CHAPTER 1
Lang and his Inner Group

During the 1920s factional warfare threatened to destroy the NSW Labor Party, yet still the party was elected to government in 1920-22 and again in 1925-27. The electorate was able to look beyond the corrupt machine politics to find what it wanted in the parliamentary party. By the end of the 1920s, however, the Lang machine had imposed on all sections of the party an unshakeable control that was intolerant of all dissent and led to disastrous splits in the party at all levels. Lang won election again in 1930, holding office till his dismissal in 1932, but thereafter NSW Labor was unelectable until Lang was replaced.

Lang’s support base had been created early in the 1920s when he allied himself with a number of industrial unions which were hostile to the previously dominant AWU. His main support initially was the Miners’ Federation, led by Albert Willis, which also delivered to Lang control over the new Labor Daily newspaper that was to be central to reinforcing Lang’s authority. Willis continued as Lang’s enforcer in the party during the 1920s, with the help of supporters in the State Executive such as Edward Magrath (Printing Industry Employees’ Union), Jim Tyrrell (Municipal Employees’ Union) and JJ Graves (Stovemakers’ Union).

A fundamental change took place in 1931 when Lang, apparently wary of the dominance of Willis in the party, persuaded him to accept the position of NSW Agent-General in London. This effectively lost Lang the assured support of the Miners’ Federation which, within a year or two, joined his enemies on the left (although Jack Baddeley, MLA, and PJ Keller, both with a Miners’ Federation allegiance, remained part of the Inner Group supporting Lang). Taking Willis’ place was another strong man, Jock Garden, an ex-Communist and long-term Secretary (1918-34) of the Labor Council who was accepted back into the ALP in 1929 after repudiating his Communist membership. To balance the loss of the Miners’ Federation support, Garden’s presence initially strengthened Lang’s support in the Labor Council. Garden brought with him into Lang’s cheer squad other effective organisers from the trade union movement – John Beasley (Electrical Trades Union, and MHR for West Sydney since 1928) and Ossie Schreiber (Furniture Trade Union). Other members of the Inner Group in the 1930s were the Organising Secretary of the party, JB Martin (Clerks’ Union), and Lang’s speechwriter, Harold Macauley. For the time being Jim Tyrrell was able to continue to deliver
Labor Daily support and patronage in local government, while JJ Graves managed the State Executive. The Inner Group was ruthless in suppressing revolts in local branches and controlling preselection, so that there could be no effective challenge to Lang from that section of the party which had always been Lang’s firmest base. For his part, Lang was ruthless in pushing aside supporters (like Willis and Garden) whose personal power might be seen as rivalling his own.

**Role of Conference**

It was already clear in the 1920s that the role of State Conference in policy making and setting priorities for a Labor Government had largely evaporated. This became even more obvious in the 1930s when the Inner Group took control. The structure of Conference had changed with the new rules introduced in 1927, so that much of the general discussion of such issues was diverted to the Country and Metropolitan Conferences which were held in the month or two before the Easter Conference. The State Conference merely confirmed the resolutions from these two bodies that were acceptable to the Inner Group. Typically, meetings of Conference that had tended to last for three weeks in the first two decades of the century were completed in a weekend. The most important function of State Conference was to provide a triumphant platform for Lang himself, delivering his annual address to his fawning supporters. Critics were still present at Conference, but with control of the numbers in Conference and Executive, Lang’s supporters could easily sweep any criticism aside. Nevertheless, reports of Conference were (and are) valuable because this was almost the only public forum available to Lang’s critics inside the party.

**Challenges to Lang**

By the 1930s Lang was thoroughly detested by virtually the whole of non-Labor society – the press, the conservative parties, and church leaders. The level of concern, even of fear, can be gauged by the history of groups like the New Guard and the All for Australia League which arose very largely to confront Langism, and dissolved quickly once it was clear that he was no longer a threat. To a certain extent Lang gloried in this kind of opposition, which gave him the excuse to rail against ‘money power’ and call for solidarity among the workers to oppose it. However, rather than solidarity on his own side, Lang fomented division and party splits.

In 1927, while Premier, Lang had split the party between his supporters and opponents. Then he had successfully manoeuvred a Federal intervention to confirm his authority in the party so that, although he lost the election in that year, he returned to power easily in 1930. The success
of that tactic provided a precedent that informed Lang’s political decisions throughout the 1930s.

In 1930, in a dispute over economic management in the Depression, Lang split the NSW party from the Federal ALP, with his Lang Labor colleagues bringing down the Federal Labor Government of Prime Minister JH Scullin. This split between State and Federal Labor in NSW continued to poison the Labor movement until after the 1935 State election when peace was restored, as in 1927, largely on Lang’s terms. Only when virtually all of Lang’s support in the trade union movement had collapsed (and former allies like Willis and Garden had become enemies) could Federal intervention in August 1939 eventually bring some sanity into the NSW party by restoring to Caucus the right to elect its leader. By then another split had appeared – from the left, and strongly influenced by Communists – that was to provide a longer term threat to the party.

**The Red Rules**

Since the foundation of the NSW Labor Party in the 1890s there had been constant argument over who could be delegates to Conference and who should be eligible for membership of the State Executive. By the 1920s there was almost universal agreement within the party that some change in party rules on these matters was needed. Conference had become almost completely unworkable. The main problem was that Conference typically lasted two or three weeks, while about three hundred delegates would be accredited which made for very unwieldy meetings. Then, after the first week, attendance fell off rapidly so that only a few dozen turned up in the final days, leaving Conference without a quorum to make changes to rules. There had also been an endemic demand from trade unionists that they should have greater influence in party decisions, relative to members of party branches. The existing rules provided delegates to Conference from trade unions according to their size and membership. Since the AWU was the largest union in the State, this gave it an enormous advantage over rival unions inside the Labor Party. The other constant complaint was from rural delegates that Conference timetabling was arranged for the convenience of city delegates, making genuine rural involvement very difficult. In the early 1920s there was widespread support, not just from the AWU and country delegates, for a decentralization of Conference and the establishment of regional Conferences with direct input to State Conference. With regard to the Executive the main problem was factional domination, with great discontent among members of the various ‘out’ groups in the party, who often wanted some form of proportional election of the Executive by unions and branches, rather than by factionally controlled votes in Conference. There was also a variation on the rural complaints about
Conference; it was almost impossible for country members of the party (other than MPs) to take a role in the Executive since it would involve numerous trips to Sydney for general and committee meetings – with little hope of funding for accommodation, travel, or lost wages – despite frustrating attempts to achieve that kind of support.

Given the agreement that some changes in rules were due, the decision of Conference in 1926 to establish a committee to recommend new rules was not controversial. The committee elected was chaired by Albert Willis who made sure that his committee was both factionally stacked, yet had strong representation from rural sections of the party. The resulting recommendations (immediately dubbed the ‘Red Rules’) were a clever compromise that embraced the calls for decentralization of the party machinery that had been one of the AWU demands, yet effectively prevented the AWU from taking advantage of its huge membership to dominate the party. The new rules affected both Conference and Executive membership, but the control of the Executive was paramount. Jim Hagan has explained the mechanism used:

In 1927 it [Conference] passed the so-called ‘Red rules’, a series of amendments to the rules governing the executive’s composition., which provided that in an executive of 26, country electorate councils would be allocated six places, metropolitan electorate councils four, and trade unions a total of 16, subdivided by industry groups. The principal effect and intention of these amendments was to prevent the AWU from being able to dominate the executive. (Radi & Spearritt, Jack Lang, p.43)

The real sting in the rules was in the composition of the industry groups, used to allocate trade union delegates to Conference as well as elect members of the Executive. The AWU was merely one of eleven groups who could nominate members of the Executive. According to the rules adopted at the 1927 Easter Conference (and accepted without amendment at the Unity Conference later in the same year), these trade union groups were: “AWU, miners, metals, buildings, food, manufacturing, public utilities, printing/non-manual/miscellaneous, transport (water), transport (land), wood”. This meant that the AWU was limited to a maximum of three nominations (out of the 16 elected seats available), while the other union members of the Executive would be nominated by unions overwhelmingly hostile to the AWU and generally sympathetic to the Miners and to the Lang faction. Unions allied to the AWU, such as the Timberworkers, were similarly disadvantaged. Since Executive membership was lifted to 30 with the direct election of the President, Secretary, and two Vice-Presidents by Conference, this would mean that Willis-Lang factional control could be maintained against any threat from the AWU.

If the new rules effectively sidelined the AWU, did they give undue influence to Communists in the NSW Labor Party? As the Herald’s commentator expressed it: “The new rules have been described as Red
because, virtually, they place the political Labour party under the domination of the unions, which, in turn, are dominated by the Reds”. (SMH, 20 April 1927). Members of the Willis committee who drafted the rules included militants sympathetic to Communism such as J Kilburn (Bricklayers) and Willis’ secretary ER Voigt, but these were balanced by two rural members, M Griffin (Bathurst), and WM Webster (Murrumbidgee) unlikely to sympathetic to the Reds. The other members of the seven-man committee (Willis himself, EC Magrath and Alderman Mostyn) were firm factional supporters of Lang. Communist supporters at the 1927 Easter Conference clearly supported the new rules, which were passed overwhelmingly by 276 to 4 votes. However, that same Conference voted to exclude Communists from membership of the ALP “by 10 to 1”, a figure that gives some indication of Communist and fellow-traveller presence in Conference, and which made nonsense of the Herald claim of Red domination. The new rules were not Red. They were anti-AWU, favourable to the Miners’ Federation, and imposed a winner-taker-all support for the Lang faction in future Executives and Conferences.

The Socialisation Units

The Socialisation Committee of the NSW Labor Party was established by the 1930 Conference, with the full support of the Inner Group, who saw it as a lightning rod to draw off some of the energies of Lang’s critics on the left of the party. In 1930 Lang still had considerable credibility within much of the left because of his radical approach to the Depression, but few of the more militant trade unions gave more than a grudging and temporary support to the then Premier. The Socialisation Committee was set up to “devise ways and means to propagate the first and principal platform, the Socialisation of Industry”. It was given a propaganda role in the party, especially at the branch level where the Committee was empowered to set up ‘Socialisation Units’ to inform local members about the party’s Objective. The first annual report of the Committee can be found below, reproduced as part of the official Executive Report for 1930-31.

When Lang was forced into Opposition, losing elections in 1932 and again in 1935, the Socialisation Committee provided a forum for critics of Lang within the industrial movement and in the branches who were alienated by the Inner Group’s total control over party affairs. By the time of the 1938 election it represented probably a majority of unions influential in the Labor Council. A coalition of these unions, now called the Socialisation Units, with the leading opponents of Lang in Caucus (notably RJ Hefron, EM Horsington, MA Davidson and CC Lazzarini) formed the ‘Industrial Labor Party’ which represented a complete split of the Labor Council from Lang’s party. The Labor Council was able to assert its control over the Labor Daily and radio station 2KY, losses which
were to be of fundamental importance to Lang and his Inner Group. Once again the Lang party completely outpolled its Labor challengers in the 1938 election, although this was the final wasted election that gave the excuse for Federal intervention in 1939 bringing the era of Lang domination to an end.

Despite the strong influence of Communists in this protest, very little of the motive came from policy or ideology. It was a revolt against control. This becomes clear when the parliamentary candidates for the Industrial Labor Party are examined. Davidson (Cobar) and Horsington (Sturt) represented mining electorates where traditional trade union values, not Marxism, were paramount. Heffron (Botany) had been radical in his youth in the early 1920s, but by 1938 he was ideologically on the centre-left of the party, soon fitted comfortably as a Minister in the McKell Government in 1941, and went on to become a conservative Premier from 1959-64. Much the same could be said of candidates like Clarrie Martin and Clive Evatt, and supporters like Reg Downing and JJ Moloney. Even more significant was Dr Horace Foley, resolutely anti-Communist Catholic boss of the Glebe Labor municipal machine, who had been a Lang devotee in the early 1930s (and would return to be so in the 1940s), but who stood against Lang in 1938 as a protest against the Inner Group’s attempts to take over his ward machine. Fundamentally, the Industrial Labor Party was a collection of members of the party united only by their detestation of what Lang was doing to the party.

A Communist Challenge

The years of the Depression saw great advances made by Communists in the industrial movement. Partly this was because the Depression greatly weakened the trade union movement, which had many more calls on its resources than were available from union fees. Moreover, even militant unions found that they had almost no industrial leverage with employers when jobs were so scarce. While most union leaders accepted their impotency and waited for the good economic times to return, Communist leaders promised militancy and used an aggressive rhetoric that was attractive to many workers, especially the unemployed who had virtually no other support in the society. As Robert Murray explained in The Split (p. 14):

Many right wing union leaders had been unable to cope with the unprecedented difficulties of the depression years; others, under no serious challenge for many years, were simply lazy and incompetent. The communists partly built up and partly rode a wave of militant unionism, which made spectacular advances in the late 1930s and early 1940s as workers gave expression to their bitterness or allowed the communists to exploit their apathy about union affairs.
Communists asserted themselves in unions like the Miners’ Federation, where previously their presence had been moderated by Langite leaders, while the Waterside Workers’ Federation and the Federated Ironworkers’ Association were easily converted into Communist strongholds in the late 1930s. The Communist threat was intensified by the official policy of the party at the time to permeate, and to form a ‘united front’ with, the Labor Party. This development, along with the subsequent rise of a countervailing force of anti-Communist organisation (the Catholic ‘Movement’, and the ALP Industrial Groups of the 1940s) was to set the stage for the next great split in the Labor Party in the 1950s.

The Socialisation Units in 1938 were strongly infiltrated by Communists, and their domination of the Labor Council enabled Communists and fellow travellers to capture the State Executive of the ALP under Vice President J Hughes (Clerks’ Union) and Secretary W Evans in 1939, even though commentators at the time (SMH, 29 August 1939) had regarded the Executive as being taken over merely by the Heffron faction. This precipitated another Federal intervention in August 1940 which substituted more moderate leadership of the Executive to support the new leadership of Caucus by W McKell, and restored to Conference its election of the Executive.

During the 1930s the Communists had also been building up strength in inner-city local communities that had long been the undisputed preserve of Lang and the Inner Group. They were able to lift their profile as community leaders through fronts such as the Unemployed Workers’ Movement which became the best known organisation taking direct action to protect inner-city tenants from eviction. Communists were never able to translate this community recognition into significant votes at elections (although they did gain control of at least one local government shire in the Hunter River coalfields), yet their activity certainly resulted in diminished support for the local Labor machine politics that had been Lang’s strength.

**Party Constitutional Issues**

Throughout the 1930s there was bitter dispute within the party about which level – State or Federal – was supreme in the Labor Party. Although the national party had been formed as a federal organisation based on State branches, most interpretations of ALP rules would support the opponents of Lang in asserting that his State ALP had no constitutional right to call itself the Labor Party. That was a minor concern in the 1930s because Lang was able to demonstrate time and again in the political arena that the Federal ALP could not challenge him in New South Wales and could never hope to return to power in Canberra until the split was healed. The Inner Group plainly asserted the autonomy of the State branch, even while occasionally welcoming the
intervention of the Federal Executive when it could give support to the Lang cause. Here is the State Executive response at the 1928 Conference to an assertion of Federal superiority:

In reply the executive stated that the executive of the ALP (NSW) was the creation of the rank and file in conference, and in all domestic matters recognised only the authority of the rank and file of the ALP, State of New South Wales, as expressed in conference or by plebiscite. It was contrary to the democratic principles of the Australian Trade Union and Labour movement and to the working class movement in all civilised countries that a small group of officials such as the Federal executive and conference should have the extraordinary power to override the expressed will of the rank and file, to whom they owed their existence. Therefore, the executive of the ALP, State of New South Wales, would maintain the right of autonomy in all domestic matters which the rank and file of the party in New South Wales, in conjunction with the parties in all other States, had enjoyed since the inception of the Australian Labour party, and the executive would repudiate any ruling or dictum of Federal officials on any domestic matter which had not first received the approval of the rank and file of the party in New South Wales.

Yet there is a sense in which Lang himself contributed to a transfer of power within the party from State to Federal structures. There had been very clear confrontations between State and Federal sections of the party in the first two decades of the new Century. Probably the most important saw the NSW Labor Government and the Federal Labor Government publicly disputing Federal policy over economic and industrial management before and after the 1910 elections. The NSW ALP, under Attorney General W Holman, successfully ignored Federal policy. Yet the first Federal intervention in a State branch came only just before the start of the Lang regime in 1923, and then after considerable hesitation. Thereafter followed interventions in 1927, 1931, 1936, 1939, and 1940. After that there could be no question that if State branches did not voluntarily adhere to Federal policy or organisational demands they could be forced to do so.

Local Community Politics

Although, as in previous decades, much of the internal politics of the NSW Labor Party involved disputes within the trade union movement about dominance in the party, yet there is a sense in which the 1930s saw a transfer of power from the industrial wing to what might be called the municipal wing of the party. For Lang himself, even though his support within the trade union movement collapsed almost to nothing in the late 1930s, he could always rely upon local branches and the ordinary suburban voters to remain in charge. To a certain extent Lang did have a claim to the allegiance of – to use a term beloved of the Inner Group and cynically exploited by them – the ‘rank and file’ of the party. Even many
members of trade unions that were unequivocally hostile to Lang, such as the AWU, remained part of Lang’s rank and file.

This reliance on local branch members made possible the great advances in Labor municipal politics achieved during the Lang era. Lang himself had served a political apprenticeship in local government as alderman and mayor of Auburn. During his period as parliamentary leader the gradual takeover of inner city municipalities by Labor was put in place, along with strong performances in outer suburban and many country districts. The Executive Report for 1934-35 provides a list of all elected Labor councillors that provides a remarkable contrast with the paltry achievements of only ten or fifteen years before. Municipal and local ward politics tended to become corrupt, and contributed to part of the reputation of the Lang party, yet it engaged with the everyday life of many residents, especially during the Depression, in a way that the trade union movement could not. There is no doubt that it contributed to a high profile of Labor in very many local districts that was a firm base for Labor electoral performance well into the second half of the 20th Century.

Readers of the annual Executive Reports during the 1930s will be struck by the attention given to promotion of the ALP Debating Competition, the ALP Tennis Association, the ALP Golf Club, the Younger Set, with its competitions in football (rugby league), tennis and vigoro, and Labor’s Annual Ball, with the competition for ‘Miss ALP’. A great deal of time and effort was put into such activities which may seem rather quaint to a modern reader. However, these were an essential part of Lang’s vision of sinking the roots of the Labor Party deep into the local communities, instead of having to rely upon an industrial movement that was too often the enemy of the party. The modern reader might well wonder what the Labor Party does to connect with local communities in the 21st Century.