

Introduction

Coupon rationing in Australia during World War II has received very little historical attention. The implications of changing needs during wartime were not addressed in pre-war planning, consequently the government was unprepared when the need to take definitive action arose. When rationing became necessary it was accepted by the government, albeit reluctantly, as something that had to be implemented, and on the part of the people, as just another of the things that had to be endured as part of the war effort. The important role that rationing played has never been acknowledged, nor indeed, has the impact that it had on the homefront been definitively explored. Research quickly revealed that rationing covered such a wide field that it would be impossible to cover the whole of the topic in a research thesis. Archival exploration brought to light the haste and uncertainty with which the government approached rationing, why certain goods were coupon rationed, and why other goods were rationed by different methods. Significant insights regarding governmental reasoning in a time of crisis were revealed as research disclosed that politicians' fears of voter backlash influenced decisions made in parliament when informed advice tendered by authorities concerning the desperate supply situation was disregarded. Archival sources also revealed civilian correspondence which displayed a surprising degree of antagonism towards rationing. These factors influenced the choice of the theme of this thesis which focuses on the administration of rationing, the problems encountered in its planning and implementation, the way it was organised, who influenced decisions, and civilian attitudes towards rationing.

This thesis adds considerably to available literature where virtually nothing has been written about the problems encountered in the planning, implementation and administration of rationing. Official war historians touched rationing only lightly. Their brief was of much wider scope, and it was not their task to concentrate on any

one feature. Paul Hasluck, who prepared the civilian and social history of World War II in two volumes, *The Government and the People 1939-1941* and *The Government and the People 1942-1945*, barely discussed rationing. S. J. Butlin, author of *War Economy 1939-1942* merely described the general policy behind the rationing of petrol which was introduced in 1940. Butlin and C.B. Schedvin, who jointly authored *War Economy 1942-1945*, covered coupon rationing mainly in the context of what was rationed, and in what quantities, without much detail about the rationale behind the decisions.¹ E. Ronald Walker gives scant space to coupon rationing in *Australian Economy in War and Reconstruction*.² In his autobiography H.C. Coombs, the first Director of the Rationing Commission, renders the most instructive information regarding organisational and administrative problems encountered in implementing coupon rationing. As he moved to another post when rationing was operating his narrative does not include on-going difficulties.³ Later historians such as E. Daniel Potts and Annette Potts, in *Yanks down Under 1941-45*, used food rationing to highlight what became a source of conflict between Australians and Americans.⁴ Various other historians who wrote about the war years, including John Robertson, Brian McKinley, Geoffrey Bolton, Gavin Long, and Brian Penton merely mention that rationing occurred.⁵

¹ Paul Hasluck, *The Government and the People 1931-1941*, Australian War Memorial, Canberra, 1951, pp. 251-7; Paul Hasluck, *The Government and the People 1942-1945*, Australian War Memorial, Canberra, 1970, pp. 274-8; S.J. Butlin, *War Economy 1939-1942*, Australian War Memorial, Canberra, 1955, pp. 280-92; S.J. Butlin and C.B. Schedvin, *War Economy, 1942-1945*, Australian War Memorial, Canberra, 1977, pp. 564-9, 308-9, passim.

² E. Ronald Walker, *The Australian Economy in War and Reconstruction*, Oxford University Press, Melbourne, 1947, pp. 65-6, 162-3.

³ H.C. Coombs, *Trial Balance*, Macmillan Company, Melbourne, 1981, pp. 12-22.

⁴ E. Daniel Potts and Annette Potts, *Yanks Down Under 1941-1945*, Oxford University Press, Melbourne, 1985, pp. 14-5, 90-1, 242-7, 287-9.

⁵ John Robertson, *Australia at War*, William Heinemann, Melbourne, 1981, p. 201; Brian McKinley, *Australia 1942 End of Innocence*, William Collins, Sydney, 1985, pp. 94, 140-1; Geoffrey Bolton, *The Oxford History of Australia 1942-1988*, Oxford University Press, Melbourne, pp. 11-12; Gavin Long, *The Six Years War*, Australian War Memorial, Canberra, 1973, pp.

In more recent times, and following a growing trend among historians to look more critically at events during the war years Joanna Penglase, David Horner and Kate Darian Smith examined the period more trenchantly than earlier authors. They challenge the impression that all was well with the war effort; that the government was in control; and that civilians complied with restrictions with continual good grace. Interviews with civilians who experienced the war years give insight regarding the stratagems people used to flout restrictions and how the bureaucracy was viewed.⁶ Michael McKernan goes a step further. In *All In* he probes civilian reactions to rationing in more depth than any other historian. By relying heavily on newspaper resources McKernan recaptures the sense of urgency and reality of rationing and shortages.⁷ Michael Symonds provides a broad perspective on food in general during World War II in *One Continuous Picnic* but affords little information about rationing.⁸ Michal Bosworth examines food supplies and nutrition during World War II in 'Eating for the Nation: Food and nutrition on the homefront'.⁹ She questions the nutritional basis for food rationing decisions but makes no other contribution to the investigation of rationing. Wendy Way imparts a focus on clothes rationing and the administrative problems the Rationing Commission encountered in "An administrative miracle": The establishment of the Commonwealth Rationing

218-9, 319; Brian Penton, *Advance Australia Where?*, Cassell & Company, London, 1943, p. 142;

⁶ Joanne Penglase and David Horner, *When the War Came to Australia*, Allen & Unwin, St Leonards, 1992, pp. 198-201, passim; Kate Darian Smith, *On the Home Front: Melbourne in Wartime*, Oxford University Press, Melbourne, 1990, pp. 34-9, 48-50.

⁷ Michael McKernan, *All In*, Allen & Unwin, St Leonards, 1995, pp. 146-184, 87-9, passim;

⁸ Michael Symonds, *One Continuous Picnic*, Duck Press, Adelaide, 1982, pp. 162-72.

⁹ Michal Bosworth, 'Eating for the Nation: Food nutrition on the homefront', in Jenny Gregory (ed.), *On the Homefront Western Australia and World War II*, University of Western Australia, Perth, 1996, pp. 226-38.

Commission'.¹⁰ However, no historian has examined the confusion and bungling that beleaguered the regime of coupon rationing in Australia during World War II.

The neglect of studies regarding administrative difficulties and problems the rationing of food and clothing created does not appear to be peculiar to Australia. A necessarily limited survey of British and New Zealand literature show the same shortcomings as Australian publications. *Civil Industry and Trade*, the official British wartime history by E.L. Hargreaves & M.M. Gowing, follows a similar pattern to Butlin and Schedvin's Australian histories in that a wide scope of wartime economic detail is covered but no attention is paid to administrative or organisational problems.¹¹ Documenting New Zealand's wartime economy J.V.T. Baker touched very lightly on the history of coupon rationing of food and clothing.¹² Nancy M. Taylor more recently examined the New Zealand home front predominantly using newspaper sources. In *The New Zealand People at War The Home Front* Taylor concentrates on the multitude of shortages that occurred during the period. Petrol rationing is covered in some detail, but otherwise rationing received scant mention, especially the administrative processes.¹³

With the exception of the official histories by Butlin and Schedvin and the more recent works by historians such as Penglase, Horner, Potts and Potts, McKernan and Way the books listed in the bibliography provide important contextual information regarding the period under review but make only passing observations about coupon rationing, if indeed rationing is mentioned at all. The very sparseness of information on coupon rationing during World War II found in secondary sources

¹⁰ Wendy Way, "An administrative miracle": The establishment of the Commonwealth Rationing Commission', in J.J. Eddy and J.R. Nethercote (eds), *From Colony to Coloniser*, Hale & Iremonger, Sydney, 1987, pp. 182-195.

¹¹ E.L. Hargreaves & M.M. Gowing, *Civil Industry and Trade*, Her Majesty's Stationery Office and Longmont, Green and Co, London, 1952, pp. 303-341.

¹² J.V.T. Baker, *War Economy*, Historical Publications Branch, Department Internal Affairs, Wellington New Zealand, 1965, pp. 465-472.

¹³ Michael McKernan, *All In*, Allen & Unwin, St Leonards, 1995, pp. 88-9, 141-5, 200-2, 250-2, 248-53, passim;

illustrates very clearly that a detailed examination of rationing has not yet attracted the interest of Australian historians.

Archival files also evidence the lack of interest in rationing. Multitudes of files which show rationing on the data base have not been requested by researchers since the war and are still restricted until examined for security purposes. One series of Rationing Commission files held by the Australian Archives in Melbourne contains more than 3,500 items of which only 14 had been examined and released.¹⁴ Restricted files can only be accessed after making individual applications, and the official examination may take weeks to be carried out, depending on the pressure of work on examiners. Distance and time inhibited applying for release of the files held by the Melbourne Archives, and these will provide a fruitful area for future research for historians interested in concentrating on the work of the Rationing Commission. The Australian War Memorial in Canberra similarly holds numerous files which are still restricted. However, one of the time-consuming frustrations of research was that, after obtaining clearance of many of the War Memorial files, they were found to obtain replicas of material that had already been accessed at the Australian Archives in Canberra. A detailed examination of the administrative history of rationing involved accessing hundreds of files in numerous series at the Canberra Archives. Exhaustive cross-referencing was necessary. Agenda records, often repetitive, had to be searched to find details of decisions. Minutes of various meetings recorded who influenced decisions, and hand-written notations on memoranda was enlightening.

Research was time-consuming and frustrating. Butlin and Schedvin mention that they encountered 'major difficulties' when researching *War Economy* immediately after the war, and in the intervening years gaps in records have, in many cases, widened as material has been adjudged useless and been destroyed. For example, one file inspected at the Canberra archives contained sealed sections. A request was lodged for the sealed sections to be examined for release. When this file

¹⁴ A.A., Series B5661/1.

was requisitioned later it was discovered that the whole file had been destroyed which was rather astonishing, as the unsealed material was interesting and relevant. In *Diplomatic Witness* Hasluck commented on the careless habits of 'embryonic diplomats' who removed papers from files at will whenever they wished to start new files during the war years, and forecast that this would create problems for future historians.¹⁵ This certainly proved the case insofar as rationing is concerned as many dusty files turned out to hold only odd pieces of paper which were irrelevant to the information shown on the data base.

Commonwealth Parliamentary Debates provide a running commentary that gives a most enlightening perspective on the attitudes of politicians towards wartime restrictions, as well as supplying a wealth of information about rationing. Other government publications, including departmental booklets, the Digest of Decisions and Announcements, and the Commonwealth Year Books were also researched. Various newspapers were examined, and articles analysed, in order to sort the sensational from the factual. Various wartime trade journals printed commentary that was critical of the administration of rationing. Magazines and periodicals provide classic examples of propaganda which exhorted civilians, mainly women, to make the best of rationing.

The organisation of the thesis is basically chronological, although in some instances minor earlier events, or later outcomes, are referred to out of sequence in order to avoid interrupting the chronological flow unnecessarily. This approach provides a logical pathway to demonstrate the continually changing circumstances of the war which affected the need to ration petrol, clothing, tea, sugar, butter and meat, and the muddling that occurred as systems were formulated, introduced, and modified as defects became apparent. Each chapter covers a significant period of the war insofar as it affected rationing. This involved weaving a complicated web of unifying

¹⁵ Paul Hasluck, *Diplomatic Witness*, Melbourne University Press, Carlton, 1980, p. 5.

strands. Chapter 1 tells of the unprepared state Australia was in when hostilities commenced. Chapter 2 looks at the shortage that brought about the first coupon rationing. Chapter 3 details the growing realisation that rationing of clothing and food would have to be introduced, and the disagreement and debate about what to ration. Chapter 4 recounts the panic when Japan declared war and Australian authorities struggled to prepare Australia to face combat on home grounds. Chapter 5 sees the start of restrictions and the preparation for clothes rationing. Chapter 6 explores the period when invasion threats have passed but problems arise on the homefront. Chapter 7 investigates changing priorities as the war moves further away from Australia and thoughts turn to peace. Chapter 8 examines rationing in peacetime and the eventual end of rationing.

Studying the dialogue of wartime parliamentary debates and reading contemporary newspapers created a sense of time and place. The war years came alive. The feeling of impending danger, the growing shortages and the imperatives of war preparation became very real. Time spent at the archives handling old files containing letters signed by the Prime Minister and other persons who figured largely in wartime administration was absorbing. Letters from civilians to the Prime Minister complaining about how rationing was causing them personal inconvenience provided insights about consumers' attitudes. The problem was to avoid following the myriad of fascinating related strands. These remain a rich source for future research.

Chapter 1

Unprepared: But headlong into war

Australia avoided rationing during World War I. When strategists were preparing for World War II they looked back on experiences during World War I and planned accordingly. World War II, however, brought different crises and the plans were inadequate. Nor was planning complete when the war started. There had been plenty of warning signals but in Australia they were largely ignored. The government promoted 'Business as Usual' and the Australian people preferred to overlook looming dangers. With these predominant attitudes not only was the country unprepared for war, but the people were also psychologically unready to face hardship and shoulder burdens. Consequently, when Prime Minister Robert Menzies announced on 3 September 1939 that because Britain was at war Australia was also at war, Australia was lamentably unprepared. As Australia rushed headlong into conflict it was without sufficient forward planning, without wartime production capabilities, without stockpiles of essential imported materials to fall back on, without any idea of the role it would be called upon to fill as the war progressed, and without the people being prepared to meet the demands of war.

Undoubtedly, Australia had not been prepared for World War I either,¹ but in those days the pace was slower, distances greater, and dangers not so immediate. Going to war in 1914 was more a matter of sending troops and giving moral support.² Nonetheless, World War I had given some experience of the realities of war, as well

¹ Michael McKernan, *The Australian People and the Great War*, Thomas Nelson, West Melbourne, 1980, p. 13; Garry Dasher, *Australia Then and Now*, Oxford University Press, Melbourne, 1987, p. 142.

² McKernan, *op. cit.*, p. 134.

as familiarity with a disturbed economy. War costs, loss of export income, and disruption to the supply of imported manufactured goods were all experienced before World War I ended. When another war threatened, planners concentrated on these dislocations, without attempting to foresee what other problems were likely to arise in a war which would be fought using modern technology and under very different conditions. As Australia had escaped rationing during World War I³ planners failed to draw up any systems for use in future conflicts.

Petrol rationing had been considered early in 1918 but as restrictions would have meant that fewer ships would have made deliveries to Australia, this would have 'restricted opportunities [for] exportation of Australian products as back loading'.⁴ In the interests of the domestic economy rationing was delayed, and when the Armistice halted conflict in November 1918 plans were abandoned.⁵ Notwithstanding this, the very fact that some shortages had occurred, and restrictions had been considered, should have alerted Australian planners to the possibility that rationing was certain to become a feature of domestic organisation during any future war, and that suitable schemes should be prepared.

When making war preparations in the 1930s Australia also had the benefit of knowing that other countries had used rationing as a control during World War I. Germany had not hesitated to ration bread, meat and fats,⁶ and necessity had quickly forced the British Government to take responsibility for the purchase, supply and distribution of food. Because of this experience Britain was fully aware of the vital role rationing would play in any wartime management, and plans for rationing

³ Department of Trade and Shipping memorandum to Prime Minister's Department, 12 December 1918, A.A., Series A2/1, Item 18/3285.

⁴ Acting Prime Minister W.A. Watt cablegram to Prime Minister W.M. Hughes in London, 10 September 1918, *ibid.*

⁵ Department of Trade and Shipping memorandum to Prime Minister's Department, 12 December 1918, *ibid.*

⁶ Brian Bond, *War and Society in Europe 1870-1970*, Fontana, London, 1984, p. 107.

featured in its war book.⁷ As Australia co-ordinated its War Book planning with British planning it is rather odd that British rationing plans were not copied.

The co-ordination of planning culminated from a proposal made at the Imperial Conference of 1930 that all Dominion members should co-operate in the development of planning manuals, so that Empire war strategy and efforts could be integrated. The War Book was supposed to be the epitome of planning, and to incorporate lessons learned during World War I, the adoption and adaptation of British planning where appropriate, and 'independent thinking' regarding management of a wartime economy.⁸ In Australia progress was leisurely until the Munich crisis in 1938 caused an urgent review of all planning.⁹

The Defence Department, which was responsible for the War Book,¹⁰ did not have an easy task, and in spite of increased pressure and developing urgency, planning departments dickered. Some departments resented being 'co-ordinated'.¹¹ A further difficulty was caused by communication obstacles between the various departments, as the transfer of all government departments from Melbourne, which began in 1927, was still incomplete in 1939. The main problems appear to have been that the Munitions Supply Board regarded the book as no more than a collection of 'pious generalisations' which were of little practical value, and it did not co-operate.¹² The Department of Supply took a similar attitude. The Manpower Department was also recalcitrant.¹³ Treasury's input was practically negligible. It anticipated the same problems that had occurred during World War I, but even so did not provide any real solutions for those issues. Treasury's contribution was so meagre that the official

⁷ E.L. Hargreaves and M.M. Gowings, *Civil Industry and Trade*, Her Majesty's Stationery Office and Longmans Green & Co., London, 1952, p. 303.

⁸ S.J. Butlin, *War Economy 1939-1942*, Australian War Memorial, Canberra, 1955, p. 25.

⁹ Minister for Defence G.A. Street, 7 September 1939, C.P.D., V. 161, p. 122.

¹⁰ Paul Hasluck, *The Government and the People 1939-1941*, Australian War Memorial, Canberra, 1952, p. 123.

¹¹ *ibid.* pp. 469 and 474.

¹² A.T. Ross, *Armed and Ready*, Turton & Armstrong, Sydney, 1995, p. 208.

¹³ Butlin, *op. cit.*, p. 24.

economic war historian, S.J. Butlin, commenting on the supposed 'independent thinking' that departments were supposed to include in their planning, concluded that whatever had happened within the Treasury departments in the interwar years was absent in the War Book.¹⁴ A further important feature totally overlooked in planning was the concept that the outcome of any war would depend on civilian responses,¹⁵ which proved quite a factor when the time came to introduce rationing.

The government maintained confidence in the War Book as a complete planning instrument even though the various departments were neither co-operating nor collaborating. Such was the government's pre-war conviction that the War Book held all the answers that, according to official war historian Paul Hasluck, G.A. Street, the Minister for Defence, gave 'an agreeable even if somewhat romantic picture of thoroughness and completeness of preparation' to parliament as late as 1938.¹⁶ When the war started, however, the Minister had to admit that the War Book was still incomplete.¹⁷ In the end, attempting to make use of the work that had been done, the book was hurriedly published without the chapters on manpower and supply.¹⁸ As it happened, manpower and supply were the very factors that proved so troublesome through the war. Adequate planning would have relieved later problems, and removed much of the muddling and confusion which occurred with rationing, which was affected by both manpower and supply. The overall outcome of the much-vaunted War Book was that it proved woefully inadequate, so much so that a senior Commonwealth official told Butlin that when the war started he locked his copy of the War Book away as 'it was just b----- [*sic*] irrelevant'.¹⁹

¹⁴ *ibid.*, pp. 24-7.

¹⁵ Jeffrey Grey, *A Military History of Australia*, Cambridge University Press, 1990, p. 143.

¹⁶ Hasluck, *op. cit.*, p. 98.

¹⁷ G.A. Street, 7 September 1939, C.P.D., Vol. 161, p. 122.

¹⁸ Grey, *op. cit.*, p. 143; Butlin, *op. cit.*, p. 346.

¹⁹ Butlin, *op. cit.*, p. 27.

Hasluck postulated that a possible explanation for much of the hesitation and indecision amongst planners and policy-makers was that at the start of the war Australia was short of men of vision. There were only 'four or five' within the public service capable and trained to see the overall picture of a wartime economy, and because of their talents and training they were quickly placed in other major administrative posts where they were denied the 'leisure' to think of anything beyond their immediate tasks. Often the 'urgency of doing' put others, who were good organisers, into superior positions, and left the more able planners where their abilities were stifled.²⁰ According to both Butlin and Hasluck men of vision were also sadly lacking in parliament and as a result much Government planning was merely 'political improvisation'.²¹ This was so evident that within weeks of the start of the war J.S. Rosevear, the Labor Party member for the electorate of Dalley in New South Wales, accused the government of showing a 'lack of direction and muddling incapacity' as war planning had no more order than 'the disorderly design of a patchwork quilt'.²²

The lack of effective governmental planning is clearly evident in the first wartime Budget, which was presented a few days after the start of the war. Even though it had been prepared at a time when war was a certainty it was, according to Butlin, 'a Budget for preparation and not a Budget for conflict', as it gave too little too late to defence.²³ Memories of economic problems during World War I, when the government had taxed heavily, borrowed extensively, and created credit by issuing Treasury Bills to such an extent that the currency was seriously diluted and the resulting inflation became a major problem, apparently dominated the Treasurer's actions as he spoke of striking a balance between what the people could afford to pay and what could be spent on war preparation.²⁴ When the Treasurer revised the Budget

²⁰ Hasluck, *op. cit.*, p. 458.

²¹ *ibid.*, p. 27; Butlin, *op. cit.*, pp. 25 and 349.

²² J.S. Rosevear, 11 November 1939, C.P.D., Vol. 162, p. 1860.

²³ Butlin, *op. cit.*, p. 196, quoting C.P.D., 8 September 1939, Vol. 161, p. 319.

²⁴ K.C. Wilson, 13 September 1939, C.P.D., Vol. 161, p. 453; Butlin, *op. cit.*, p. 196.

two months' later, in the face of the obvious need to make a more determined effort to prepare for war, the revised version was no different in strategy, and there was simply nothing to indicate how war expenses were to be met.²⁵ Neither did it show any awareness of the restrictions and controls that were essential to place the economy on a solid war basis.

Political pragmatism also played a part in the government's strategy of not immediately introducing a harsh all-embracing wartime Budget, even if it had been capable of formulating an effective estimation of what would be needed. The Labor Party refused Menzies' suggestion that a national government should be established for the duration of the war, and as a federal election was almost due to be held Menzies did not want to alienate voters by bringing in harsh restrictions. Menzies pushed a 'Business as Usual' strategy to the public. This policy had general appeal but it encouraged apathy towards getting on with the job of setting Australia on a substantial war footing.²⁶ A further drawback of maintaining 'Business as Usual' was that it led to a rapid depletion of civilian resources which should have been conserved from the very first by consumer rationing.

It may have been that Menzies' blinkered view about the seriousness of the war, and his inability to realise the urgency of the need to put the country on a war footing, was partly because military matters did not particularly interest him. Although he had travelled extensively in Europe and Asia during the 1930s he had not recognised the dangerous forces that were gathering.²⁷ Furthermore, Australia's interwar defence strategy had been based on a war fought at a distance, not on the home front. W.M. Hughes, who had been Prime Minister during World War I, was well aware at the end of that war that with a run-down navy, negligible heavy manufacturing capacity, and a population of only five-and-a-half million people,

²⁵ Ross, op. cit, p. 197.

²⁶ P. Spender, *Politics and a Man*, Collins, Sydney, 1972, p. 58.

²⁷ David Horner, *Inside the War Cabinet*, Allen & Unwin, St Leonards, 1996, p.15.

Australia could not hope to be self-sufficient regarding defence in the foreseeable future.²⁸ For this reason he advocated that Australia should co-operate with Britain in Empire defence plans.²⁹ Later governments accepted this concept and Australia's defence framework was developed around the strategy that all that was needed to protect Australia from any Japanese attack was a strong navy and heavily fortified defences on Singapore.³⁰

This strategy sat well with Australia's interwar economic policies as Australia was dependent on exporting its primary products and importing most of the manufactured goods it needed, therefore strong naval power was essential to protect sea lanes.³¹ An even more powerful constraint leading to co-operation with Empire planning was Australia's dependence upon Britain as a trading partner. Britain imported Australian primary products, and in return Australia bought British manufactured goods.³² Shortages of manufactured goods during World War I convinced the Australian government that industrial development was essential if the country was to avoid being entirely dependent on imported goods. Considerable manufacturing development took place during the interwar period, but nonetheless, at the start of World War II Australian production had not reached the stage where it could produce all the manufactured goods it needed. Nor was it tooled for war production or organised to supply materials needed for such production.³³

28 Heather Radi, "1920-29" in Frank Crowley (ed.), *A New History of Australia*, William Heinemann, Melbourne, 1974, p. 363.

29 John McCarthy, *Australian and Imperial Defence 1918-39*, University of Queensland Press, St Lucia, 1976, p. 44.

30 David Day, *The Great Betrayal: Britain, Australia and the onset of the Pacific War*, Angus & Robertson, North Ryde, 1988, p. 8.

31 A.G.L. Shaw, *The Economic Development of Australia*, Longmans, Croydon, 1969, p. 132.

32 Peter Cochrane, *Industrialisation and Dependence*, University of Queensland Press, St Lucia, 1980; See also Geoffrey Blainey, *The Steel Master*, Macmillan, South Melbourne, 1971, p. 144.

33 D.P. Mellor, *The Role of Science and Industry*, Australian War Memorial, Canberra, 1958, p. 1.

The technological challenge facing Australia was nation-wide mass production of a variety of complex goods that had never before been produced in Australia.³⁴ The cost of tooling for war production led back to the question of how much the government was prepared to spend on defence. The flaws of the 'Fortress Singapore' strategy are now clearly evident, but at the time, economic reasons dictated responses. The 1930s belief that if Australia could command the immediate oceans a modest army and air force would suffice was convenient for governments that did not believe in deficit funding. It was also convenient for the government to believe that as Britain had been protected adequately by naval supremacy in the past there was no reason why the policy should not work for Australia.³⁵

Notwithstanding this assumption, some idea of the paucity of Australia's defence preparation in 1939 can be gauged by comparing defence spending in other countries during 1938. Germany spent 19.2 per cent of national income on defence, and Japan's defence spending totalled a massive 38.1 per cent. Britain's total was 8 per cent. Australian defence expenditure totalled only a meagre 2.6 per cent of national income.³⁶ Australia was aware of the extent of German and Japanese rearmament but even this knowledge did not bring a reassessment of priorities. Hence, at the beginning of the war Australia had a navy which consisted of two corvettes, five cruisers, and some dated destroyers. The army consisted of little more than a citizens' force of about 70,000 which trained mainly at weekends.³⁷ While the importance of an airforce was belatedly recognised, at the start of the war the strength of the Royal Australian Air Force was pitifully inadequate.³⁸

34 ibid.

35 Colin Clark, 'How much Defence Can We Afford?', *The Australian Quarterly*, Vol. XI, No. 2, June 1939, pp. 23-4.

36 ibid, p. 19.

37 Brian Penton, *Advance Australia Where?*, Cassell and Company, London, 1943, p. 72.

38 McCarthy, op. cit., p. 128.

Unquestionably, deficiencies in defence planning, preparation and spending placed Australia in a position at the start of World War II where the degree of effort that would be needed to wage a total war was going to call for the unprecedented use of all resources. Unquestionably also, deficiencies existed amongst planners who obviously lacked the ability to project thinking beyond the known problems, or indeed, even to use imagination to produce realistic solutions to the known problems. Fundamentally, when Australia went to war so many imperative facets of essential planning were either unfinished, or not thought of, that it is not surprising that the rationing of the essential resources that the Australian public took for granted was not given any serious consideration. It was this mindset that the essentials would always be available that led to the planning for rationing being left aside. If it was thought of at all, it was in the vein that it could be a last minute effort. If rationing had been considered in depth before the war, and if the schemes used by other countries during World War I had at least been examined and adapted, some framework would have existed as a basis for at least elementary systems. When the need for rationing could no longer be ignored schemes had to be formulated and implemented within a short time span, and it was inevitable that mistakes would occur. Getting it right proved to be a painful, confused and confusing process.

Chapter 2

The war started like a storm: With nervous little gusts and flurries

As George Johnston described in his contemporary novel, *My Brother Jack*, the war in Europe started as:

Sometimes a storm begins with nervous little gusts and flurries of excitement rising and dying away, veering this way and that, dropping altogether in waiting gaps of brief calm.¹

Nervousness and uncertainty lulled the Australian government into playing a waiting game, and it maintained its 'Business as Usual' position rather than adopt an 'All In' immediate approach to preparing for war. Britain brought the realities of war home to Australia when it applied pressure for Australia to reduce petrol consumption in order to assist with its foreign exchange problems. The Australian government repeatedly backed away from taking this action because it perceived the imposition of petrol rationing as being politically impractical. Events forced the introduction of controls but the delays in imposing restrictions, and the muddling that accompanied rationing, had long-term repercussions both on the government and on supply. This chapter examines the imperatives which forced Australia to ration petrol, the prevarication of authorities before rationing was introduced, the reasons for the reluctance the government displayed in imposing petrol rationing, and the reactions of the population towards petrol rationing.

For a country that was entirely dependent on imported petrol Australia did not have sufficient petrol storage to carry it through any long-term disruption to supply.²

¹ George Johnston, *My Brother Jack*, Collins Fontana Books, Australia, 1985, p. 270.

Attempts had been made during the 1930s to increase storage, but motoring was such a growing industry that no real progress was made to keep storage ahead of usage. As a result, at the start of the war Australia had sufficient petrol for only three months' normal consumption.³ The limited storage alone should have alerted planners of the need to be prepared for disruptions to supply, but the War Book, mentioned in the previous chapter, simply noted that 'on the threat of war' the Department of Supply should prepare a plan for the rationing of petrol. The Commonwealth Oil Board duly prepared a scheme when war appeared imminent, and presented it to state road transport authorities at a meeting which was in progress when war was declared on 3 September 1939.⁴ Speaking on behalf of authorities connected with the supply of petrol the chairman stated: 'it has not been considered necessary to restrict the use of oils and liquid fuels immediately upon the outbreak of war, and it may not be necessary to do so at any stage'.⁵ Despite this sanguine outlook the meeting agreed that some action had to be taken to make the public conscious that Australia was at war, and proposed that consumers should be swamped with propaganda designed to promote voluntary economy in the use of petrol, in the hope that users would respond with such enthusiasm that rationing would not be necessary.⁶ What actually happened was that as soon as rationing was mentioned, massive hoarding took place.⁷

Grasping at ways to stop excessive use and hoarding without imposing the dreaded rationing the government decided an alternative to rationing would be to encourage people to use gas producers as an optional energy source for motor vehicles. The theory was that if domestic users switched to gas producers all available

² D.P. Mellor, *The Role of Science and Industry*, Australian War Memorial, Canberra, 1958, p. 212.

³ S.J. Butlin, *War Economy 1939-1942*. Australian War Memorial, Canberra, 1955, pp. 10-11.

⁴ Commonwealth Oil Board 'Report of Conference with State Road Transport Authorities' held 2 and 3 September 1939, A.A., Series CP117/3/1, Item 49.

⁵ *ibid.*

⁶ *ibid.* It was also suggested that prohibiting the sale of petrol on Sundays and public holidays would reduce consumption.

⁷ Butlin, *op. cit.*, p. 285.

petrol could be preserved for the armed forces and essential domestic use. Propaganda exhorting motorists to seriously consider fitting these gas producers as a 'patriotic act' was duly prepared and widely distributed. To convince motorists that the government believed in the efficiency and practicability of gas producers the government undertook to equip 'at least' 20 per cent of Commonwealth vehicles with these units.⁸ The problem with getting motorists to switch to gas producers was that they were still a relatively new and largely unknown motoring concept. In fact, gas producers were not even in general production, and in order to get production underway quickly the government had to sponsor development and manufacture of the units. That still left the problem of supplies of charcoal, the energy source for gas producers, which was not, at the time, commercially produced. To overcome this the government instructed the Council for Scientific and Industrial Research (C.S.I.R.) to research urgently the production of charcoal, and to draw up production specifications.⁹ Everything had to be done in great haste, and under the pressure of absolute need, which set the scene for the muddling which followed.

Looking for other alternatives that could possibly reduce petrol usage Cabinet considered increasing the duty on petrol, based on the assumption that a higher price for petrol would automatically reduce demand. As the Comptroller-General noted in a report, a higher price for petrol could 'save a great deal of unpleasantness as far as the government was concerned and would probably lead to a position where petrol rationing could be avoided'.¹⁰ An unsourced document in a file marked 'Secretary's Papers' covered the same ground by commenting that:

Instead of rationing petrol why not increase the duty [by] 1/- a gallon?
The natural way of reducing consumption is to increase the price ... a higher price for petrol would make everyone more economical with it, and thus reduce the [quantity] import[ed].¹¹

8 Mellor, op. cit., p. 214.

9 ibid.

10 Notes headed 'Duty on Petrol' prepared by the Comptroller-General, dated 23 November 1939, A.A., Series CP117/3/1, Item 49.

11 File marked 'Secretary's papers', A.A., Series A1908/391/1, Item 135.

A variation of the concept was found in the same file. 'A simple plan for petrol rationing' proposed that petrol should be merchandised in two colours, blue for commercial vehicles, and red for private cars, with red petrol being substantially more expensive than blue. To differentiate between private and commercial vehicles all commercial vehicles, including cars, would have the windows blacked out on the passenger side, and a wide strip would be blacked out in front of the passenger's seat. The plan further proposed that inspectors should be given the power to hold up cars at any time to check the colour of the petrol, and that very heavy fines should be imposed for improper use of petrol.¹²

Commercial firms were willing to go along with the idea that pleasure-seeking private motorists should pay more than businesses for petrol, on the premise that industry should not be called on to make sacrifices. Electrical Maintenance Pty. Limited, a Sydney firm, agreed with this concept and telegraphed the Prime Minister saying:

At the outbreak of war you summed up the position in a few words 'Carry on ... Business as Usual'. If petrol price is increased further we will be crippled entirely. We suggest vehicles registered as commercial be permitted to purchase petrol at the present already increased price, while pleasure cars pay the *[proposed further]* increase. If a man wants his pleasure, he is quite willing to pay for it.¹³

There was another consideration, however, as the Comptroller-General acknowledged when he stated in his report that a higher price for petrol:

Would be unfair to the man of smaller means *[and]* that its incidence may be far more drastic than would be the case under petrol rationing. On the other hand the man with means would not be restricted.¹⁴

The men of smaller means did not hesitate to complain. As the Wedderburn Fruitgrowers' Rural Co-operative Society was quick to point out:

¹² *ibid.* The plan was marked 'German-Austrian origin' and was typed on an Hotel Canberra letterhead.

¹³ Electrical Maintenance Pty. Limited telegram to Prime Minister, A.A., Series A1608/1, Item B52/1/4 Part 1.

¹⁴ Notes prepared by Comptroller-General, *ibid.*

It means very little to the wealthy whether petrol is 1/9d or 3/- per gallon as at the most they may have to cut out an odd pleasure trip but the small farmer must do away with his car altogether. We fully realise the difficulties that will arise from rationing, but are of the opinion that it would be more democratic to place the use of petrol on some basis so that it would be obtainable to those whose need is the greatest.¹⁵

All sections of the motor industry lobbied concertedly against any form of petrol rationing, whether by price or by restrictions on use, claiming that rationing would lead to wholesale dismissals and economic instability in the motor industry. Telegrams, particularly the more expensive 'Urgent' classification, swamped the Prime Minister's office expressing disapproval. The Service Station Association of Australia, also referred to the 'Business as Usual' rallying call, claiming that any form of petrol rationing would lead to staff dismissals.¹⁶ Gunnedah Motor Traders' Association emphasised that all motor traders strongly opposed any form of petrol rationing.¹⁷ Parliament was divided as Labor Party members supported objections to any form of restrictions that would affect the motor trade.¹⁸

Newspapers blazed opposition to petrol rationing. *The Open Road* headlined 'Petrol Rationing in England brings disaster to the Motor Trade' and continued that 'the repercussions to petrol rationing in England have been considerable and varied' forecasting that petrol rationing would have the same effect in Australia.¹⁹

The sheer vehemence of the outcry against petrol rationing left the government floundering. The Federal Treasurer, Percy Spender, announced that the government

¹⁵ Wedderburn Fruitgrowers' Rural Co-operative telegram to H. P. Lazzarini, Labor Member for Merriwa, 14 March 1940, forwarded to the Prime Minister endorsed by Lazzarini A.A., Series A1608/1, Item B52/1/4 Pt. 1.

¹⁶ Service Station Association Inc. of W.A. telegram to Prime Minister, 17 January 1940, A.A., Series A1608/1, Item B52/1/4 Pt. 1.

¹⁷ Gunnedah Motor Traders' Association 29 February 1940, A.A., Series A1608/1, Item B52/1/4 Pt. 1.

¹⁸ Letters from Labor politicians to Prime Minister's Department forwarding telegrams from constituents which expressed opposition to rationing, all endorsed by members and supporting the opposition to petrol rationing, A.A., Series A1608/1, Item B52/1/4 Pt. 1.

¹⁹ *The Open Road*, 25 January 1940, C.P.D., Vol. 165, p. 177.

still believed that rationing should only be introduced 'as a last resort'.²⁰ The government continued to devise complicated schemes which would have involved different types of users paying different prices for petrol.²¹ The Director of Economic Planning, Sir Ernest Fisk, announced that he would soon introduce a scheme to conserve petrol, which in his opinion, would 'make a man ashamed to use his car unnecessarily'.²² No details ever surfaced, and the proposal disappeared without trace. The motor trade protested vociferously about the destabilisation that the uncertainty about rationing was causing and there were general mutterings about government muddling and delay in making positive decisions. A commonly expressed belief was that 'the government needed to be stirred up' and made to be more decisive in decision making.²³ The government position was that the people were 'still mentally unprepared for war', and believed that burdens, such as petrol rationing, would have to be introduced with 'exceptional care'.²⁴ John Breen, the Labor Member for the electorate of Calare in New South Wales had a different opinion. He believed that as an election was due towards the end of 1940:

Political expediency came into the picture [*and so*] the introduction of the scheme [*of petrol rationing*] was postponed until after the election. Obviously, when the Government had to choose between securing the return to Parliament of its candidates, and the immediate introduction of a scheme which it deemed necessary to save Australia, morality was thrown overboard, and political expediency prevailed.²⁵

While the government vacillated the Commonwealth Oil Board expressed misgivings about the delay in implementing petrol rationing because tankers were being increasingly diverted from Australian and supplies were dwindling.²⁶ By May

²⁰ Percy Spender, *Sydney Morning Herald*, 24 April 1940.

²¹ *ibid.*

²² Sir Ernest Fisk, *Sydney Morning Herald*, 24 April 1940.

²³ Paul Hasluck, *The Government and the People 1939-1941*, Australian War Memorial, Canberra, 1952, p. 237.

²⁴ *ibid.*

²⁵ J.P. Breen, 22 November 1940, C.P.D., Vol. 165, p. 137.

²⁶ Editorial comment, F.K. Crowley (ed), *Modern Australia in Documents 1939-1970*, Wren Publishing, Melbourne, 1973, p. 28.

1940 the Board estimated that the oil companies had about 140,000,000 gallons bulk petrol storage capacity, which was only 67 per cent full. Resellers were estimated to have a capacity of about 28,000,000 million gallons storage, which was only 50 per cent full.²⁷ When France collapsed the Minister for Supply stressed to Cabinet that continuity of the already erratic deliveries was under threat, and on 6 June 1940 Cabinet finally made the decision that rationing should be introduced to reduce consumption by 50 per cent. Estimating that it would take at least eight weeks to formulate a scheme and set up the necessary infrastructure, 1 September was nominated as the starting date.²⁸ The Minister for Supply made the announcement, stating that private motorists would be allowed sufficient petrol to travel 2,000 miles per year, and commercial vehicles would be given an allowance according to previous usage. The very next day, however, he indicated that Cabinet still had to approve the plan, and the reduction target could be changed.²⁹ Following deliberations Cabinet decided to soften the impact of rationing and decreased the target figure to a 33 per cent reduction.³⁰

These prevarications typified the muddling that was associated with petrol rationing. The *Sydney Morning Herald* editorial observed:

This attitude is quite in keeping with the government's irresolute and equivocal policy on petrol conservation for some months past. For the adverse reaction to the rationing scheme the government is largely to blame ... if the scheme published on Friday lacked the Government imprimatur, the Minister should not have announced it so categorically. If [*the announcement*] implemented a definite Cabinet decision, then for the Government to retrace its steps once again in the face of sectional pressure would seriously undermine its own prestige, further injure the public and motor trade by continuing uncertainty, and, above all, defeat the vital purpose of the rationing plan.³¹

²⁷ Butlin, op. cit. p. 286.

²⁸ *ibid*, p. 138. Rationing took considerably longer to implement and did not commence until October 1940.

²⁹ Crowley, op. cit., pp. 28-9.

³⁰ Full Cabinet Agendum No 322, 6 June 1940, quoted in Butlin, op. cit., p. 138.

³¹ *Sydney Morning Herald*, 15 July 1940, in Crowley (ed), op. cit., p. 29.

Because of the atmosphere regarding petrol at the time the government was bound to be criticised whatever it did. The important factor was that the decision to ration had been made which brought the question of how rationing was to be achieved to the forefront. Problems abounded as there were so many threads that had to be tied together. No Commonwealth-wide organisation existed that was capable of handling it. No accurate statistics were held regarding consumption on which the government could calculate a ration scale which would reduce usage. No precise statistics existed regarding the exact quantities of petrol within Australia. Consideration was given to taking a census of petrol available, but the proposal was discarded when it was realised that hoarders were unlikely to disclose details of what they held. Up-to-date vehicle registration figures for the whole of the Australia had to be gathered, together with particulars of industrial and farm petrol consumers.³² All users had to be divided into classes, for example, private cars, delivery vehicles, buses, taxis, trucks, industrial applications and farm implements before priorities were determined for each category. Rationing scales had to take into account the horse-power of vehicles so that miles-per-gallon could be calculated before allowances for the various categories were allocated and lastly, and this proved the most vexing and constant issue of all, the various groups had to be divided into essential, preferred or ordinary user status.³³ The task was daunting.

The scheme devised for petrol rationing was complicated, and the paperwork was profuse. A total of 1,050,000 persons applied for petrol licences and these had to be processed and licences returned to the applicants before rationing could commence.³⁴ Although police stations handled applications for registration as a petrol user and issued licenses, post offices were chosen to distribute ration tickets which were produced by the Note Printing Branch of the Commonwealth Bank. Ration tickets were printed in a single colour on white paper in the denominations of 1, 2, 5,

³² Butlin, *op. cit.*, pp. 284-5.

³³ *ibid.*, p. 281.

³⁴ *ibid.*, p. 284.

10, 44 and 100 gallons and were overprinted with the instruction that consumers must endorse the back of each ticket with their signature and licence number.³⁵ For this reason the tickets, which were printed on paper that was produced in Australia, were porous on the reverse so that removal of the endorsement was difficult, if not impossible. Without this precaution stolen tickets could have easily had endorsements removed and thereafter been illegally re-used.³⁶

To obtain ration tickets applicants had to complete and present an 'Application for Ration Tickets' (form C.O.B. 21) every time tickets were required. The form required information which included the name and address of the licensee, the State of issue of the license, the denominations of the tickets required, the fuel license number, the type of vehicle or engine, and if a motor vehicle, the registration number. The petrol license and the motor vehicle registration (if applicable) had to be produced as well. Ration tickets were issued at post offices every business day (which in those days included Saturday), except in metropolitan areas where tickets were issued only on Mondays, Tuesdays and Wednesdays.

The first issue of ration tickets had a currency of six months. After that issues were made every two months, with the currency period also being two months. Issues each two months were commenced to facilitate frequent design and colour changes in order to frustrate counterfeiters.³⁷ Bi-monthly issues commenced on the last Monday of the preceding period, but confusingly, authorities deemed that when the last day of the month fell on a Saturday or Sunday the issue was made until the following Monday. Even more confusingly, when the last day of the month fell on a Saturday this meant that no legal tickets were available on the Sunday. However, as retailers were licensed to trade on Sundays authorities took no action when tickets for the previous period were accepted by retailers.³⁸

³⁵ History of Rationing of Liquid Fuel, Butlin Papers, A.W.M., Series 70, Item 170, pp. 45-6.

³⁶ *ibid*, pp. 49-55.

³⁷ *ibid*, p. 50.

³⁸ *ibid*, pp. 56-9.

A weakness of the issuing system was that there were no appropriate safeguards to stop an issuing officer falsifying C.O.B. 21 forms, as the forms were not returned to State Liquid Control Boards. The very volume of forms made the task too formidable, and the storage of used forms impracticable. On several occasions postal officers falsified applications, and it was argued that the system actually 'induced' postal officials to act improperly. The system was frequently criticised by the Commonwealth Auditor-General, but the government deemed that the installation of a completely watertight system would be too costly, as without large increases in staff, complex records could not be kept, in spite of the opportunities for fraud that such loopholes provided.³⁹

Rationing was not confined to the end consumer. Resellers were rationed by only being permitted to purchase petrol to replace the quantities they sold. To enforce this restriction replacement petrol had the same coupon value as petrol sold, and resellers had to use the coupons they received from purchasers to obtain replacement stock from oil companies. In turn, the oil companies had to account to the government for the quantity of petrol imported. The transfer of coupons became a continuous cause of contention. Attempting to simplify the transactions the companies supplied envelopes in which the retailer placed used coupons, and then completed a declaration endorsed on the envelope. This statement included the name and licence number of the retailer, the total number of gallons supplied by the deliverer, a reconciliation between the petrol delivered and the tickets contained in the envelope, and details of the denominational value of the tickets.⁴⁰ The details given by the retailer, and the number of tickets in the envelope, were supposed to be checked by the deliverer at the time of the delivery, but this provision was never really effective. Following action against one deliverer by rationing inspectors, the Transport Workers' Union instructed

³⁹ *ibid*, pp. 44 and 57.

⁴⁰ *ibid*, p. 64. A two and one-half per cent deduction was allowed initially for evaporation and pump faults, but this was found to be too generous, and was later reduced to one and one-half per cent. *ibid*.

deliverers not to accept any responsibility for the details endorsed on the envelope.⁴¹ Furthermore, retailers claimed they could not take responsibility for the contents of the envelopes after they were handed to the deliverer.⁴²

Establishing a Commonwealth wide infrastructure to handle petrol rationing involved the cooperation of all State Premiers, who had been put on notice at the September 1939 conference, mentioned earlier, that the States would need to be closely involved if rationing was introduced.⁴³ On 21 June 1940 the Premiers were officially notified that the introduction of petrol rationing was imminent, although the commencement date was still not absolutely final. The Premiers were told that plans were in hand for the overall control of petrol rationing to be vested in the Commonwealth Liquid Fuel Control Board, which comprised the Chairman and the Executive Officer of the Commonwealth Oil Board, the Controller of Liquid Fuel, and two consumers' representatives, one commercial and one private. Each State was instructed to set up a State Liquid Fuel Control Board comprising at least three persons, one from the Department of Supply and Development, one from the Department of Motor Transport, and the third from the Road Transport Authority. The Premiers were given copies of all the application forms which would be required, and told to arrange for printing and distribution of the forms through post offices.⁴⁴

All Premiers agreed to co-operate, but most were concerned about costs. Premier Thomas Playford of South Australia undertook by urgent telegram to 'At once proceed to print forms, engage staff, [and] secure accommodation on distinct understanding that this State will be recouped all costs incidental implementing Commonwealth plan stop wire confirmation'.⁴⁵ The Treasury Department devised a formula which proposed that the Commonwealth pay the States one shilling for each

41 ibid.

42 ibid.

43 Butlin, *op. cit.*, p. 281.

44 Prime Minister identical letters to all State Premiers, 21 June 1940, A.A., Series A461/8, Item AM376/1/10.

45 Thomas Playford to Prime Minister, 22 June 1940, *ibid.*

license issued, plus one-half of any cost in excess of one shilling per license. This arrangement was to apply until 31 December 1940, at which time it was proposed that the whole question of rationing would be reviewed.⁴⁶ Tasmania accepted the formula.⁴⁷ Victoria agreed with the 'broad principles suggested' but insisted that 'as this work is being carried out [*on behalf of the Commonwealth*] it is considered reasonable that any expenditure involved should be borne by the Commonwealth'.⁴⁸ South Australia did not feel obliged to accept 'any arbitrary limit ... [*imposed*] in a manner and to an extent that might involve this State in loss'.⁴⁹ New South Wales discarded the proposed reimbursement proposal entirely, stating that the Commonwealth Government should 'accept responsibility for actual expenditure by the State' which New South Wales undertook to administer with the utmost economy, 'consistent with efficiency'.⁵⁰ Only Queensland accepted without qualification.⁵¹ Western Australia did not reply.⁵² Treasury subsequently reviewed the proposed method of reimbursement, deciding that because the original proposal could possibly result in 'inequities and anomalies' the Commonwealth should 'accept full financial responsibility, without the limitation suggested ... for all direct expenditure necessarily incurred by the States in administering the petrol rationing scheme'.⁵³ It was impossible that any scheme cobbled together in haste, without any precedent to

46 Treasury Department, letter to Prime Minister's Department, providing draft of letter which set out the proposed arrangements for reimbursement to all States, to be sent by the Prime Minister's Department to all Premiers, dated 7 August 1940, *ibid.* (When policy was being formulated the general procedure was for draft letters to be provided by the department concerned to the Prime Minister's Department for approval, and if approved, the letter was then sent out by the Prime Minister.)

47 Premier of Tasmania to Prime Minister, 20 August 1940, *ibid.*

48 Premier of Victoria to Prime Minister, 20 August 1940, *ibid.*

49 Premier of South Australia to Prime Minister, 28 August 1940, *ibid.*

50 Premier of New South Wales to Prime Minister 1 October 1940, *ibid.*

51 Premier of Queensland to Prime Minister, 3 September 1940, *ibid.*

52 Treasury Department to Prime Minister, 9 October 1940, *ibid.*

53 Treasury Department to Prime Minister, draft of letter to be sent to all State Premiers, 9 October 1940, *ibid.*

follow, could be effectively formulated initially, and tinkering with the various schemes became a familiar process.

In order to get rationing implemented in the shortest possible time use had to be made of suitable existing organisations. New South Wales was the only State to have a Department of Motor Transport which organised motor vehicle registrations through local police stations. This system worked effectively and efficiently so it was decided that all other States should set up a similar motor vehicle registration system. Where police stations were particularly distant from one another local committees which had already been set up to arrange transport for emergency wartime services, which usually comprised town clerks or local government officers, were seconded to do the work. A degree of decentralisation was necessary for the convenience of distant rural consumers, and as well, it was believed, although not entirely correctly, that applicants for licences would be less likely to attempt to mislead a local officer than they would some unknown distant authority.⁵⁴

Misleading information given on applications in order to obtain greater allocations, created problems in setting a ration which would reduce consumption. However, greater problems arose from figures provided by motor trade organisations which claimed that actual mileage was considerably greater than the estimates held by the government.⁵⁵ Private motorists organisations submitted figures which purported to prove that the average motorist covered 5,000 miles per year.⁵⁶ Based on this information the Advisory Council recommended that the 2,000 miles travel allowance originally proposed for private motorists should be doubled, even though a confidential report prepared for the Council stated that 'a substantial part of petrol consumption is a conspicuous form of non-essential or luxury consumption'.⁵⁷ Six

⁵⁴ History of Rationing of Liquid Fuel, op. cit., pp. 1-3.

⁵⁵ Confidential report prepared for the Advisory War Council by the Commonwealth Oil Board, dated 13 November 1940, A.A., Series A5954/1, Item 630.

⁵⁶ History of Rationing of Liquid Fuel, op. cit. p. 4.

⁵⁷ Confidential report prepared for the Advisory War Council by the Oil Board,

months after rationing was introduced, when it was found that private motorists were not using all of their rations, and were giving unused tickets to other users, research revealed that actual normal travel was more likely to be in the region of 2,500 to 3,000 miles per year.⁵⁸

Because statistics were hastily cobbled together the Commonwealth Oil Board knew it was unlikely that the required reduction in consumption would be obtained without trial and error. What the board termed 'discrepancies' became apparent even before rationing was introduced and 'considerable freedom was allowed the State Boards administering the scheme as a temporary measure'.⁵⁹ The Oil Board openly stated that the initial ration scale was an experiment to give it a basis on which to establish meaningful rationing, and that a review would take place after rationing had been in action for three months.⁶⁰

The start of petrol rationing had to be delayed until 1 October 1940 as the infrastructure took longer than expected to establish. A bungle in publishing the Rationing Regulations contributed to the delay. The original plan had been to issue tickets in book form. It was later decided that the use of tickets in perforated sheets would be more suitable, but the change was overlooked in the preparation of the Regulations, and they had to be republished.⁶¹ When 1 October was announced as the starting date and a revised ration scale released newspapers chorused 'New System of Petrol Rationing',⁶² 'Private Mileage Doubled in October 1 Scale'⁶³ and 'Petrol Ration Doubled New Plan Adopted'.⁶⁴ This was the signal for petrol hoarding to start in earnest. The day before rationing started Melbourne motorists indulged in a buying

A.A., Series A5954/1, Item 630.

⁵⁸ History of Rationing of Liquid Fuel, op. cit., p. 4.

⁵⁹ Confidential Report prepared by the Oil Board, A.A., Series A5954/1, Item 630.

⁶⁰ *ibid.*

⁶¹ Butlin, op. cit., pp. 283-4.

⁶² *Sun News-Pictorial*, 17 August 1940, in Andrew Bolt (ed.), *Our Home Front 1939-45*, Wilkinson Press, Melbourne, 1994, p. 58.

⁶³ *Sun*, 17 August 1940, A.A., Series A5954/1, Item 710/1.

⁶⁴ *Argus*, 17 August 1940, *ibid.*

spree from early morning to late evening. According to the *Sun News-Pictorial* 'motorists who had their tanks filled in the morning returned ... [at] night to have them topped up'.⁶⁵ All sorts of containers were filled with petrol, even empty paint tins.⁶⁶ Reporting instances of excessive hoarding the Motor Traders Association claimed that one man 'laid down' 200 44-gallon drums of petrol.⁶⁷

As the Australian people were unused to rationing it was inevitable that the introduction would have a bumpy start. Within days the Premiers of New South Wales and South Australia demanded a ration revision because of complaints directed at their governments when essential services were disrupted while private motorists seemed to have petrol to spare.⁶⁸ No doubt the early appearance of plentiful supplies of petrol for private motoring stemmed from the hoarding that took place prior to the introduction of rationing, but irate civilians waiting for overcrowded transport, and for deliveries that did not arrive, blamed the various governments for the problems.

The furore over rationing overflowed into the 1940 election campaign, as the Government had feared would happen, and Menzies was forced repeatedly to defend the government's decisions on rationing.⁶⁹ The result of the election, which was held on 21 September 1940, confirmed the government's worst fears. The Coalition and Labor ended up with an equal number of seats in the House of Representatives, but the Coalition obtained the support of two Independents, and was able to continue in office.⁷⁰ Such a precarious hold on power boded ill for stable government in perilous times.

⁶⁵ *Sun News-Pictorial* in Bolt, op. cit., pp. 62-4.

⁶⁶ *ibid.*

⁶⁷ Michael McKernan, *All In!* Allen & Unwin, St Leonard's, 1995, p.88.

⁶⁸ Premier of South Australia telegram to Prime Minister, 8 October 1940; Premier of New South Wales telegram to Prime Minister, 30 October 1940, A.A., Series A1608/1, Item A52/1/4 Part 3.

⁶⁹ *Sun News-Pictorial*, 25 July 1940, in Bolt, op. cit., pp. 54 and 56.

⁷⁰ Hasluck, op. cit., p. 258.

When parliament resumed after the election the Opposition used the general discontent about rationing to berate the government. Sydney Falstein, the Labor Member for Watson in New South Wales, claimed:

The system of petrol rationing introduced by the Government has dealt a terrible blow to the very vitals of this country's industrial organisation. I cannot believe there was ever any need for petrol rationing ... as one result of petrol rationing business conditions have become chaotic ... petrol rationing has deprived many of the means of earning a living.⁷¹

This statement mirrored advertisements used in motor industry lobbying during the election campaign which proclaimed 'An all in war is impossible on rationed petrol' and 'Death to Industry. Facts about the proposed petrol rationing'.⁷² A few days later Reginald Pollard, the Labor Member for Ballarat declared:

The present scheme should be abandoned. It is obvious that a more just and equitable scheme should be introduced to curtail in some drastic way the use of petrol for pleasure and non-essential transport services ... as things are going from bad to worse.⁷³

Such open opposition to petrol rationing by politicians did nothing for public unity and cooperation. If the government had hoped that once the election was behind it petrol rationing would cease to be a contentious topic it was doomed to disappointment.

The petrol position deteriorated. Not only did the government have to cope with disgruntled consumers, but tanker deliveries became more and more disrupted and supplies lessened alarmingly.⁷⁴ During the first two years of the war all British, and most allied tankers, were controlled by the Empire Oil Board, which was a department under the control of the British Ministry of Shipping, and the distribution of shipping services was negotiated between the British Ministry and Australian

⁷¹ S.M. Falstein, 22 November 1940, C.P.D., Vol. 165, p. 131.

⁷² See Illustrations 2:1 and 2:2, following, which pulled no punches to get their message across.

⁷³ R.T. Pollard, 6 December 1940, C.P.D., Vol. 165, p. 565.

⁷⁴ High Commissioner for the United Kingdom in Canberra to the Prime Minister, 24 December 1940, A.A., Series A1608/1, Item A52/1/4 Part 3.

Illustration 2:1

**PETROL RATIONING
PICTUREGRAM - No 7**

WHAT REALLY WAS THE REASON GOVERN-MUDDLE?

GOL DERN IT, BE FAIR.....I'VE CHANGED IT SO OFTEN I FORGOT!

**EVERY REASON GIVEN
WHEN EXAMINED HAS BEEN
PROVED INADEQUATE**

STERLING-DUTCH LINK DOES NOT MATTER
RESERVE STOCKS
Problems of Storage
SCARCITY OF TANKERS
PETROL RATION SCALE NOT FINAL
MINISTER'S STATEMENT

AN ALL-IN WAR EFFORT IS IMPOSSIBLE ON RATIONED PETROL

DON'T ELECT A GOVERNMUDDLE! Insist your candidate expresses his views. Your job and our Win-the-War effort are at stake! **VOTE AGAINST PETROL RATIONING!**

(Authorised by H. A. L. Ailison, Secretary, The Victorian Automobile Chamber of Commerce, 357 Elizabeth St., Melbourne)

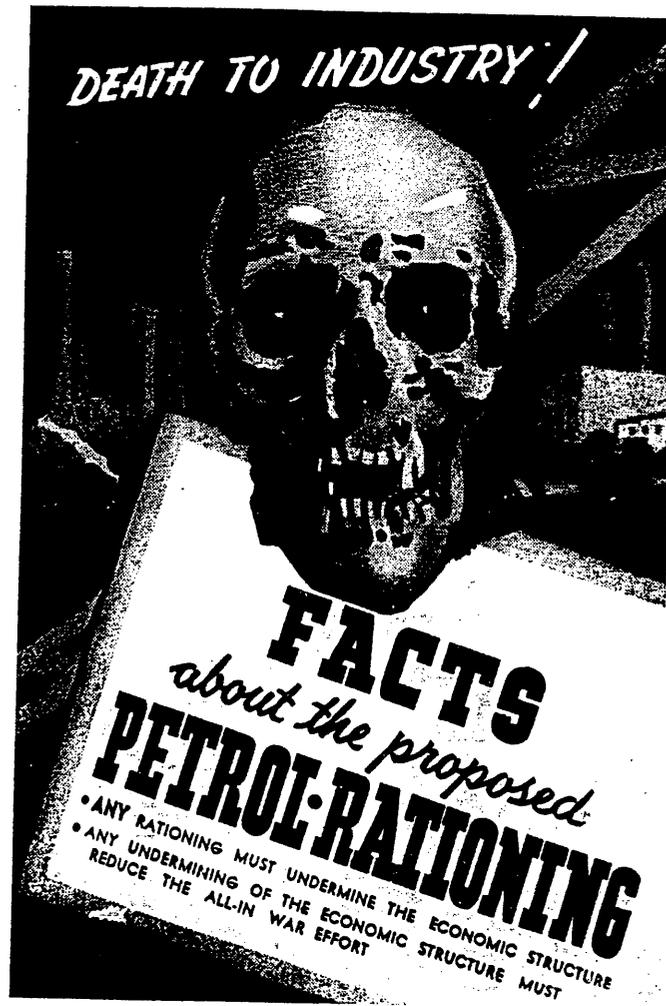
Advertisement in Herald (Melbourne) 20 September 1940

One of a series of advertisements sponsored by the Victorian Automobile Chamber of Commerce in the general elections of September 1940. Petrol and motor trading interests campaigned throughout Australia to try to defeat the Menzies Government because it proposed petrol rationing.

Source:

Paul Hasluck, *The Government and the People 1939-1941*, Australian War Memorial, Canberra, 1952, p. 257.

Illustration 2:2



Cover of a pamphlet issued by the Victorian Automobile Chamber of Commerce, 19th August 1940.

Source:
S.J. Butlin, *War Economy 1939-1942*, Australian War Memorial, 1955, p. 110.

officials.⁷⁵ Australian authorities suspected that the British Ministry was manipulating tankers in order to force Australia to impose harsher rationing. Then, in December 1940, Britain officially terminated the scheme to build up Australian stocks in order to divert tankers to the United Kingdom.⁷⁶ Shortly after that the C.O.R. and Texas companies heard unofficially that no further tankers would be allocated to them until their stocks fell to a level which equalled two months' supply. Following protests to London⁷⁷ Australian authorities were told in no uncertain terms that the United Kingdom's need was greatest, and that as the petrol ration was soon to be further reduced in Britain, Australia should urgently consider doing likewise. To force Australia to achieve a one-third reduction without delay Australian officials were told that Britain intended to let Australian stocks run down to three months' supply, based on early 1941 consumption levels.⁷⁸

This information created consternation amongst Australian officials, and the High Commissioner was asked whether the United Kingdom realised that at least half of the stocks within Australia were required as an Army reserve. Further, as the Acting Prime Minister informed the High Commissioner, the balance left for civilian use was:

A very small reserve in relation to the particular circumstances of the Commonwealth [*where*] the need for motor transport is much greater in proportion to the population than it is in the United Kingdom ... we were not informed of alterations in tanker programmes, and in view of the diversions without warning early this year, and of apparent cancellations at the moment, we can feel no confidence in the future position.⁷⁹

75 *ibid.*

76 *ibid.*

77 Minister for Supply to Prime Minister, 9 January 1941, *ibid.*

78 High Commissioner for the United Kingdom to the Acting Prime Minister, 2 May 1941, *ibid.* (Prime Minister Menzies was in London at the time.)

79 Acting Prime Minister to High Commissioner, 8 May 1941, A.A., Series A1608/1, Item B52/1/4 Part 3.

The High Commissioner was also told that if the expected tankers did not arrive, and even with additional rationing, Australia would only have one month's stock in reserve for civil use.⁸⁰

To aggravate matters even further, there was, for some unknown reason, an uneven allocation of tankers between the various petrol companies. When the United Kingdom High Commissioner was told that some companies were being forced into a position where they could be driven out of business he virtually took Australia to task, stating that it was important that:

As long as the war lasts the relative share of each market held by the various oil companies should as far as possible remain stabilized ... [*as*] constant variations tend to promote disagreement rather than co-operation between companies. This in turn reacts upon the support for our war effort ... it is important that British companies should retain their earning capacity in relation to markets ... [*and*] it would politically be most unwise if American companies were deprived of their legitimate business.⁸¹

As if the Australian government did not have enough petrol worries, now it was virtually being told by Britain not to upset American interests in order to retain United States support for the war effort.

At this time Menzies was in Washington on his way home from a prolonged visit to London. Menzies had gone to the United Kingdom ostensibly to open lines of communication between Britain and Australia, but in this endeavour he failed miserably. Even when he was on the spot in London he was not made fully conversant with current plans. With this 'alarming' development Menzies was cabled urgently by his department to 'do something' because, as the department stated it was:

Extremely dissatisfied with this situation as well as concerned for the future stock as a whole ... We feel we are being given no reasonable consideration and indeed that we are being treated in an arbitrary fashion which itself is wholly unjustified.⁸²

80 *ibid.*

81 High Commissioner for the United Kingdom in Canberra to Prime Minister, 26 May 1941, *ibid.*

82 Prime Minister's Department to Prime Minister in Washington, 9 May 1941, *ibid.*

The facts were, however, that Menzies had left Australia in January 1941, and during his four months' absence, when assured and positive leadership was needed, the government had just muddled along under the uninspiring leadership of Deputy Prime Minister Arthur Fadden.⁸³ While Menzies was in London his department had expected him to take the lead and ensure petrol supplies for Australia, but this had not happened.

The whole petrol supply position was not helped by the fact that rationing was 'working out very badly'.⁸⁴ The government chose to delay revising the scheme until rationing had been operative for three months, and by the time the revision took place, in January 1941, it was quite apparent that considerable adjustment was needed. While it was difficult to establish the actual reduction in consumption (because hoarding had increased sales abnormally for months prior to rationing being introduced), it was obvious that usage had not decreased by the desired one-third. The Oil Board recommended that the initial ration tickets, which were issued with a currency of six months, should be cancelled immediately, and new tickets with a currency of only two months issued. Cabinet dismissed this proposal. Consequently, March sales were about 12,000,000 gallons above the January-February average.⁸⁵ Rations were reduced when the new tickets were issued on 1 April 1941, and as mentioned earlier, these ration tickets and all subsequent issues, had a currency of only two months.⁸⁶ This provided an elasticity of control which was vital when rations had to be quickly revised as conditions changed, as happened when shipments of fuel were delayed, or even lost, as not every shipment got through.⁸⁷ When sales figures became available for the first six months of rationing in mid-April they showed that rationing had only reduced consumption by 16 per cent instead of the

83 Butlin, *op. cit.* p. 284.

84 Premier of South Australia telegram to Prime Minister, 8 October 1940, A.A., Series A1608/1, Item A52/1/4, Part 3.

85 Butlin, *op. cit.*, pp. 288-9.

86 *ibid.*, p. 288.

87 History of Rationing of Liquid Fuel, *op. cit.*, pp. 49-55.

targeted one-third.⁸⁸ During rationing reserve stocks of petrol had dwindled alarmingly, as details of the general position presented to the War Cabinet on 30 May 1941 showed. The figures revealed that on 31 July 1940 reserves totalled 101,610,000 gallons. By 30 September 1940, immediately before rationing started and after extensive hoarding had taken place, reserves had fallen to 87,725,000 gallons, and on 30 April 1941 only 62,213,000 gallons were held in store.⁸⁹

The petrol outlook became even bleaker during May 1941 as tanker movements became more uncertain and it was estimated that by 31 July 1941 stocks would have fallen to 50,573,000 gallons. The Australian Government was unable to get specific information about forthcoming tanker allocations and the Minister for Supply was forced to conclude that another cut would have to be made to petrol rations on 1 June, when the next issue of tickets was due. The Liquid Fuel Control Board estimated that the reduction would have to be at least a further 12 per cent in order to hold supplies at a reasonable level, and Cabinet was asked to approve the reductions.⁹⁰ The losers were private motorists, with their rations to be reduced to allow only 2,000 miles travel per year. Vehicles licensed for the delivery of general goods were to be cut by 10 per cent, and taxis, tourist vehicles and 'drive yourself' cars were to have rations reduced by 9 per cent. Farm vehicles and omnibus rations were not to be altered, and the problem category of 'essential users', which included government cars, were to be 'asked to use less'. A further saving of about 3 per cent of current consumption was expected when about 140,000 licenses, which had been granted on the basis of 'wrong statements by many users', mentioned earlier, were reassessed, which was expected to be completed by August.⁹¹

As usual, Cabinet took time deliberating, and in the meantime things rapidly got worse. Before Cabinet had reached a decision the Minister for Supply was told by

88 Butlin, *op. cit.*, p. 288.

89 *ibid.*, pp. 288-9.

90 *ibid.*

91 Minister for Supply memorandum to Cabinet, dated 2 May 1941, marked 'Approved', A.A., Series A1608/1, Item A52/1/4 Part 3.

the Oil Fuel Control Board that even harsher cuts should be made, as priority would have to be given to the importation of aviation fuel during June, and that the civilian consumption figure must be reduced to 12,000,000 gallons per month. The position had become so critical that the Minister indicated to Cabinet on 11 June 1941 that it was now 'open to question' whether petrol rationing should be placed under Army control. This drastic solution was not accepted by Cabinet and it finally made the decision that private motorists' rations would be cut to 1,000 miles per year, a decision which was announced by the Prime Minister on 17 June 1941.⁹²

The ration cuts commenced from the ticket issue on 1 August 1941. As economic historian S.J. Butlin commented 'the shoe was beginning to pinch',⁹³ but it could have been worse as consideration had also been given to cutting supplies completely for pleasure motoring, a proposal that was put aside 'for the present'.⁹⁴ The August reduction took Australian allowances below those of other Commonwealth countries. Private motorists in Great Britain received sufficient petrol to allow 1,500 miles travel per year and in New Zealand the ration allowed 1,600 miles motoring per year. Petrol rationing had not been imposed in Canada, South Africa or India.⁹⁵

The new rations were not accepted without complaints. It seemed the general belief was that the war could be fought without any sacrifices. People inundated the Prime Minister with letters complaining about rationing. They complained about the

⁹² Butlin, *op. cit.*, pp. 288-90. Calculated on a horse-power scale vehicles of up to 8 hp received 7 gallons per month, 8-10 hp 8, 10-12 hp 10, 12-14 hp 11, 14-20 hp 12, 20-30 hp 14, and over 30 hp 17 after the cut was introduced, *ibid.*, p. 285.

⁹³ *ibid.*, p. 290.

⁹⁴ *Sun News-Pictorial*, 18 June 1941, in Bolt, *op. cit.*, p. 95.

⁹⁵ Prime Minister's Department to High Commissioner in London, 2 July 1941, A.A., Series A1608/1, Item A52/1/4 Part 3. Canada drew some petrol by pipeline from the United States; South Africa had 'special political difficulties'; and India introduced rationing from 31 August 1941, 'Summary of action taken to improve petrol stock position', A.A., Series A1608/1, Item A52/1/4 Part 4.

apparent wastefulness of public authorities, about not having enough petrol to go to church, about not being able to go fishing, and about not being able to visit relatives.⁹⁶ Racism surfaced with a complaint that ‘dagos’ could get all the petrol they wanted to go to social functions while ‘loyal British women, wives of returned servicemen, mothers of present soldiers, remain at home to help save petrol’.⁹⁷ Bullo Shire Council claimed that if petrol supplies for country people were not increased people would leave for the city, and ‘once these people have a taste of the city there will be no hope of them returning to hardships of the bush after the war’.⁹⁸ There were endless reasons why extra petrol was needed, and why petrol restrictions were causing deprivations.⁹⁹

When the proposal to cut taxi allowances from 100 gallons per week to 22 gallons per week¹⁰⁰ became public knowledge in September 1941 the rigors of petrol rationing really hit home. Criticisms became bitter, and government departments attempted to shift the blame from one authority to another. The secretary of the Department of Defence Co-ordination, Frederick Shedden, claimed that the Economic Committee, an organisation set up for the purpose of advising on likely economic problems, recommended liberalisation of the ration to taxis, but the Prime Minister’s department disputed that any such decision had been made, claiming that the records did not show any such agreement.¹⁰¹ The Minister for Supply avowed that petrol stocks were so low that it was not possible to make special concessions for taxis.

⁹⁶ See Prime Minister’s correspondence files, A.A., A1608/1, Item B52/1/4 Part 3 and Series A1608/1, Item B42/1/4 Part 4.

⁹⁷ William Gallogly to the Prime Minister 18 June 1941, A.A., Series A1608/1, Item B52/1/4 Part 3.

⁹⁸ Bullo Shire Council to Prime Minister, 24 July 1941, *ibid.*

⁹⁹ Prime Minister’s correspondence files, see footnote No. 96 .

¹⁰⁰ Secretary of Department of Defence Co-ordination to Minister for Supply and Development, 11 September 1941, A.A., Series A5954/1, Item 456/38.

¹⁰¹ *ibid.* The Economic Committee was first established in December 1938 with three members, L.G. Melville, L.F. Giblin and R. Wilson. It was reconstituted and enlarged in September 1939 with D. Copland, J.B. Brigden, H.C. Coombs, R.C. Mills and H. Brown being added, as well as some temporary members. Most of these names crop up periodically in relation to rationing.

Because the cut in taxi allowances would drastically reduce taxi operations, and hence incomes, proposals were floated for automatic debt moratoriums for taxi proprietors and others affected by petrol rationing, but it was quickly realised that special moratoriums for debts created by wartime restrictions could grow to massive proportions, and the suggestions were quickly abandoned.¹⁰² Attempting to damp down the concerted outcry by taxi drivers against reduced incomes, fares were increased in both Victoria and New South Wales.¹⁰³ The Taxi Drivers' Union requested three months' delay on the introduction of the reduced petrol ration to enable gas producers to be fitted, but this was refused.¹⁰⁴ There had been ample time to have the devices fitted, but they had become the last resort for most users.

The reasons for the unpopularity of gas producers were inherent. They were inconvenient, they were cumbersome, they were not particularly efficient, and their weight increased wear on tyres (which were in short supply). As well, refuelling with charcoal was a dirty process. No amount of attractive propaganda could overcome these intrinsic shortcomings. Refuting claims made in press propaganda regarding the efficacy of gas producers, G. H. Terrill, who described himself as Secretary-Manager and Accountant of one of the largest transport companies in Sydney, claimed that such information was misleading and 'cast grave doubts' on the authenticity of government information and the knowledge of government advisors. In practice, Terrill stated, it had been found that vehicles powered by gas producers could carry only half the load of petrol driven vehicles, so that when a job had to be done within a given time, such as clearing cargo from the wharves, twice as many vehicles were needed. As well, he stated, vehicles using gas producers needed about 20 minutes 'warm-up' time to

¹⁰² Notes headed 'Moratorium' prepared by L.F. Giblin for the Treasurer. The notes state that wartime restrictions could create economic loss in so many areas that the government would be creating a monster if automatic moratoriums were given. The Report is endorsed 'I agree' by the Treasurer and dated 29 July 1941, A.A., Series A1608/1, Item D52/1/4.

¹⁰³ Minister for Supply and Development to Department of Defence Co-ordination, 15 September 1941, A.A., Series A5954/1, Item 456/38.

¹⁰⁴ *Argus*, 30 July 1941.

become operative, and 'the gas dies down again' very quickly while the vehicle was stationary when goods were being loaded or unloaded, which meant that the 'warm-up' process had to be repeated. Thus, for short runs gas producers were impractical. Further, he asserted quite reasonably, 'if charcoal had been a reasonable substitute for petrol Carrying Companies would have been using it years ago without any coercion from the Government'.¹⁰⁵ Terrill suggested:

The appointment to the Board of a man actively engaged in Cartage would help to solve the many problems which will arise. It would be a mistake to appoint a high executive of any transport company as they are executives only and do not meet the every day problems which confronts the man who allocates the work day to day ... [*and who ensures*] that capacity loads are carried.¹⁰⁶

There was probably more than a grain of truth in this statement as invariably boards and committees comprised personnel whose experience and knowledge at the actual working level were often largely theoretical. For this reason much time was wasted in speculative and conjectural planning, which turned out to be quite impractical, and later had to be revised. For example, when the government was exhorting people to convert petrol driven vehicles to gas producer propulsion it announced that it would convert 10 per cent of Commonwealth vehicles. By June 1941 there was little evidence that the government was moving towards fulfilling this undertaking. New South Wales Labor Senator John Armstrong raised the issue in Parliament on 27 June when he stated that 'one gets a shock if he sees a gas producer unit on any Commonwealth car ... I have not yet seen a single truck or car on military duties fitted with a gas producer unit'.¹⁰⁷ S. Jarman from Bundaberg agreed with Terrill, saying 'they have had a lot of boosting from your Government and still they are not successful ... this Petrol Question is very serious I will admit, but it has not

¹⁰⁵ G.H. Terrill to Prime Minister, 1 July 1941, A.A.. Series A1608/1, Item B52/1/4 Part 3.

¹⁰⁶ *ibid.*

¹⁰⁷ J.I. Armstrong, 27 June 1941, C.P.D., Vol. 167, pp. 546-7.

been done in the right way.¹⁰⁸ Jarman hypothesised that the Government should be concentrating on producing indigenous fuel instead of trying to force people to use gas producers.¹⁰⁹

The government did make costly but unsuccessful attempts to produce indigenous fuel, but results were disappointing. The production of petrol from shale oil at Capertee in New South Wales was underway when the war commenced. The first fuel was produced on 26 August 1940, but the quantities produced were considerably less than projected and the costs were prohibitive. Despite the cost, production continued throughout the war to make some sort of a fall-back in case there was total stoppage of petrol imports.¹¹⁰ Experiments were also conducted by the Colonial Sugar Refining Company at Pymont in New South Wales, and by the National Power Alcohol Company at Sarina in Queensland to produce power alcohol, which could be blended with petrol.¹¹¹ Production was possible but costs were about four times more per gallon than imported petrol cost.¹¹² Other expensive alternatives were proposed, for example, that internal combustion engines could be converted to steam engines.¹¹³ It was obvious to the experts, however, that neither production of

¹⁰⁸ S. Jarman to the Prime Minister, 22 July 1941, A.A., Series A1608/1, Item B52/1/4 Part 3.

¹⁰⁹ *ibid.*

¹¹⁰ Butlin, *op. cit.*, p. 291, quantities produced were: 1940, 541,858 gallons; 1941, 1,999,018 gallons; 1942, 1,559,823 gallons; 1943, 1,737,748 gallons. Original estimates of profitability were based on an annual output of 7,250,000 gallons; Mellor, *op. cit.*, pp. 214-5, the company involved in production, National Oil Pty Limited, was formed in 1937 and was capitalised: Commonwealth Government £344,000, New South Wales Government £166,000, National Oil £166,000. Work started in 1938, and the first oil was produced in January 1940. Later in 1940 more finance was required and the Commonwealth Government underwrote an overdraft for up to £250,000 with the Commonwealth Bank. The plant closed in 1952.

¹¹¹ Butlin, *op. cit.*, pp. 291-2.

¹¹² Confidential report prepared for the Advisory War Council, dated 13 November 1940, A.A., Series A5954/1, Item 710/1.

¹¹³ A.J. McLachlan told Parliament on 27 June 1941 that a report had been published in a Melbourne newspaper that the Dunlop-Perdriau Company held blue prints for a mechanism to convert internal combustion engines to steam, C.P.D., Vol. 167, p. 521.

indigenous fuels nor ingenious inventions would solve the petrol problem. There was simply no easy answer, and no alternative to imported petrol.

The government had long toyed with the notion that all imported petrol should be under its direct control, and not scattered in the storage owned by the various oil companies, a system which had resulted in available storage never being used to capacity. The Minister for Supply proposed the 'pooling' of petrol, a scheme whereby the government would take complete control of the petrol industry, and the use of brand names would be abolished. The petrol companies opposed this move, claiming they would lose the goodwill that brand names created.¹¹⁴ To avoid a government take-over the companies agreed to form a Cartel Committee, which came into operation on 1 July 1941. This brought about a degree of rationalisation in the industry as the cartel pooled all seaboard storage,¹¹⁵ which overcame both the uneven tanker allocation between companies and the goodwill problems as each company drew supplies in proportion to the amount sold in the base year.¹¹⁶ By forming a cartel the petrol companies only bought time in putting off the government controlled pooling. The cartel eased administration difficulties but did nothing to solve the petrol shortage.

Admittedly, the supply of petrol was only one of the multitude of problems the government faced, but the hesitant way that it handled petrol rationing gave the Opposition a potent weapon which it used to advantage in parliament. When statements such as 'there is a strong feeling throughout the country that all is not well with our war effort'¹¹⁷ were made Menzies attempted to neutralise the situation by once again approaching the Labor Party regarding the formation of an all-party government for the duration of the war. The offer was again refused, and Menzies

¹¹⁴ Advisory War Council Agendum 5/1940, 3 February 1941, A. A., Series A5954/1, Item 710/1.

¹¹⁵ Butlin, *op. cit.*, pp 286-7.

¹¹⁶ Advisory War Council Minute, Supplement No. 2 to Agendum No. 5/1940, Series A5954/1, Item 710/1.

¹¹⁷ B. Courtice, 27 June 1941, C.P.D., Vol. 167, p. 551.

subsequently resigned as Leader of the Coalition on 28 August 1941. Fadden became Prime Minister, and although he 'had established friendly relations with all and sundry' while he had been Acting Prime Minister during Menzies' prolonged absence overseas earlier in the year, he now faced very different problems.¹¹⁸

Early in October, Arthur Coles, the Independent member for Henty in Victoria and Alex Wilson, the United Australia Party member for Wimmera, also in Victoria, switched allegiance to the Labor Party. Coles stated that his reason was that 'the country must have stability of Government', and the Fadden Government had fallen short in this regard.¹¹⁹ According to Hasluck, Coles also believed that the Coalition had failed to impress the danger that Australia faced upon the Australian people, which resulted in the people generally being unprepared to accept 'economies and sacrifices'.¹²⁰ As neither the United Australia Party nor the Labor Party wished to contest an election Fadden handed in his commission on 3 October 1941 and the Governor-general commissioned the Leader of the Labor Party, John Curtin, to form a new government.¹²¹

Labor members who had been so disparaging about the Coalition's attempts to make Australia's war effort an 'All In' affair now had the opportunity to rectify all they had criticised. Labor politicians who had championed the motor trade's objections to restrictions on the use of petrol, and voiced opinions that rationing was not necessary, would now have to show whether they were prepared to put an end to all the muddling and dickering around, and make and enforce hard decisions about the whole question of shortages and rationing.

118 Hasluck, *op. cit.*, p. 506.

119 A. Coles, 3 October 1941, C.P.D., Vol. 168, pp. 706-7.

120 C.P.D., Vol. 165, p. 359 quoted in Hasluck, *op. cit.*, p. 281.

121 *ibid.*, pp. 506-19.