced the Anglo-Japanese trade treaty and the US announced the seizure of Japanese assets, a total trade embargo and the policy of protecting merchant ships.⁹⁵ Within a fortnight, Australia renounced its own commercial treaty with Japan and imposed a full embargo. With this, Australia shifted from appeasing Japan to deterring it.⁹⁶

93 'Doc. 2, Casey to Menzies and Stewart (Minister for External Affairs), 9 July 1941', in W.J. Hudson and H.J.W. Stokes (eds), *Documents on Australian Foreign Policy, 1937-49. Volume 5: July 1941 - June 1942* (Canberra: AGPS, 1982) [hereinafter *DAFP*, vol. 5].

94 'Doc. 4, Menzies to Bruce, 10 July 1941', in Hudson and Stokes, *DAFP*, vol. 5.

95 'Doc. 15, Cranborne to Commonwealth government, 25 July 1941', in Hudson and Stokes, *DAFP*, vol. 5.

96 Tsokhas, 'Anglo-Australian Relations and the Origins of the Pacific War', 418-19.

In the days before Australia announced the economic embargo, the government assessed how best to implement sanctions. In a 29 July meeting of the Advisory War Council, it was acknowledged that economic sanctions came with the risk of inciting a Japanese declaration of war or further aggressive action in other parts of the Far East. Valuable as the July embargo was in presenting a united response, the fact remained that the US had made no commitment to the defence of Australia and only an attack on US possessions would lead to a declaration of war. Menzies noted that when Australia notified the US of the economic measures being taken 'it should be intimated that the possible consequences of such action ... [were] realised and we assume that the United States Government also realized them'. He hoped to force on the US an acknowledgement that a hardening policy towards Japan came with certain risks and responsibilities.⁹⁷

Throughout 1941, Japan and the US had been in the process of bilateral negotiations, which aimed to persuade the Japanese Army to withdraw from China and Indochina in exchange for diplomatic and economic assistance. Both these negotiations and the US policy of protecting merchant vessels provided further time in which the Allies could prepare, allowing a battleship and two destroyers to be transferred to Singapore.⁹⁸ By late 1941, the US–Japanese negotiations were reaching the final stages and it was clear that Japan, facing a steady decline in the reserves vital to its expansion policy in the Asia-Pacific region, would have to either submit to US demands or resort to war. The latter was the most likely outcome.⁹⁹

On 26 November, Hull presented the Japanese negotiators, ambassadors Kichisaburō Nomura and Saburō Kurusu, with a list of general US demands.¹⁰⁰ The next day, Casey reported on meeting with a 'depressed' Hull, who saw little hope for the negotiations. He showed Casey several recent cables from consular officers in Indochina detailing 'considerable military activity' by the Japanese, predicting correctly that the nation was readying itself to invade Thailand.¹⁰¹ The Australian government did

97 'Doc. 21, Advisory War Council Minute, 29 July 1941', in Hudson and Stokes, *DAFP*, vol. 5.

98 Bridge, 'R.G. Casey, Australia's First Washington Legation, and the Origins of the Pacific War', 186.

99 Miller, *Bankrupting the Enemy*, 189–90, 236–40.

100 'Doc. 129, Casey to Curtin (Prime Minister) and Evatt (Minister for External Affairs), 26 November 1941', in Hudson and Stokes, *DAFP*, vol. 5.

101 'Doc. 133, Casey to Curtin and Evatt, 27 November 1941', in Hudson and Stokes, *DAFP*, vol. 5.

not resign itself to accept this grim reality. In a 28 November meeting of the Advisory War Council, it was agreed that the Japanese–US negotiations were ‘of great value, and they should continue, in view of the importance of gaining time’. In prolonging the US–Japanese negotiations, Australia would be provided time in which to ‘bring home’ the shared security concerns of Australia and the US, the Australian government’s commitment to a coordinated strategy and, in turn, a hoped-for US military guarantee.¹⁰² The council accordingly agreed that Australia’s approach would be to maintain ‘contact as to what is happening [in the negotiations] and expressing opinions where asked for or where it is deemed prudent to suggest a word of advice’.¹⁰³ On the basis of this directive and Minister for External Affairs H.V. Evatt’s express request, Casey sought to insert himself in US–Japanese diplomacy.¹⁰⁴

In a 29 November meeting with Hull, Casey proposed he act as a third party in the US–Japanese discussions. He believed relations between the two countries ‘had become such that neither side could initiate further approach to the other’. As Australia was ‘in a rather different position’, he wanted to meet with the Japanese ambassadors as an ‘intermediary’ between the two nations. Hull was reportedly ‘appreciative’ of Casey’s offer and gave his support for the meeting, although he showed little enthusiasm for the prospect of a positive outcome.¹⁰⁵ Casey met with Nomura and Kurusu the following day and left the meeting with no new points for Hull to consider, for the Japanese had nothing to offer. It was clear Japan had no intention of negotiating further.¹⁰⁶ Nevertheless, Casey identified a small victory in the episode, informing Curtin and Evatt that Hull had ‘used the term “we” in the sense of the United States and British countries’ when discussing how to respond to Japanese aggression.¹⁰⁷ At the very least, this suggested a coordinated response was the United States’ chosen strategy.

102 Bridge, ‘R.G. Casey, Australia’s First Washington Legation, and the Origins of the Pacific War’, 187. See also, Hudson, *Casey*, 126–7.

103 ‘Doc. 132, Advisory War Council Minute, 28 November 1941’, in Hudson and Stokes, *DAFP*, vol. 5.

104 ‘Doc. 137, Evatt to Casey, 29 November 1941’, in Hudson and Stokes, *DAFP*, vol. 5.

105 ‘Doc. 140, Casey to Curtin and Evatt, 29 November 1941’, in Hudson and Stokes, *DAFP*, vol. 5.

106 ‘Doc. 144, Casey to Curtin and Evatt, 30 November 1941’, in Hudson and Stokes, *DAFP*, vol. 5.

107 ‘Doc. 140, Casey to Curtin and Evatt, 29 November 1941’, in Hudson and Stokes, *DAFP*, vol. 5.

As Casey was urgently seeking to secure a US military guarantee, intelligence confirmed that Japan was set to attack Thailand, moving into Burma and Malaya and further into China.¹⁰⁸ On 1 December, Roosevelt met with the British Ambassador in Washington, Lord Halifax, to discuss strategies in response to this situation. Halifax reported 'the whole tenor' of the conversation had been 'that we should both recognise any of these hypothetical actions to be [a] clear prelude to some further action and threat to our common interests against which we ought to react together at once'. Roosevelt made clear that, in the event of an attack on Thailand, Britain could 'count on their support'.¹⁰⁹ On the same day, Casey reported a comment made off the record by Welles, who believed

the line beyond which we cannot allow the Japanese to pass has been reached for three reasons (a) we cannot allow ourselves to be cut off from essential defence needs (b) we cannot be out in [the] position of asking Japanese permission to trade in the Pacific and (c) we cannot allow Burma Road, our last remaining means of sending supplies to be China, to be cut.¹¹⁰

On the basis of this scenario, Welles declared 'the British will fight and we will move in behind them'.¹¹¹ On learning of this, Evatt cabled Casey, Bruce and Frederic Eggleston, Minister to China, commending their efforts to encourage US armed resistance on behalf of the Allies and to prevent the breakdown of bilateral talks. He made careful note of these measures being pursued during the period before the RN ships' arrival in Singapore and of the time that had been created for the final preparations for war in the Pacific.¹¹²

After years of uncertainty and repeated appeals by Britain and Australia, the Roosevelt government was finally willing to commit armed forces in the Far East beyond its own territories. Based on this assurance, Britain and Australia negotiated contingency plans for their response to Japan's entrance into the war. In the event of an attack or increased pressure on Thailand or China, they would 'follow the lead' of the US, withholding from a declaration of war until a joint response could be

108 'Evatt to Casey, 1 December 1941', NAA: A3300, 100.

109 'Doc. 152, Casey to DEA, 1 December 1941', in Hudson and Stokes, *DAFP*, vol. 5, in which Casey forwarded Halifax's report.

110 'Casey to DEA, 1 December 1941', NAA: A3300, 100.

111 *ibid.*

112 'Doc. 155, Evatt to Bruce, Casey and Eggleston, 3 December 1941', in Hudson and Stokes, *DAFP*, vol. 5.

coordinated. Attacks on Russia, the NEI or Portuguese Timor would result in a declaration of war irrespective of US entry.¹¹³ In the end, these contingencies were unnecessary as, in the early hours of 7 December 1941, Japan attacked the US Naval Station Pearl Harbor in Hawai'i. Within hours, Guam and the Philippines—both US possessions—had also been attacked.

The years leading up to the Pacific War were marked by immense uncertainty for Australia as Japan expanded its regional dominance and Britain—overstretched, underprepared and preoccupied with European affairs—pushed Asia-Pacific concerns to the periphery. It was also this uncertainty in tandem with the lessons learnt in previous years that motivated the Australian government to seek out a policy that created time in which to prepare for war and, from 1940, drew the US into Asia-Pacific affairs. Granted, Australia's efforts alone did not secure a US military commitment, nor did they prevent the fall of Singapore and the assessment that the Pacific theatre was of secondary importance. Nevertheless, Australia's response to the coming regional conflict remains a significant and overlooked development in the emergence of a lucid and opportunistic foreign policy in which policymakers carefully assessed international developments, the strategies of the great powers and the opportunities available to project the national interest. Australia now sought to integrate its national interest within British and US wartime strategies and visions for the postwar world. As has been a consistent theme throughout the previous chapters, this was a challenging task in which Australia's junior status and the often-divergent visions of the British and US were significant barriers.

113 'Prime Minister's Department to Casey, 2 December 1941', NAA: A3300, 100; 'Doc. 153, Commonwealth government to Cranborne, 2 December 1941', in Hudson and Stokes, *DAFP*, vol. 5.

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