

The Great Depression

Timeline

- 1929 -1930
 - International commodity prices collapsed, triggering a fall in export earnings and increasing overseas debt. The Bank of England insisted the Australian state, territory and federal governments balance their budgets, cut all overseas borrowing and lower all award wages by 10 per cent. Infrastructure projects, which had begun in the 1920s under the previous 'men, money and markets' policy, were stopped immediately.
- 1931
 - Protest marches and demonstrations by the unemployed in all states and territories demanded increased sustenance pay and rent subsidies. Public expenditure was cut at the same time that private businesses were putting thousands of people out of work. For the majority of people, there was little government assistance, especially at the beginning of the crisis. Private charities were often the only source of support outside of families and neighbourhood communities. Eventually, the states started providing 'sustenance' or 'susso' for the unemployed in the form of ration vouchers, but this was worth only a tiny amount of the basic wage.
 - The ALP premier of New South Wales (NSW), Jack Lang, decided to withhold interest payments on British loans, in open defiance of the federal government. He argued that the federal government and other state premiers were wrong to pay foreign loans instead of funding public works, which could provide much-needed employment.
 - Indigenous Australians - The federal government declared Arnhem Land an Aboriginal reserve as part of a new policy emphasis to try to segregate traditional Indigenous people and make decisions governing their lives. In the 1930s, Aboriginal people formed protection associations led by inspirational men and women such as William Ferguson, Jack Patten, William Cooper, Douglas Nicholls, Margaret Tucker and Pearl Gibbs to use political action in campaigns to assert self-determination.
 - The New Guard was formed in Sydney in February 1931 by Eric Campbell, a veteran from the First World War. The aim of the New Guard was to defend the British monarchy and the British Empire and to support conservative governments throughout Australia. They were to suppress disloyal and immoral elements in government, industrial and social circles. In addition they were to maintain the full liberty of the individual. At its height, the New Guard had a membership of more than 50,000.
- 1932
 - Prime Minister Joseph Lyons paid the interest on the NSW government loans to the British banks, passing a Bill in parliament to later recover the money. Lang refused to repay the money, and tried to prevent the federal government from seizing NSW funds. In May the governor of NSW, Sir Philip Game, sacked Jack Lang as premier, saying Lang's 'defiance of the law' had become intolerable. Although there were fears of civil war breaking out, Lang surprised many by going quietly.
 - The Loan (Unemployment Relief Works) Act 1932 (Cth) authorised the Australian Government to give financial assistance to the states and territories on condition that employment councils would be established. The government expenditure on relief works for the financial year 1935–36 provided full-time employment for approximately 55,000 from a total of 300,000 jobless. The amount spent on dole payments was twice that spent on the provision of relief work for the unemployed.
 - In 1932, 16-year-old Clare Dennis won three gold medals in swimming for Australia at the Los Angeles Olympic Games.

- On 5 April 1932, Phar Lap, winner of the 1930 Melbourne Cup, died in the USA after winning the Agua Caliente Handicap in Mexico. Many Australians at the time believed that the horse had been poisoned.
- That summer Douglas Jardine captained the touring English cricket team and won back the Ashes in controversial circumstances. He employed 'bodyline' bowling tactics in an attempt to curb the effect of Don Bradman, Australia's greatest batsman.

The chosen crisis and the ways in which Australians responded to that crisis

Background to the Great Depression (the following is not examinable, but is necessary to give you context for the examinable content)

Australia 1914 to 1929

The early years of the new nation, up to World War One, were generally 'good' years. The economy was strong and growing and political, social and economic rights for most Australians were among the highest in the world. Tying all of this together was a positive and optimistic feeling about the present and the future – new century, new nation, freedom from the ills of the old world.

World War One

Possibly because of this generally positive and optimistic start to the century, the experience of World War One was to have a profound effect on the young nation. Initially there was enormous enthusiasm for the war. Men rushed to enlist, women became involved in support activities, and even children in schools were knitting socks for soldiers. The government promised 20,000 recruits by Christmas 1914, but that target had been reached by the end of September. Australian soldiers fought, and were generally praised for their skill and bravery, at Gallipoli, along the Western front in France and in North Africa. However, as the war dragged on, most of the initial enthusiasm faded. The casualty lists grew and it is said that by 1918, few families were unaffected by death or injury. Australian society became bitterly divided over politics, 'inequality of sacrifice', strikes and conscription.

The 1920s

At the end of the war, the Australian governments state and federal, set in place a range of repatriation schemes – these were designed to assist returned soldiers and their families readjust to civilian life. Schemes included assistance with housing, education, medical care and farming. Some of these schemes were successful but others were not well thought out. One of the biggest failures was the Soldier Settlement Scheme and this was to have repercussions during the great depression.

Generally the 1920s was a mixed decade. On the surface, especially up to about 1926.

The Great Depression 1929-1935

The Great Depression describes a period of economic downturn which affected most of the countries of the western world between 1929 and the middle 1930s. The strict definition of a depression is four quarters (1 year) in which the economy shrinks or contracts instead of growing.

A depression is characterised by the following: A decline in demand for goods, a decline in business activity and production, business collapse, fall in prices for rural produce, unemployment or underemployment, defaulting on mortgages, inability to pay rent, inability to buy basic necessities such as food and clothing, increasing pressure on charities, illness, psychological problems, some increase in petty crime etc. The depression was certainly a time of misery for some – possibly as many as 30% to 40% of the population. The depression in Australia also led to great political upheaval and instability. When times are tough, people always look for someone to blame and it is usually the government. Disagreement over who was to blame and how the depression could be 'fixed' led to over 25 elections, state and federal, (most resulting in a change of government) between 1929 and 1935.

However it is important to remember two things:

- One is that not everyone suffered in the depression. Because prices fell more than wages, those who remained in work (up to 70% of the population), were actually better off. Moreover, some people really prospered in the depression (such as Cinema owners – escapism).
- The other thing is that even among those who suffered unemployment and poverty there were many positive experiences. There are stories of families helping each other out, of remarkable charity work, most of it voluntary, of people developing new skills and learning to ‘make do’. In the 1970s, a number of historians including Wendy Lowenstein and David Potts conducted interviews with depression ‘survivors’. Many of them claim that the hardships they endured taught them positive and long lasting lessons that stayed with them all their lives.

The depression had some sort of impact on most Australians. However, it is important to recognise that the impact of the depression and the ways in which Australians responded, varied enormously. The impact depended on such factors as education, occupation, skill, gender, marital status and family circumstances, health, area of dwelling, personality and attitude. Two people who had identical experiences of unemployment could respond quite differently depending on their circumstances.

For this dot point or essay topic you need to have an understanding of the following groups use evidence to show your knowledge:

- Minority groups – Migrants, Aborigines and women
 - Anne Jeffrey, who described the failure of the government to remedy her “shocking and appalling” living conditions.
- The working class
 - “Widespread economic distress” – Marilyn Lake
 - “A pittance to keep the body and soul alive” – Joan Coxsedg in relation to the susso.
 - “Those who kept their jobs experienced an increase in living standards” – Libby Tudball
- The upper class
 - Sidney Myer Christmas lunch
 - Historian Sarah Mirams also emphasises the tole of “Church and neighbourhood networks” as well as charities such as the Ladies Benevolent Society, to help those affected by the Depression.
- Political groups
 - Muriel Heagney (trade unionist) offering employment for unemployed girls.
 - Right wing extremist groups such as the New Guard and the All for Australia League.
 - “the Federal government did not know how to resolve the problem” (Historian KL Mason)

The extent to which this crisis shook old certainties and provided opportunities for people to argue for change.

What this dot point really asks you to think about is the extent to which the depression brought change? 'Shaking old certainties' refers to the impact of the depression on ideas, values, institutions, social and political structures the economy and ways of doing things that people had accepted as normal. Such upheavals rarely cause permanent change. Real social change on a national level is slow and gradual. The sorts of changes ushered in by crises such as the depression or the two world wars were largely superficial and short lived.

Job Security

With unemployment reaching 30% in 1932, and going as high as 45% in some occupations (unskilled and semi-skilled occupations, building related work and farmhands) people felt their security about employment challenged. All of the certainties that went with having a secure job and income were also threatened. Housing, clothing, food and medical care could not be provided by some people, especially if a family had run up debts during the 1920s.

Even those who had jobs felt less secure about them. People were reluctant to complain about long hours or unsafe working practices, they were unwilling to stay away when they were ill, sometimes they would put up with unfair or unrealistic demands from bosses. There was also the challenge to one's pride. For many, especially men, having a secure job and being able to provide for a family was seen as a part of his masculine duty. Having to rely on a wife's wage or, worse still, the *suusso*, was a great blow to the pride of many breadwinners.

Despite this, security about employment was shaken for some. For a few there was no recovery but for most, as the economy revived, so did confidence in their chances of finding work. The federal government took responsibility for supporting those who could not provide for themselves – this continued. The government also took more responsibility for regulating the economy in an attempt to avert further depressions. To date this has worked. By 1935 unemployment was down to 16.5% and by 1939, 10%. By 1942 there was virtually full employment. Moreover, by 1936 the stock market had returned to its 1928 level.

For some people, especially men these experiences had a long term negative impact (for example Stan Johnstone). For most, as the economy revived, it seems that life went back to normal. *Wendy Lowenstein* reports that some depression 'survivors' said that they became more thrifty. Others said that they were afraid to borrow money. Some were so afraid of being unemployed again that they remained in unfulfilling jobs for the rest of their lives.

Secure Housing

Before the depression, fewer than 50% of Australians owned or were buying their homes. Most of those affected by unemployment (unskilled or semi-skilled workers) were renting or living in boarding houses. A small percentage lost the homes they were buying (some of these were war service homes).

Loss of secure accommodation was often the most dramatic consequence of unemployment opening families to break-up and children to physical and emotional stress. Unemployment for people on low incomes or lowly skilled occupations often threatened their housing. According to *David Potts*, the reactions of unemployed renters varied:

- Some landlords evicted non-paying tenants – these families often ended up in shanty towns.
- Some landlords lowered rents and allowed good tenants to remain.
- Some tenants looked for cheaper housing in smaller houses or outer suburbs.
- Some tenants moved in with relatives.

At the worst stage of the depression it is estimated that **40,000 to 70,000** people were living in makeshift accommodation or were on the road. Among people who were buying homes, some held on through the worst years of the depression, then found that they could not continue to meet mortgage payments (*for example the country doctor*). Some of these included small business people such as shopkeepers and small manufacturers.

Those who had to sell houses sold them cheaply and there were others willing to buy them. Essendon businessman **Jack Watts** bought up 10 cottages cheaply in North Melbourne and Flemington during the 1930s.

Security about housing was shaken for some, but not overturned.

If anything, the experience of homelessness actually led more Australians to value home ownership which grew to about **70% by 1960**. Many became determined never to be homeless again (for example *Agnes Johnstone*).

By 1939, most of the shanty towns had disappeared. As the economy improved, building of houses increased and more rental housing became available. On the other hand, there were people who built new houses during the depression taking advantage of cheaper materials and lower wages for building workers. (*AV Jennings*). Others, such as **James McCabe**, a businessman from North Melbourne, built a large house in Brighton in 1931.

The experiences of homelessness led governments to take greater responsibility for housing. ***The Housing Commission of Victoria was established in 1938 and the public Housing Commission of NSW started in 1940.***

Homelessness had a severe impact on a small percentage of the unemployed. For the nation as a whole, longer term improvements in housing, largely came as a result of the depression.

Other areas that could be used to discuss this topic-

- Political Stability
- The Economic System
- Relationship with Britain
- Social structures and values such as:
 - Family life
 - Role of women
 - Egalitarianism
 - Education

The extent to which the cohesion of Australian society was maintained or redefined by the experience of the crisis.

For this dot point or essay topic you need to have an understanding of the following groups use evidence to show your knowledge:

- Minority groups – Migrants, Aborigines and women
 - *Historian J. Macintoy suggests that women were able to find work if they wanted to however their wages were much lower than men's.*
 - *"An army of outcasts had appeared, not carrying disease but poverty" (Pook)*
- The working class
 - *Historian Stuart Macintyre suggests the inequalities between the rich and the poor widened in the sense of wealth and income.*
 - *A class who "didn't have much but didn't want much" (Potts).*
- The upper class
 - *The wealthy believed that the unemployed had brought it upon themselves and "were that way because they were lazy, drank too much and gambled" (Mirams).*
 - *Unemployment was seen by the rich as a sign of world weakness, a social disease which needed to be eradicated" (Cottle).*
- Political groups
 - *Jack Lang and his political belief that "it was simply a question of whether the unemployed would be left to starve or the bondholders went unpaid" (Engwerda)*
 - *The Communist Party of Australia had limited appeal to Australians; however the United Workers Movement achieved a membership of 30,000 people as it supported fellow unemployed people.*
 - *Single, young men were the most radical and were seen to be in support of communism, while "fascism achieved the complexity of the respectable folk" (Cathcart).*

Past exam questions

2005- Despite short-term upheavals, Australian society did not change significantly as a result of the Great Depression. To what extent do you agree?

2006 - The Great Depression saw the cohesion of Australian society severely tested and redefined.' To what extent do you agree?

2007 - The response of Australians to the crisis of the Great Depression depended on many factors; however, there is no doubt that everyone suffered. To what extent do you agree?

2008 - 'The effects of the Great Depression fell unequally on Australians, straining the cohesion of Australian society.' To what extent do you agree?

2009 - 'Divisions in society virtually disappeared during the crisis of the Great Depression.' To what extent do you agree with this statement?

2010 - 'The crisis of the Depression negatively affected all Australians.' To what extent do you agree with this statement?

2011 - 'Australian governments and society failed to respond adequately to the economic hardship of The Depression.' To what extent do you agree with this statement?

2012 - 'Unemployment threatened the cohesion of Australian society during the Depression.' To what extent do you agree with this statement?