3. The Australian economy during the Depression decade

Introduction

The Australian-based Douglas Copland, who assumes a key role in this story, once noted ‘[r]arely, if ever, has the economy of a country been subject to such penetrating scrutiny as was the Australian economy in the years 1927 to 1939’ (Palmer 1940:224–5). The same could not be said, however, of Australian economists, particularly of their advice to combat the Depression and promote economic recovery in the 1930s. The purpose of this chapter is to undertake a survey of the Australian economy during the 1930s, using contemporaneous and revisionist accounts of the traverse from slump to recovery. This will entail highlighting the marked peculiarities of Australia’s economic experience through that decade. This background is useful to understand the economic environment Australian economists had to contend with and, in some cases, were held accountable for. There are, moreover, differing accounts of the causes behind the slump and the recovery within Australia and, germane to this account, the role professional economic advice played in driving those processes.

The second part of this chapter is a review of the existing economic policy machinery and the dogma and conventions that underpinned it. Largely to do with monetary matters, it was an area where the ideas of academic economists did not, at first, intrude. The advice of ‘academic gentlemen’ on monetary management was usually dismissed by bankers and policymakers, but the events of 1931 altered this.

What caused the Depression in Australia?

With the notable exception of Schedvin (1970), most of the literature on the causes of Australia’s depression cites external influences as the leading factors. These were the calamitous fall in export prices coupled with the closing of the international capital market to Australian borrowing. There has, in brief, been considerable debate about the competing strengths of these two factors. Some emphasise the worsening terms-of-trade in reducing Australian incomes while
Valentine (1987a) argues that the fall in export prices was the cardinal factor behind Australia’s woes rather than the cessation of borrowing. In an exhaustive study of the causes, Schedvin (1970) identified long-run internal factors that greatly contributed to the severity of Australia’s depression. For instance, apart from private investment reaching its peak in 1924, there had also been cutbacks to public sector projects due to disillusionment with the benefit of rural development programs (Sinclair 1974:56). There had been overexpansion in too compressed a period. In contrast, Valentine (1987) and Siriwardena (1995) downplay the role of internal factors in Australia’s depression, which they believe to be somewhat exaggerated. In his account, Copland (1934), too, ascribed the Depression entirely to the drop in export prices, the cessation of overseas borrowing and the concomitant lack of confidence in the country’s political and economic stability.

In a nutshell, then, it was export prices that proved an infallible index to Australian prosperity. Its corollary—the external account—preoccupied policymakers’ minds in the sense that there had to be a sufficient level of external reserves ready to meet the exigency of poor seasons or low prices. It was that factor that dominated all other considerations and to which we now turn.

**The Australian economic predicament**

In 1929, Australia was basically a small, open economy specialising in exporting primary goods within the British imperial trading circuit. Nearly 50 per cent of Australia’s exports went to Britain (Ross 1995:186). It was an asymmetrical relationship; Australia needed Britain more than Britain needed Australia. The dependence was not just for trade access for Australia’s primary products, but for foreign capital. Economists estimated that roughly 25 per cent of Australia’s national income was generated by exports with another 25 per cent from tariff-protected industries (Copland 1937a:412). The other half of national income was generated by sheltered industries. These ratios changed with the attendant structural change that ensued in the 1930s. Australia’s role in the imperial circuit was to absorb British capital and migrants recruited for ambitious rural development schemes, which would, in turn, generate exports to the mother country. An oversupply of primary commodities in the global economy drove down prices, spelling embarrassment for Australia (Schedvin 1970:21–34). Her greatest economic booms were attributable to capital inflow and favourable export prices (Walker 1933a:209). Australia’s exports were predominantly wool, wheat, hides, metals, dairy and fruit produce, while her imports, mostly manufactures, were drawn from Britain. About 40 per cent of Australia’s exports consisted of wool, while wheat made up another 20 per cent. Foreign
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investment—mostly in the form of loans—was, apart from export prices, the principal cause of Australia’s prosperity. The prices of Australia’s export staples were volatile and highly susceptible to economic fluctuations. At the peak of her pre-depression prosperity in 1927–28, Australia had managed to disperse her exports to many markets other than Britain. This she was compelled to do to maintain the debt-servicing costs on loans recruited from London.

In the blind rush to development, the overseas debt of Australian governments by June 1929 stood at just more than £631 million. The capital was sunk into public utilities and infrastructure necessary for the expansion of primary and secondary industries. While the borrowing created a form of hothouse prosperity, normal unemployment remained high. Copland, among others, defended the subsequent expansion in industrial and agricultural capacity, positing that it would bear fruit in the future. It would eventually allow Australia to raise the volume of its primary exports by one-third by 1932. This increase in volume came, however, with the crumbling of commodity prices, meaning that Australia earned only two-thirds of the income it had earned in the 1920s (Dyster and Meredith 1990:132).

Since 1919, foreign debt had grown by 73 per cent, with the most rapid build-up in the late 1920s, averaging £47 million per annum. Consequently, Australia faced a rising external interest bill equivalent to 40 per cent of her export receipts. This impost—the legacy of large-scale borrowing from London—was to linger through the 1930s, meaning that, even in very good years, Australia could still not easily trade her way out of difficulties. During the Depression, Australia’s foreign exchange reserves—then known as the London funds—fell from about £108 million in 1928 to £27 million in 1931, when usually £70 million was regarded as the absolute minimum to service Australia’s needs. This conundrum afflicted policymakers and economists with a preoccupation with the external balance and ‘a brooding pessimism’ about its prospects (Corden 1968:15).

Australia’s terms of trade did not improve much during the 1930s, except for a brief period after the adverse movement between 1928/29 and 1932/33.

The *annus horibilis* for Australia was surely 1929. In the middle of that year, export prices plunged 30 per cent—equivalent to a 9 per cent fall in real gross domestic product (GDP)—while investors began to sell Australian securities on the London market, making it more difficult for Australia to raise capital. Australian governments were forced to take out overdrafts with London banks. By October, the London balances were depleted and the Scullin government agreed to a Commonwealth Bank request to requisition gold and control its
export. In 1929/30, Australia shipped 25 million pounds worth of gold to London, which effectively took her off the gold standard. The initial fall in export prices was a reflection of a decline in global demand caused by the slump in the United States and the transmission effects stemming from it. It raised Australia’s current account deficit to 11 per cent of GDP compared with the four-year average of 7 per cent. The bind Australia was in marked the onset of acute financial diplomacy between Canberra and London. As subsequent chapters recall, the Bank of England was prepared to assist but only under the most austere conditions. The City and the English press had been alarmed at the scale of Australian borrowing in the 1920s. There had been forebodings expressed locally about the reliance on the huge build-up of capital inflow but the warnings were lost in the euphoria and the mantra of ‘men, money and markets’.

The trade account

Australia enjoyed a surge in imports, allied with the huge scale of capital inflow until 1929/30. Following that dramatic year was the inverted story of a famine of imports and capital outflow from Australia. Capital left Australia when there was market concern about the country’s exchange rate and, related to that, the overall degree of political and economic stability. The subsequent reversal in Australia’s trade performance, spearheaded by a massive dose of relative cost adjustment together with deflationary economic policy, brought forth a huge expansion in the tradeables sector of the economy. It was aided by a run of good agricultural seasons. For instance, in 1931/32, the volume of Australia’s exports had risen by 25 per cent since 1928/29. The devaluation of the Australian pound in 1931, along with the ensuing elasticity of domestic costs, underpinned this performance. It was made all the more remarkable given the adverse international trading environment. Following trade concessions won at the 1932 Ottawa Imperial Trade Conference, Britain took a marked increase in Australian produce (Rooth 2000). Japan and China compensated for depressed markets elsewhere (Dyster and Meredith 1990:133). Meanwhile, imports from Britain shrank dramatically. Apart from the dramatic impact of deflation, Australia’s relative cost adjustment lay behind the plunge in import volumes falling from £143 million in 1928/29 to £44 million in 1932/33. With import consumption falling faster than national income, opportunities arose for domestic manufacturers to capture more of the domestic market (Dyster and Meredith 1990:135).

High tariff barriers, in tandem with the devaluation of 1931 and the measures taken on relative costs, were extremely conducive for a marked rise in import-replacing manufacturing. Imports as a proportion of GDP fell from an average
of 18 per cent in the 1920s to 12 per cent by the early 1930s (Schedvin 1970:303). In this respect, Schedvin (1970:148) asserts that the mild expansion in manufacturing that occurred in 1933 was ‘sufficient to initiate more general recovery’. It became the conventional wisdom in the postwar years to ascribe recovery largely to this development—much of it financed by British capital (Schedvin 1970:295). That is, Australia was forced to turn to ‘new and untried factors to initiate the recovery’ (Walker 1933a:209). In the recovery years, imports recovered some lost ground while export prices rose intermittently, meaning renewed pressure was placed on the balance of payments.

Australia had to endure one of the worst unemployment experiences resulting from the effect of the Depression and structural adjustment policies put in place to deal with it. At one stage, the unemployment rate hovered near 30 per cent of the available workforce (Valentine 1987:63). The blow to employment came from the adverse movement in the terms of trade together with the termination of public works financed by overseas capital. Added to this was the near collapse in business and consumer confidence in the country’s immediate economic future. Private capital investment expenditure plunged from 1929 through to mid-1933 (Valentine 1987a:64). After the nadir of 1932, the unemployment rate began to improve and fell in 1937/38 to pre-depression levels. This, as we shall see, was enough for economists to proclaim that full employment had been reached. There was a slight relapse in 1938/39 as the fallout from an international recession hit Australia. By the outbreak of war, unemployment was again at 10 per cent.

Public spending and public borrowing

Australia had extensive experience with public works programs through the 1920s; indeed public sector investment played a significant part in Australia’s economic development. During the 1930s, the Lyons government’s fiscal stance was to achieve budgetary surpluses and dissipate them by tax remissions. ‘Sound finance’ was regarded as proper and honest (Groenewegen and McFarlane 1990:162–3). Balanced budgets were, therefore, de rigueur, while deficits were regarded as inflationary and perversely affecting business confidence. This had added force with the weight and the guilt of the reckless expenditure that had been incurred in the 1920s. Consequently, public investment spending fell in the period between 1929 and 1932 (Valentine 1987a:64). Capital markets here and in London blessed the fiscal consolidation strategy and rewarded Canberra by usually subscribing to loans or facilitating loan conversion operations. After subtracting for external payments, the combined net government surplus rose from £7 million in 1930/31 to £25 million in 1932/33, and remained there until defence preparations spelt greater federal outlays.
Most states subscribed to the same dogma, but not all. The Loan Council and the Commonwealth Bank monitored public sector borrowing but could not prevent some states engaging in borrowing for public works using the channel of semi-governmental authorities. Business and financial groups were steadfast in warning of the inflationary dangers that would ensue from tampering with money supply or running deficit budgets. Federal budget deficits were regarded as equivalent to creating credit. On that note, the Lyons government strongly adhered to the Treasury–Commonwealth Bank line that using credit to hasten economic activity would lead to inflationary repercussions (Ross 1995:117). This issue is discussed more fully in Chapters 5 and 6.

Economic policy and the recovery

Australia’s national income fell from £650 million in 1928/29 to £450 million in 1931/32—a fall of nearly one-third, making it one of the largest contractions suffered by any Western economy. There was a swift reaction to this in official and unofficial policy terms. Apart from increasing tariffs and a market-led devaluation, another response was the Arbitration Court’s decision to attempt to reduce real wages by 10 per cent (Copland 1934). Further, given the widespread deflation, wages were indexed downwards, resulting in an overall money wage cut of 20 per cent. Since interest and rental income receivers increased their share of national income between 1929 and 1931, it became necessary, in the name of burden sharing, that their allocation of income fell proportionately. This was executed with the successful bond conversion operation of 1931, which was an integral part of the federal government’s policy response to the crisis. There was also retrenchment of public expenditures and tax increases to repair budgetary imbalances for both tiers of government.

MacLaurin (1936) dates the first green shoots of recovery from the last months of 1932. It was there perhaps that the economy’s generators of income were close to ‘bedrock levels’ (Sinclair 1974). The recovery, initially weak, grew in strength and continued until a slight relapse in 1938/39. Real GDP began to rise from 1933/34 and increased steadily to 1937/38 when it was 20 per cent higher than 1928/29. Commentators at the time attributed the upturn to the return of business confidence along with the tonic of public spending and cheap money (Copland 1936; MacLaurin 1936). The overall tone of economic policy was, however, a supply-sided one. It was export prices—particularly wool and wheat—that were still the ultimate determinants of prosperity. There was a spasmodic recovery in export prices from 1933.
While there were considerable laxity and resistance in implementing the fiscal austerity of the Premiers’ Plan, the removal of the Scullin Labor government reduced the risk of psychological crowding-out (Walker 1933a). Public works were resorted to as a palliative, not for achieving a permanently higher level of activity. Apart from fears of crowding-out private investment, it was held that greater public sector spending would inflate the domestic price level and put an added burden on the export sector (Plumptre 1935). It also seemed the electorate was not ready for more bold measures such as reflations (Nairn 1986:235). Any commissioned public works had to be—given the waste of the 1920s—‘reproductive’, yielding, within a reasonable period, a revenue at least equal to the debt (Robinson 1986:84). As the 1930s wore on, some could dispute whether there was, in fact, a need for public sector-led stimulus since the economy showed signs of overexpansion from 1935 onwards. This came with concomitant fears over the external account and the level of foreign exchange reserves. Consequently, policymaking authorities wanted to continue to scale back public and private debt, unaware that debt sometimes engendered productive enterprise. Indeed, as will be shown below, the recovery was interpreted as conditional on the authorities not doing anything rash in economic policy and thereby affecting business confidence. There was little recognition by the Commonwealth of manipulating policy levers to achieve a higher level of output and employment, except the traditional faith in counter-cyclical monetary management. From 1932 onwards, remissions of taxation were made from the Commonwealth’s budget even when it compelled commensurate retrenchment in government expenditure. The fact that these tax cuts came from consolidated and improved budgetary outcomes was well advertised so as to placate community concerns about future debt levels (Ross 1995:109–10).

Until export prices recovered, the Commonwealth sought to reduce the costs of primary production by bearing down on cost levels. Cheap money was the other policy fundamental the Lyons government upheld throughout the 1930s (Mills and Walker 1952). The low interest rates were the fruit of the money market’s confidence that the high inflationary road would not be taken; more materially, they were the end result of Treasury bill finance used to cover government budget deficits. This supply-side economic strategy was rigorously upheld until the threat of war intruded (Ross 1995:110). This condition was also in part externally imposed since the London capital markets remained closed to Australian borrowers. The financial year 1937/38 would be an annus mirabilis for Australia with the recovery continuing, to the astonishment of economists, when, as exports faltered, domestic expansion and import replacement took up the slack.1 Fortune, too, played some part in the recovery. Australia enjoyed seven successive good agricultural seasons during the 1930s.

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Following Schedvin (1970), the new conventional wisdom of the recovery process was attributed to the rise of the manufacturing sector and the employment it generated. Apart from making a greater show at import replacement, the plasticity of local wage rates meant that Australia enjoyed a real devaluation in 1931. Economic historians have contested the alleged structural pre-eminence of manufacturing in driving recovery. Schedvin does not fully document, for instance, how developed the manufacturing sector really was before 1929 (Alford 1994:10). Manufacturing, for instance, already employed more of the labour force than the rural sector by 1926. Schedvin also does not take into account how manufacturing employment in fact suffered more than any sector as a consequence of the Depression (Boehm 1973). Whatever the relative magnitude of manufacturing’s contribution to recovery, it did generate more employment than the huge lift in rural output, which, in itself, accounted for one-third of the improvement in GDP (Dyster and Meredith 1990:147).

Gregory and Butlin argue that Schedvin also overlooked the huge increase in primary sector production that took place in the 1930s. They also visualise the rise in manufacturing as taking place within the broader scheme of things. That is, the recovery process in Australia, as elsewhere, exhibited ‘a rubber band effect’ in that the upswing was ‘a mirror image of the downswing’ (Gregory and Butlin 1988:25); the vigour of the recovery corresponded with the severity of the preceding recession. They agree with Schedvin only in the sense that market forces, not government policy per se, largely engineered the traverse. They do not, however, totally dismiss the intent of the federal government’s recovery policies as Schedvin does. Following Eichengreen (1988), Gregory and Butlin (1988) insist that had there been a devaluation earlier than 1931 Australia might have escaped the worst of the slump—a finding similar to the advice Australian economists stated before a major inquiry into banking and monetary policy in 1936. The nature of the response by the authorities suggests a brief appraisal of the policy apparatus at their command.

Economic institutions and monetary arrangements

Colin White has interestingly argued that there was a delay or ‘policy vacuum’ within Australia in coming to terms with the colossal external shocks of falling export prices and the near cessation of capital inflow. This was due to the absence of a ‘central economic authority’ (White 1992:190). This is debatable but there was undoubtedly dithering and inaction in responding to the problem largely because the Scullin government had been elected on a non-economic platform.
The Bruce government (1923–29) was chided for its complacency by observers who detected the emerging economic problems and conveyed warnings to those in power (Osmond 1985:148). Shaping a meaningful response to the gathering storm was hampered, not just by an antipathy to economists, but by adversarial politics complicated further by the federal–state divide. For instance, while the Commonwealth and the states were regarded as equal partners in economic enterprise, it was still an era when citizens attended more to their own state government than the federal government. One upshot of this was that premiers’ conferences had to deliver unanimous agreement before any national policy could be put into place. Another was that expenditure on public works and the relief of unemployment were the responsibility of the states.

As to the ‘absence of a central authority’, it was true that the Commonwealth Treasury, as a central coordinating agency, was then quite insignificant. This was because the Commonwealth played only a minor part in the economy; taxing and spending powers, together with borrowing rights, rested with the states. At the time, New South Wales wielded as much economic weight as the Commonwealth. Federal outlays, even in the mid to late 1930s, represented only a modest fraction of total national income. The Federal Treasury performed not much more than an auditing role (Whitwell 1986:54). While the Treasury was ably staffed, none of its senior officers had formal training in economics—nor would things progress much by the mid-1930s. The political scientist Fin Crisp gave some inkling of the Treasury’s role during the 1930s:

The establishment still saw government and Treasury as sideline aids to a substantially autonomous and preferably self-acting national economy...the level of loan raisings, London funds, tax revenues were indicators of the economy’s health and not instruments for its regulation or stimulation. One gathered that the general level of economic activity had an effect on budget totals, but hardly the reverse. It was essentially old world, pre-Keynesian stuff. Neither the Treasurer nor his senior officers of those days had a training such as would make them quickly aware of or eagerly responsive to new economic ideas. (Cited in Hudson 1986:98)

The Federal Treasury also did not employ economists until L. F. Giblin’s arrival as Acting Commonwealth Statistician in 1931. The Treasury’s standing within
the economy was elevated, however, when the Australian Loan Council was established as a statutory body by the Bruce government’s *Financial Agreement Act* of 1927; the Federal Treasury was to act thereon as the council’s secretariat and it was from there that it started to gain some influence on the setting of monetary policy through the vehicle of the Australian Loan Council (Schedvin 1970; Gilbert 1973). Against the Loan Council stood Australia’s then central bank, the Commonwealth Bank, which exercised an intimidating presence over monetary matters under its chairman, Sir Robert Gibson.

The Board of the Commonwealth Bank, dominated by Gibson, closely monitored the note issue and Australia’s capital borrowings. In truth, however, the Commonwealth Bank did not truly function as a central bank partly because the trading banks need not keep reserves with it and, in fact, regarded it as a competitor; nor was Australia strictly on the gold standard (Coleman 1999:163). Moreover, the bank’s board did not possess the expertise and knowledge needed for the art of central banking. The Bruce government had made amendments to the *Commonwealth Bank Act*, one of which made the board of directors free from political interference but, alas, unaware of the science of central banking (Schedvin 1992:50). This antagonised the Labor Party, which felt that proper central banking was negated if it was free from political persuasion. There were other obstacles to the bank operating as a central bank. It was, for instance, unable to exert control over the exchange rate or even gauge the depth of Australia’s external reserves or ‘London funds’, held by Australian trading banks. The latter aspect was remedied by the Mobilisation Agreement of August 1930.

The mechanics of Australia’s banking system was that a fall in London funds caused by a rise in imports or a fall in Australia’s export receipts meant that the advances to deposit ratio rose. The decline in bankers’ cash would lead to stringency in the money market, which could be relieved only by central bank action. Throughout the 1930s, then, Australia had an underdeveloped money market and an immature central bank presiding over the country’s financial affairs. Gibson and his board, together with the Secretary of the Treasury, did, however, exert authority over interest rates, though here, again, the more powerful banks could usurp this power. On matters of monetary doctrine, the Commonwealth Bank Board rigorously upheld parity with sterling and was paranoid about ‘monetary credit’ abuse (Schedvin 1992:50; Coleman 1999). Parity with sterling was enshrined until 1930 when the official rate came under severe market pressure. To the board, ‘inflation’ translated into any expansion of the note issue whatever the circumstance. This stance helped explain the Commonwealth Bank’s reluctance to provide Treasury bill finance to cover budget deficits until after June 1931 (Schedvin 1992:50). Confusingly, the
bank board also regarded currency devaluation as nothing but another form of inflation and those who supported it as expansionists (Copland 1932a:114). The bank board regarded exchange rate stability, therefore, as the best means to guard against inflation (Schedvin 1992:52–3). Many in the financial world, too, wrongly linked currency inflation with currency devaluation. It was true that currency inflation could lead to a currency devaluation but the 1931 measure, as we shall see, was triggered by a trade imbalance.

Gibson was probably mindful of his lack of central banking expertise but equally wary of letting monetary experts dictate policy to him or, for that matter, anyone else on the board. He did, however, move with the times and appoint a monetary expert to the bank. It came in the form of a cautious one-year appointment of Leslie Melville, who held the chair of economics at Adelaide University. The inspiration for Melville’s appointment can be traced to a comment made by Claud Janes at a meeting of the Victorian Branch of the Economic Society in October 1930. Janes encouraged the Bank to appoint an economist to the Commonwealth Bank Board along with the establishment of an Economic Council to advise the Government. Sir Robert Gibson, in attendance, supported the idea. The Bank of New South Wales’ matched it by appointing another academic economist, Edward Shann, as its economic adviser in November 1930.  

As will be seen, the Commonwealth Bank Board throughout the 1930s remained extremely vigilant about the extent of the short-term federal government borrowing sanctioned by the Loan Council and expedited by Treasury bills. Externally, the bank board monitored, in tandem with the Loan Council, borrowings against the existing London balances. The two institutions orchestrated, therefore, the borrowings of all Australian governments (MacLaurin 1936:24–5). These decentralised and vague monetary arrangements brought the trading banks into almost immediate friction with the Scullin government over the drain on Australia’s gold reserves and the cessation of borrowing from London. Given the central bank’s refusal to rediscount Treasury bills, falls in the London reserves meant that the trading banks had to, quite properly, restrict their advances (Butlin and Boyce 1988:197). Labor Party politicians saw the subsequent credit squeeze, however, as deliberate sabotage. Later, the conflict between the two parties would escalate as to who had the final say in determining monetary and economic policy.

For all Gibson’s intransigence and ignorance of central bank techniques, he was, as Schedvin (1970) and Giblin (1951) state, the most important individual in determining the course of economic policy during the Depression and beyond.

The Power of Economic Ideas

(Millmow 2006). Sir Montagu Norman and Sir Otto Niemeyer of the Bank of England played on this and acclaimed Gibson as the man ‘who is saving Australia’ from default. The media, too, conveyed the same message: the dour Scot was the guardian of the people’s money. The presence of Gibson at the helm gave the financial and business communities some degree of psychological assurance (Copland 1936:16). It was for this reason alone that Prime Minister James Scullin reappointed him when his term of office came up for renewal in 1930. Gibson soon showed his mettle, informing Scullin before his departure for an 1930 Imperial Conference in London that his government must implement immediate expenditure cuts or face impending bankruptcy with the internal and external loans fast maturing. Scullin pinned his hopes on a sympathetic London and the prospect of assistance.

4 Leslie Melville, who served under Sir Robert Gibson as the Commonwealth Bank’s resident economist, disagreed with Schedvin’s assessment but did admit that the board never voted against Gibson (Melville, TRC 182, NLA, pp. 21–5).

5 Sir O. Niemeyer to A. H. Lewis, 19 October 1932, Gibson Papers, Latrobe State Library of Victoria; E. Shann to Finlayson, 5 May 1931, BNSW, A53/409. Shann reported dinner-party conversation in which Billy Hughes complained about how Gibson was ‘consumed with vanity and utterly without foresight or imagination’ (E. Shann to A. C. Davidson, 18 April 1933, BNSW, GM 302, p. 590).

6 The opening lines of the Ballad of Sir Robert Gibson declared: ‘A dour hard-headed gentleman/who guards the treasure hoard/Sir Robert Gibson, he sits light/As Chairman of the Board.’

7 Edmund Godward of the Bank of Australasia found Gibson ‘overly susceptible to praise and not adverse to flattery’ (E. Godward to Cowan, 15 December 1932, Bank of Australasia, D/O Correspondence, ANZ Group Archives). The sad truth for Labor, too, was that there was no-one else. Dyason’s name was mooted but not held to be generally acceptable to the business community—a fair point given his later embrace of fanciful monetary experimentation. Dyason was, however, sounded out in late 1931 as a possible board member for the bank. He demurred, pleading, rather sardonically, an ignorance of monetary affairs (The Argus, 28 October 1931, in BNSW, GM 302/221) (Melville, TRC 182, NLA, p. 29).