

Australia Between the Wars

Group: The Unemployed

The Depression

- Most capitalist economies follow a **trade cycle**, where the economy rises, falls, and repeats.
 - o When the economy reaches the top of the trade cycle, it can dip, known as a **recession**.
- A **depression** can occur when the fall is sudden and widespread, and can be severe hardship, with **pessimism, failing businesses and industry** and cutback in **investment**.
 - o Increase in **unemployed** and reduction in **trade** (overseas)

Causes of the Depression

- The Great Depression began in the **United States**, where, as the **economy peaked**, people became **uncertain** and started selling stocks.
- **October 24th 1929**, Wall Street collapsed, **company** value lowered, **banks** ran out of money.
- Australia had borrowed money from **Britain** (\$52 million pounds) and could not return debt.
 - o **Exports** became low, especially for wheat and wool.
- Summary:



Life during the Depression

- Many people **lost income**, with 34% earning lower than 4 pounds or nothing at all.
- The **susso** were **coupons for food** for unemployed. In 1932, 60 thousand people on the susso.
- Work **was limited**, only ship jobs available for some unemployed.
- **People evicted** from their homes, going to **shanty towns** such as Happy Valley in La Perouse.

Event: Building and Opening of the Sydney Harbour Bridge

The construction of the Bridge

- A government engineer, **John Job Crew Bradfield** was appointed to head the construction.
- The price was identified as **4 217 721 pounds, 11 shillings and 10 pence** in the beginning.
- On 19th August 1930, the arch was complete, and after a year, road and train lines were finished.
- The Bridge was constructed for **accessibility** to North Sydney, **jobs** for the unemployed, **increased population** due to transportation and a **symbol** for Australia.
- However, it would **cost** a lot for equipment and **cottages were destroyed**.

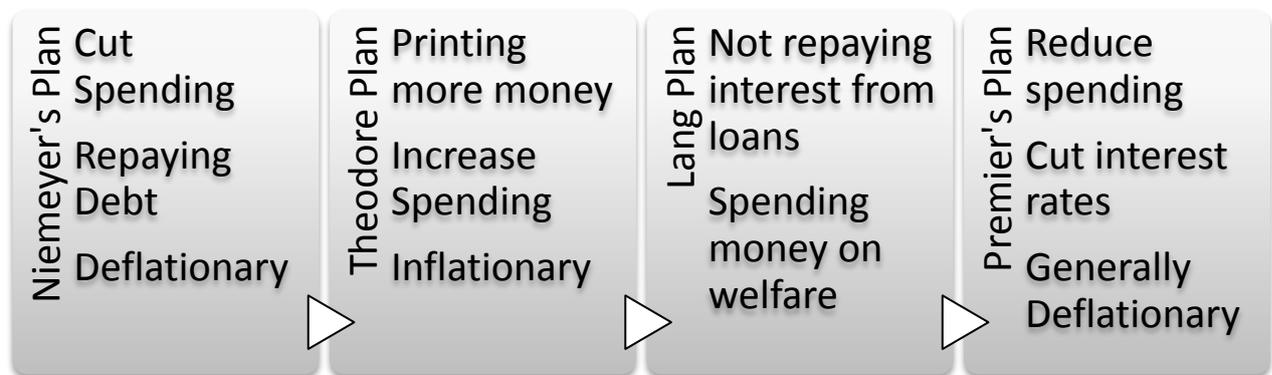
The opening of the Bridge

- **Jack Lang**, the premier, opened the Bridge, although the New Guard (**Groot**) had cut the ribbon.

Political Development: Dismissal of Jack Lang

Responses for the Depression

- The Scullin Government attempted to improve the economy by **paying off debt, cutting off imports** through higher tariffs and **increasing exports**. This failed as depression was worldwide.
- Scullin consulted **Niemeyer** from **Bank of England**, who **cut spending** of the government and **repay debts**. This caused **an increase of 10% to unemployment. Deflationary.**
- The **Theodore Plan**, although rejected, involved **printing more money** to pay loans and **increase spending** on public works. This was **inflationary**, and is used now.
- The state premiers devised the **Premiers' Plan**, which **reduced spending**, and **cut interest rates**, which reduced rents and mortgages. Generally deflationary.
- The **Lang Plan** was used from 1931 to 1943 involved **not repaying interest** on loans and spending this money on **welfare and social services**.



Reactions towards Lang

- For workers, he was a 'hero', as he introduced **pensions, compensations** and a **40-hour week**.
- He was unpopular by the New Guard, and was thought to be **communist**.

Actions in Australian Government

- The Federal Government agreed on the **Premiers' Plan**, cut spending by 20%.
- **Joe Lyons** left the Labor Party and formed the **United Australia Party (UAP)** with Nationalists.
- The Labor Party **split**, in the decision about the Premiers' Plan, which caused the **fall of the Labor Government**. The **UAP** became government, with **Joe Lyons** as PM.

Dismissal of Lang

- Lang ignores the Premier's Plan, as he thought **welfare** was most important.
- Lyon's **government pays the interest** on NSW's debt when Lang **defaulted**. He passes the **Financial Agreements Enforcement Act**, to recover money from Lang.
- Lang **refuses to pay back** by stealing his money from the bank, which was **illegal**, and therefore **dismissed by Sir Phillip Game** from the office.
- **State elections** are called and **Labor loses**, forcing Lang to retire.