

# Joseph Cook: the reluctant treasurer

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Sir Joseph Cook, somewhat reluctantly, served for 16 months as Treasurer near the end of his political career, one of two former Prime Ministers to hold the position. By then he had left his radical origins well behind him and was a very conservative Treasurer. He transferred the note issue to the Commonwealth Bank.



Source: National Library of Australia.

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1 At the time of writing, the author worked in the Domestic Economy Division, the Australian Treasury. The views in this article are those of the author and not necessarily those of the Australian Treasury.

## Introduction

Joseph Cook PC GCMG is one of only two Prime Ministers to serve as treasurer *after* he held the higher office.<sup>2</sup> By some accounts he is one of the most obscure Prime Ministers.<sup>3</sup>

Cook was physically robust and hard-working, tall and strongly-built. He did not drink or swear and had 'no time for frivolity'.<sup>4</sup> He was uninterested in sport, dancing or music. He opposed Sunday opening of Taronga Zoo lest it distracted people from church.<sup>5</sup> But he was known outside the parliamentary chamber for his good manners, with a cheery smile for friends and 'a tranquillity of soul'.<sup>6</sup>

He was 'devoted to self-improvement'.<sup>7</sup> While from the humblest of origins, by the latter stages of his parliamentary career, 'in manner and language, he comported himself as though born to a public school and Oxford'.<sup>8</sup> Initially a poor speaker he trained himself to become a parliamentary dalek: it was said 'when he started out to deal a blow to a minister ... he will not desist until he has exterminated him utterly'.<sup>9</sup> Spending most of his career in opposition, 'the habit of a decade of criticism never left him and ... he had not developed that constructive side which is so essential for both ministerial and cabinet life'<sup>10</sup> and possessed 'few skills in negotiation'.<sup>11</sup>

Cook spent most of his federal parliamentary career as a loyal deputy, first to Reid, then Deakin and finally Hughes. He was 'never anyone's tool, though he was often somebody's willing instrument'.<sup>12</sup>

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2 The other is Arthur Fadden.

3 Prior (1978) ranks him as probably the least known Prime Minister. The electorate of Cook and the eponymous suburb in Canberra are named after James Cook rather than Joseph.

4 Buchanan (1940, p 4).

5 Murdoch (1966, p 6).

6 Clark (1987, p 109). See also Murdoch (1998, p 110).

7 Edwards (2004, p 115). However, Murdoch (1968, p 17) suggests that being self-taught he did not develop critical skills.

8 Smith (1933, p 49).

9 Comment in *Daily Telegraph* 1908, cited Murdoch (1966, p 6). Ellis (1962, p 20) describes him as having 'a resilience unparalleled in Australian political history'.

10 See, for example, Murdoch (1966, p 7) and Pearce (1951).

11 Edwards (2004, p 115). A contemporary columnist accused him of a lack of perspective; 'he deals you out the one violent bash in the eye whether you merely mis-spelled a word or ruined an empire', *Australian Magazine*, 1 July 1909, p 563.

12 Ellis (1962, p 20). Murdoch (1996, p 95) attributes this characteristic to Cook losing his father as a child, and then attaching himself to a series of father-figures as the loyal deputy.

While he was 'never troubled by personal doubt',<sup>13</sup> Cook had a reputation for changing his beliefs a lot.<sup>14</sup> But despite the possibility he would later find himself holding them, 'he had great difficulty in appreciating other points of view, and seldom made any real attempt to do so'.<sup>15</sup>

## Cook's life before politics

'Joe' Cook<sup>16</sup> had probably the harshest upbringing of any Treasurer. He was born in the Staffordshire mining village of Silverdale on 7 December 1860, and when he was only nine, Joe started working in a coal mine.<sup>17</sup> A new Education Act saw him back in the classroom not long after, but at twelve he was back in the mine after his father died in a mining accident. For him 'Sunday' had a very literal meaning for it was the only day he might see the sun.

In 1885 he married Mary Turner, a teacher from a nearby village, already pregnant with his child. After Cook's mother remarried, the couple decided to emigrate to Lithgow in New South Wales, following in the footsteps of Mary's brother. Cook found a job in the Vale of Clwydd colliery in March 1886 and Mary and their son joined him in January 1887. They went on to have nine children.<sup>18</sup>

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13 Rickard (2000, p 97).

14 Thomas Ewing said of him, 'Mr Cook's view upon any subject is important, but unfortunately it is almost certain to be ephemeral, so we must make the most of it while it lasts ... [he] has no political roots. He will transplant readily, and grow in any soil'; *Sydney Morning Herald*, 16 February 1906, p 5. 'He could change his political beliefs completely without once feeling he had been untrue to himself', wrote his biographer, Murdoch (1979). Among the many diverse issues on which he changed his mind were tariffs, trade unions, old age pensions, smoking, republicanism, land nationalisation, anti-trust legislation, federation, land taxation, appointments of lawyers to arbitration courts, a national bank, deficit budgeting, federalism, primitive versus mainstream Methodism, compulsory arbitration, conscription and possibly teetotalism. Cook attempted to defend himself by arguing 'wise men change their views. Fools never'; cited by Murdoch (1996, p ix). He also justified some of the change by cabinet solidarity; 'every individual who enters a cabinet must surrender something of his private opinions in order to reach a point of agreement and concerted action'. This line was cited by Murdoch (1979, p 8) who points out it is much like the Labor pledge, which was ostensibly the reason Cook left that party. Cook destroyed most of his personal papers so there is little record of his private views to assess how they differed from those expressed publicly.

15 Murdoch (1996, p 19). A more positive view is that Cook possessed 'a breezy independence, and plenty of common sense, which has sometimes been described as genius in its working dress'; Turner (1911, p 195).

16 He dropped the 'e' from his name after arriving in Australia; Murdoch (1996, p 24).

17 As Buchanan (1940, p 22) notes, another future Australian Treasurer, Andrew Fisher, had a similar upbringing at the same time, only a few score miles away. But he stayed loyal to his roots; see the essay in the Autumn 2008 *Economic Roundup* and Hawkins (2008).

18 Cook recalls his early life in Bright (1896), including his liking for Emerson and Whitman.

Cook was long keen on improving his lot in life, studying shorthand and book-keeping during lunch-breaks and after his shift. Deeply religious, he passed some exams to enter the Methodist ministry, but was prevented from doing so by the need to support his family after the death of his brother and father.<sup>19</sup> Nonetheless, he retained something of the pulpit about his speechmaking for the rest of his career. By 1890 he was a part-time auditor with the local council. Cook was involved with many local charities. He also became secretary of the local Miners' Association.<sup>20</sup> In May 1891 he was president of the first Labor Electoral League in Lithgow. The next month, with some luck, he won Labor preselection and then the Lithgow-based seat of Hartley in the New South Wales parliament.<sup>21</sup> He advocated the eight hour day, free trade (abandoning earlier beliefs in protectionism), better education, female suffrage and land reform. In the latter he was so influenced by Henry George's advocacy of a single tax on land that he became the local secretary of the Land Nationalisation League.

## From state to federal, from Labour to Liberal and from free trade to protection

With a group of like-thinking fellow members, Cook founded a Labour Party in the parliament and by October 1893 was leading it. In January 1894 he chaired the first Intercolonial Parliamentary Labour Party conference. However, he was not to stay with Labour for long. Two future Prime Ministers, Watson and Hughes, were pushing for Labour members to be bound by a pledge to support all caucus decisions, and Cook was too independently minded to accept this. In July 1894 he defeated an official Labor candidate for his seat of Hartley.

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19 His religious beliefs led him to different conclusions than did those of Fisher. Cook's branch of 'primitive Methodism' overlapped with trade unionism but only wanted the government to remove the impediments to self-advancement.

20 Murdoch (1966, p 2) suggests this form of self-improvement may have been a substitute for the white collar jobs that eluded him in the 1890s depression. A contrary view is expressed by P Cook (undated) who suggests he forsook the chance to become an accountant due to his commitment to unionism.

21 Cook only came second in the preselection ballot but the winning candidate withdrew due to ill-health. Cook states in Bright (1896) that he was reluctant to stand but if this is true it says more of his caution than any modesty.

The Free Trade premier, George Reid, offered Cook the portfolio of Postmaster-General and he accepted, serving for four years of great activity.<sup>22</sup> He then briefly served as Minister for Mines and Agriculture, where he appointed William Farrer to experiment with wheat strains to great success, before Reid's government fell in 1899. By this time Cook had moved into the middle class.<sup>23</sup> When Reid announced his move to the federal parliament, Cook saw himself as a future NSW premier.

However, the Free Trade Party prevailed on Cook to contest the seat of Parramatta (which then extended west to Lithgow) at the federal election. Cook won and lined up behind Reid in opposition to the Barton-Deakin Protectionist government. He missed out on the deputy leadership when it became vacant in 1903 and was not offered a ministry in Reid's cabinet in 1904. This was likely due to suspicions of residual radicalism and led him to adopt more conservative stances.<sup>24</sup> The trade union movement which had provided his ladder up was now dismissed as 'an organisation for developing class feeling and disseminating hatred in the community'.<sup>25</sup> He now attacked Labor for 'preaching the doctrine that men will necessarily become better if you improve their environment'.<sup>26</sup> Trusts and monopolies were now regarded as part of the 'natural law' rather than a problem to be addressed.<sup>27</sup>

This makeover succeeded and in 1905 he became the deputy leader of the Free Trade party (by then often called 'anti-Socialist'). With Reid often attending to his legal practice in Sydney, Cook was frequently leading the party in the House. Cook was a hard-working and shrewd parliamentarian, with a reputation for dry speeches but witty interjections.<sup>28</sup> He succeeded Reid as party leader unopposed.

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22 Murdoch (1966, p 9) claims Cook was the first member elected by Labor anywhere in the world to become a cabinet minister. Buchanan (1940, pp 5-6) suggests Reid's more likeable personality appealed more to Cook than the protectionist leader Dibbs' patrician hauteur, although Cook would have found Reid too frivolous on occasions. Ellis (1962, p 20) suggests he also felt Labor had not shown him enough gratitude. Childe (1923, p 60) denounces Cook as 'the chief of the *rats*'. While with Labor, Cook prophetically warned of parliamentarians that 'the moment they get into a state of comfort, respectability and decency, they seem to forget all about those who are not so well circumstanced as them selves'; *NSW Hansard* 16 November 1893.

23 In June 1901 he moved from Lithgow to Sydney, first to the then middle class suburb of Marrackville and then in 1908 to the patrician Baulkham Hills.

24 As Murdoch (1996, p 68) points out, around this time he started referring to 'the workers' in the third person. He was no longer one of them.

25 *Hansard*, 4 August 1910, p 1208.

26 *Hansard*, 19 June 1906, p 363.

27 *Hansard*, 19 June 1906, p 363.

28 See, for example, Crowley (1981).

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Cook became Deakin's Deputy Prime Minister, and Minister for Defence, after the 'fusion' of the non-Labour parties in 1909.<sup>29</sup> But the sweeping Labor victory of April 1910 returned him to opposition. Deakin's declining physical health and mental abilities left Cook the effective leader of the opposition for much of the time and, unlike Deakin, Cook was very experienced at being in opposition. When Deakin retired in January 1913, Cook beat John Forrest by one vote to become leader of what was by then termed the Liberal Party. Cook was soon thrown into an election where he ran a very negative campaign.<sup>30</sup>

## Prime Minister and after

The narrowest of victories at the May 1913 election saw Cook Prime Minister (and Minister for Home Affairs) but facing a hostile Senate. Cook appointed Forrest back to the Treasurer's position.<sup>31</sup> Cook stated in August 1913 that his government planned to take the Commonwealth Bank out of savings bank business, but the required legislation had not passed the House before it was dissolved. Campaigning in 1914 Cook described the Commonwealth Bank as 'a wicked and costly and unnecessary proceeding ... however it was there and they must make the best of it'. In the 1911 Budget debate, Cook had advocated a comprehensive scheme of national insurance and this formed part of the Liberal Party's platform in 1913.

Frustrated by the block the Senate placed on his legislation, Cook elected not to play safe and serve out his term but instead set up the conditions for the first double dissolution in Australian history by passing legislation opposing union preference and restricting maternity allowances which he knew the Labor majority in the Senate would reject. Cook set out his credo as 'liberalism stands in the first place for encouragement of individual effort. Then it stands for equality of opportunity all round.'<sup>32</sup>

The ensuing election resolved the political impasse but not in Cook's favour, with Andrew Fisher leading Labor to a clear majority in both houses.<sup>33</sup> Cook led the 'loyal opposition' during World War I (which had broken out during the campaign).<sup>34</sup> When

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29 Although Free Trade was the largest of the three fusing parties, Cook made no serious attempt to wrest the leadership from Deakin; Murdoch (1996, p 79).

30 Murdoch (1965, p 224).

31 According to Glynn, Cook might have preferred Irvine for the post but Irvine preferred to be Attorney-General; O'Collins (1965, p 237).

32 Buch (1940, p 21).

33 Cook himself was unopposed in his seat of Parramatta after Billy Hughes lent on the NSW Labor Party to withdraw their candidate as part of a failed attempt to persuade Cook to postpone the election until after the war, an idea Cook dismissed as 'impractical'; J Hume Cook (1936, p 9).

34 One of the first men to sign up was Cook's own son.

Fisher retired, his successor Billy Hughes split the Labor government by his advocacy of conscription and led a band of rebels to form the National Labor Party. Well short of a majority, Hughes opened discussions with the Liberals, and they agreed to form a 'win the war' coalition which successfully contested an election.<sup>35</sup> The two parties then merged to form the Nationalists. Cook served loyally as Hughes' deputy prime minister for the next five years, initially also serving in the relatively junior post of Minister for the Navy.<sup>36</sup> Cook accompanied Hughes to the UK for a war conference in June 1918 and the two remained there for the peace conference, signing the Treaty of Versailles and not returning to Australia until August 1919.<sup>37</sup> On their return Hughes took all the credit and did not support Cook when it was proposed that Watt replace him as deputy prime minister.<sup>38</sup>

## Treasurer

In March 1920 Cook became Acting Treasurer, when Watt left for a trip to London. Cook then reluctantly became Treasurer following Watt's resignation in July 1920.<sup>39</sup> It was a challenging period. This was the height of the post-war boom, and the government was concerned about inflation. At the same time, unemployment remained high. Global interest rates were high due to war debts and a shortage of ships impeded trade.

Cook thought it was 'the main financial duty of a government to keep its commitments as low as possible and to balance the budget'.<sup>40</sup> He was focused on reducing inflation. In his first budget (16 September 1920) Cook aimed to reduce borrowing and set the country up for repaying war debt quickly, but was only willing to raise taxes modestly

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35 They worked together despite Hughes reputedly regarding Cook as 'the biggest damn fool in creation'; J Hume Cook (1936, p 79).

36 As in 1909, Cook appeared not to covet the leadership despite the Liberals being the larger component of the new party; Murdoch (1996, p 116) and J Hume Cook (1936, p 80). Cook supported slightly less conservative policies under Hughes' influence; Murdoch (1968, p 381).

37 There are various conjectures about the reason. One possibility is that Hughes was too suspicious of Cook to leave him in Australia as Acting Prime Minister. Another is that the ex-Liberals wanted Cook to go to keep an eye on Hughes. Hughes delegated very little to Cook during their time in the UK, but Cook took solace from a knighthood and the chance to return as 'the local boy made good' to his birthplace. He was involved in redrawing the borders of Czechoslovakia. He enjoyed his time in the UK so much he set his sights on becoming High Commissioner; Murdoch (1996, p 131).

38 Murdoch (1968, p 378). Despite Cabinet support, Watt declined the post due to ill-health.

39 The post was reputedly first offered to SM Bruce who declined; Murdoch (1996, p 132). Cook had earlier seen the Treasurer as an important position; 'in the glass of the budget we behold the face of the nation'; Cook (1912, p 1). But now he was impatient to become High Commissioner in London. Nonetheless, he 'held it with his usual aplomb'; Ellis (1962, p 22).

40 Murdoch (1996, p 132).

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from fear of discouraging investment. This forced him to be very parsimonious with spending, and ruled out any expansion in public works to ease unemployment. The only large expenditure initiative was on ships to alleviate export problems. Labor and the Country Party criticised him for not making further cuts in spending.<sup>41</sup>

His second budget (29 September 1921) continued this deflationary policy, although by now the Australian and global economies were slowing, Australia was suffering from drought and inflation had fallen. His 'stand-pat budget' was closely debated but the critics proposed no clear alternative.<sup>42</sup>

Also while treasurer, Cook transferred banknote issue to a department of the Commonwealth Bank. 'His intention was for the note issue to contract and expand automatically according to business needs, so that no political activity could interfere adversely with the needs of private enterprise'.<sup>43</sup> But as he did not want the note issue under the sole control of the Bank Governor, he constituted a board of four including the Governor and a representative from Treasury.

Cook was an unimaginative treasurer, although admittedly, Hughes would probably not have encouraged him. Nor was he a very confident one, saying 'the position of the Commonwealth Treasurer is more difficult today than it has ever been ... I do not pretend to be an expert'.<sup>44</sup> He also said 'I am a bit tired of being 'shot at' both inside the House and outside by every one who thinks he can teach me how to *do the job*.'

From April to September 1921 Cook was also Acting Prime Minister, while Hughes attended an imperial conference, bringing a greater harmony to party and cabinet.

## Elder statesman

Once Bruce agreed to become Treasurer, Cook resigned from parliament in November 1921 to become High Commissioner in London, again following in the footsteps of Reid and Fisher. While there he also represented Australia at numerous conferences including the Genoa Economic Conference in 1922 and meetings of the International Labour Organisation. He did much to promote immigration to Australia and trade.

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41 Sawyer (1956, p 205).

42 Sawyer (1956, p 205).

43 Murdoch (1996, p 133). See Coleman (1999, 2001) for an account of the Board's operations. Cook had advocated this idea as far back as 1914; *Hansard* 13 November 1914, p 671. But now he described it as 'merely a machinery measure'; *Hansard*, 4 November 1920, p 6174. The Commonwealth Bank governor saw it as a big deal, suggesting to the former treasurer that it would be 'the first and most important step in the enlargement *into* a national bank in every sense of the word'; Sir Denison Miller, cited by Harper and Schedvin (1998, p 220).

44 *Hansard*, 30 September 1920, p 5211.

The former free trade leader now defended protectionist sentiments.<sup>45</sup> When his term ended in 1927 he returned to Australia, farewelled on the dock by Dame Nellie Melba.

Aged 67 by the time he reached Australia, he was not interested in resuming a political career. However he did serve as chairman of a royal commission into South Australia's share of federal funding in 1930. The former postmaster-general participated in the first telephone call between London and Sydney in 1930, during a long and pleasant retirement before his death on 30 July 1947.

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45 He defended imperial preference in Cook (1924).

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