

CHAPTER 7

TUBERCULOSIS AND SOCIAL WELFARE: Tuberculosis, Labor Government and Post-war Reconstruction

In 1943 Prime Minister John Curtin announced the Labor Government's intention to offer Australians greater economic security through systematic state support in times of need.

...the Government now proposes to lay the foundation of a comprehensive scheme of National Welfare which will be developed progressively and will be brought into full operation after the war.¹

In October, 1945 just a few weeks after the end of World War II, the Australian Parliament passed legislation creating the first comprehensive national health campaign to eradicate a disease by committing funds to an anti-tuberculosis campaign. This announcement came at a time when the death rate from tuberculosis had been declining for decades. Yet the Federal Government fostered a national campaign by urging States to join with it to eliminate tuberculosis. At the same time medical breakthroughs in antibiotics brought the possibility of the long sought after cure closer. Penicillin, first widely administered to Allied troops in 1944² did not perform its seeming miracles on tuberculosis but streptomycin, discovered by Selman Waksman in 1944, was found to be partially effective in treating the disease. Patients showed clinical improvement but sometimes within six or nine months relapsed and streptomycin resistant strains of the *tubercle bacillus* emerged within the same timeframe. Streptomycin proved to be an insufficient long term cure but put a pharmaceutical cure within reach and in 1952 the drug combination of p-aminosalicylic acid and isoniazid finally proved to be an

¹ Australia, House of Representatives, *Debates*, 11 February 1943, Vol. 173, pp. 548-9 (John Curtin) cited in F.K. Crowley, *Modern Australia in Documents 1939-1970*, Vol. 2, Wren Publishing Pty Ltd., Melbourne, 1973, p. 79.

effective chemotherapeutic agent against tuberculosis.³ The promise of drug therapy at this stage did not affect the pressure for a prevention campaign, nor did it change the direction the campaign was to take. After years of lobbying by public health physicians the Commonwealth Labor Government incorporated an anti-tuberculosis campaign into its post-war reconstruction policies.

This chapter explains the place of the national health campaign to prevent tuberculosis in Australia's post-war reconstruction and social welfare policy. It charts the degree to which national tuberculosis policy was dictated by the agenda of post-war reconstruction. By linking the fight against tuberculosis with the vision of a more just, strong and prosperous post-war society the long standing public health arguments gained potency. This trend began immediately before the war as Australia debated how it might improve social welfare policies to avoid repetition of the hardships endured during the Great Depression. The discussion in this chapter begins with an examination of the impact of the Depression on Australian politics, especially the Australian Labor Party, which is illustrated by the debate on the *National Health and Pensions Insurance Bill* introduced in 1938. This debate divided the two main political parties on the type of social welfare Australia should have and how to finance it. Discussion on the direction of social welfare policy coincided with the renewed anti-tuberculosis efforts of public health doctors. The new social welfare agenda enabled anti-tuberculosis campaigners to promote a national preventive scheme within a political context of increasing centralism and the ideals of post-war reconstruction.

² Roy Porter, *The Greatest Benefit to Mankind, A Medical History of Humanity from Antiquity to the Present*, Harper Collins, 1997, p. 457.

³ A.J. Proust, 'The Chemotherapy Revolution of the 1950s', in A.J. Proust, (ed.), *History of Tuberculosis in Australia New Zealand and Papua New Guinea*, Brolga Press, Canberra, 1991, pp.187-189. Roy Porter, *The Greatest Benefit*, 1997, pp. 459-460.

PRE-CONDITIONS OF POST-WAR RECONSTRUCTION

From its inception the Australian Federation showed a trend towards centralism. Power shifted from the States to the Commonwealth through decisions of the High Court and by such mechanisms as conditional grants from the Federal Government to the States and referral of powers from the States to the Commonwealth.⁴ The crisis of World War II allowed the Commonwealth to assume central control of the economy and by the end of the war the fiscal power balance had shifted towards the Commonwealth Government.⁵

As well as this fiscal shift, war created the opportunity for the Federal Government to undertake social welfare reforms at a national level. Moves towards new social welfare policies began during the Depression years and a level of consensus on the need for social welfare reform emerged across political divides but the Labor Government that came to office in October 1941 is generally seen as the driver of policy that led to the Australian post-war welfare state. The Australian Labor Party came to office with firm ideas on social welfare for widows, the unemployed and the sick. War sharpened its vision of a better society and created a political climate conducive to change.

⁴ Roger B Wilkins, 'Federalism: distance and devolution', *The Australian Journal of Politics and History (AJPH)*, March 2005, p. 3, electronic. Gwendolyn Gray, *Federalism and Health Policy: The Development of Health Systems in Canada and Australia*, University of Toronto Press, Toronto, 1991, p. 18.

⁵ Stephen Garton and Margaret E. McCallum, 'Workers' Welfare: Labour and the Welfare State in 20th-Century Australia and Canada', *Labour History*, Number 71, November 1996, p. 134. Ann Firth, 'The breadwinner, his wife and their welfare: identity, expertise and economic security in Australian post-war reconstruction', *AJPH*, December 2005, Vol. 50, p. 3 electronic. David Day, *Chifley*, Harper Collins Publishers, Sydney, 2001, p. 444. T.H. Kewley, *Social Security in Australia, The development of Social Security and Health Benefits from 1900 to the present*, Sydney University Press, 1965, Sydney, pp. 173-176.

Statistics of the Great Depression indicate that Australia was one of the worst affected countries with only Germany experiencing a higher rate of unemployment. Despite the introduction by State Governments of sustenance benefits, (mainly in the form of food coupons) and public relief work, government assistance was paltry and created resentment because it subjected applicants to humiliating interviews about their circumstances. Life became dire for many thousands of Australians. Tent cities emerged, the 1933 census revealing some 9,000 such camps across the country.⁶ Some citizens suffered the ignominy of begging door to door, eviction from their homes and having to move constantly to look for work, often simply taking to the road.⁷ These images of misery made a deep impression on the country especially on the labour movement and on the Labor Party leaders who would be in government during most of the 1940s.

The Depression led to new scrutiny of Australia's social welfare system. For example, in the mid 1930s the British Medical Association suggested Australia adopt a national health insurance scheme not only because doctors understood the negative effect of poverty on health and the inability of the poor to pay for medical services, but also to avoid nationalised medicine and protect their own livelihoods.⁸ There was, however, no general consensus that insurance schemes solved the problem. The two major political parties disagreed on how a new welfare system

⁶ Stephen Garton, *Out of Luck. Poor Australians and Social Welfare 1788-1988*, Allen and Unwin, Sydney, 1990, pp. 126-129.

⁷ Patricia Grimshaw, Marilyn Lake, Ann McGrath, Marian Quartly, *Creating A Nation*, Penguin Books Australia Ltd., Ringwood, Vic., 1994, p. 242. See also Charlie Fox and Bruce Scates, 'The Beat of Weary Feet', in Verity Burgmann and Jenny Lee (eds.), *Staining the Wattle*, McPhee Gribble/Penguin Book, Fitzroy and Ringwood, Victoria, 1988, pp. 139 - 146, particularly for the political resistance of the unemployed. Also Janet McCalman's case study of working class Richmond in Melbourne, Janet McCalman, *Struggletown. Portrait of an Australian Working-class Community 1900-1965*, (Melbourne University Press, 1984), Penguin Books, revised edition 1988, pp. 151-180.

⁸ Gillespie, James A, *The Price of Health. Australian Governments and Medical Politics 1910-1960*, Cambridge University Press, Cambridge, 1991, p. 89. Claudia Thame, 'Health and the State: The

should be funded. The Lyons Government favoured a contributory scheme while the Labor Opposition argued for welfare to be funded from consolidated revenue.⁹

From 1931 to 1939 the federal party in government was a coalition of the two conservative parties, the United Australia Party and the Country Party led by Joseph Lyons of the United Australia Party. Lyons had been a Labor Premier in Tasmania and a senior member of the Scullin Labor Government from 1929 to 1931. In his early years of political life in Tasmania he had been a reformist socialist supporting policies such as free education and medical care for children and a state controlled medical scheme. He opposed conscription during World War I and had won the leadership of the Tasmanian Labor Party after the Party's dramatic split over conscription. After the First World War he adopted a more cautious and consensual approach to government and became wedded to orthodox economic and banking ideas of cutting expenditure and making payment of debt a priority. As a Tasmanian he was close to political economist Lyndhurst Giblin,¹⁰ a fellow Labor Member of the Tasmanian Parliament and influential in advising Lyons during his tenure as Tasmanian treasurer. Giblin was one of the architects of the fiscally conservative measures undertaken by the Scullin Labor Government during the early years of the Depression.¹¹ Lyons was at odds with those members of the Labor Caucus who favoured more radical economic solutions to the Depression, Jack Lang and Edward (E.G.) Theodore. With four Labor colleagues

Development of Collective Responsibility for Health Care in Australia in the First Half of the Twentieth Century', PhD thesis, Australian National University, June 1974, p. 309.

⁹ Garton *Out of Luck*, 1990, p. 132.

¹⁰ For a study of Giblin's economic thought and role in Australian economic policy see, William Coleman, Selwyn Cornish, Alf Hagger, *Giblin's Platoon, The Trials and Triumphs of the Economist in Australian Public Life*, ANU E Press, Canberra, 2006.

¹¹ Neville Cain, 'Giblin, Lyndhurst Falkiner (1872-1951)' *Australian Dictionary of Biography*, Volume 8, Melbourne University Press, 1981, pp. 646-648, <http://adbonline.anu.edu.au/biogs/A080661b.htm>. Coleman, Cornish, Hagger, *Giblin's Platoon*, 2006, Chapter 6, *passim*.

he had crossed the floor in March 1931 to vote for a motion of no confidence in the Scullin Government, which brought down the Labor Government. Lyons took over as Leader of the Opposition, formed the United Australia Party and won the federal election in December 1931. He was Prime Minister for seven years governing in coalition with the Country Party after the 1937 election. He died in April 1939.¹²

The Labor Opposition was led by John Curtin from October 1935. John Curtin's biographer, David Day, described Curtin as a 'socialist revolutionary and passionate anti-war activist turned Labor Party reformist and inspirational war leader'.¹³ Curtin was born in Creswick, Victoria in 1885 of Irish parents and joined the Political Labour Council as a young man. In 1902 he met Frank Anstey who would be the Minister for Health in the Scullin Government of 1929 to 1931. The radical and passionate Anstey had a strong influence on Curtin and the two enjoyed a lasting friendship. Like Anstey Curtin was active in the revolutionary socialist movement in Victoria during its heyday during the early years of the twentieth century. Curtin quickly became known as a powerful orator and retained the mantle throughout his political career. He began a long career as a journalist and editor of Labour journals in 1906 when he first wrote for the *Socialist*, the journal of the Victorian Socialist Party. He held various positions within the labour movement as a journalist, editor and union official. Curtin moved to Perth in Western Australia in 1917 to edit the journal of the Australian Worker's Union. By the early 1920s, while still adhering to a socialist philosophy, he began to modify his political ideas and considered the parliamentary alternative to revolutionary socialism. He ran unsuccessfully as a Labor candidate in 1925. His belief in social welfare was well

¹² Hart, P. R., 'Lyons, Joseph Aloysius (Joe) (1879–1939)', *Australian Dictionary of Biography*, (ADB), National Centre of Biography, Australian National University, <http://adb.anu.edu.au/biography/lyons-joseph-alloysius-joe-7278/text12617>

illustrated when he served on a federal Royal Commission investigating the possibility of introducing a federal child endowment payment in 1927-28. He fought strongly for the social welfare measure against the mainly conservative commissioners who decided against it. He and fellow commissioner, Mildred Muscio, submitted a minority report.

Curtin ran for federal parliament again in 1928 and won the seat of Fremantle and then again in 1929. In the Labor Caucus he opposed the financially conservative Premiers' Plan in the crisis of the Depression and withdrew his candidacy for the Ministry in March 1931 when his friend Frank Anstey lost his Cabinet post. He lost his seat of Fremantle in the Labor loss of government in 1931 but won it back in the election of September 1934. In October 1935, James Scullin, the leader of the Labor Party, resigned because of poor health and Curtin succeeded him as leader.¹⁴

In 1936, faced with evidence of escalating costs of aged and invalid pensions,¹⁵ the Lyons Government commissioned two reports, one on health and pensions and a second on unemployment. Conducted by British Government experts and presented in 1937, the reports found Australia to be lagging behind other countries on welfare

¹³ David Day, *John Curtin, a life*, Harper Collins, Sydney, 1999, p. 1.

¹⁴ Serle, Geoffrey, 'Curtin, John (1885–1945)' *ADB*, National Centre of Biography, Australian National University, <http://adb.anu.edu.au/biography/curtin-john-9885/text17495>. Day, *John Curtin*, 1999, pp. 63-64, 303, 342. Stuart Macintyre, 'Curtin, John Joseph Ambrose (1885-1945)', in Grame Davison, John Hirst, Stuart Macintyre (eds), *The Oxford Companion to Australian History*, Oxford University Press, Melbourne, 1998.

¹⁵ Between 1935 and 1938 the number of old age pensioners increased by 601,874 and the cost by £2,892,960, an increase in costs of more than 20%. [Australia, Parliament, 1937-38-39-40, *Postmaster General's Department Twenty-Seventh Annual Report 1936-37*, Parl. Paper 51, Vol. 4, p. 9; *Postmaster General's Department Twenty-Eighth Annual Report 1937-38*, Parl Paper 163, Vol. 4, p. 8.] Aged and invalid pensions had reached 18% of the Commonwealth budget by 1938. [Garton, *Out of Luck*, 1990, p. 132]

issues.¹⁶ Sir Walter Kinnear wrote the *Report on Health and Pensions Insurance* and reported:

... the position in Australia is almost similar to that in Great Britain in 1911, when the Government introduced its National Health Insurance Scheme. Voluntary insurance has proved to be inadequate to meet the needs and circumstances of the whole industrial population, ...¹⁷

Following the British model the Kinnear reports recommended introducing national insurance schemes funded by compulsory contributions from employees and employers.¹⁸ Lyons made the introduction of national insurance schemes for pensions and health care an election promise in the general election of October 1937.¹⁹

The United Australia and Country Parties' coalition under Lyons won the 1937 federal election but suffered a reduction in its Senate majority. This left the Government with only eight months to pass legislation before their Senate numbers reduced. Richard Casey, Treasurer, introduced the *National Health and Pensions Insurance Bill* on 4 May 1938. The Bill sought 'to provide for insurance against certain contingencies affecting employees, and the wives, children, widows, and orphans of employees, and for other purposes'.²⁰ Both employees and employers were to share the cost of contributions of three shillings a week for men and two

¹⁶ Garton, *Out of Luck*, 1990, p. 132. Thame, 'Health and the State', 1974, p. 311. For example, the United States of America passed a Social Security Act in 1935, and closer to home, the New Zealand Parliament carried legislation in 1938. [M.A. Jones *The Australian Welfare State*, George Allen & Unwin, London, 1980, p. 28] Anne Crichton, *Slowly Taking Control? Australian governments and health care provision 1788 -1988*, Allen & Unwin, Sydney, 1990, p. 36.

¹⁷ Australia, Parliament, 1937, *Report on Health and Pensions Insurance*, 15 June, 1937, Parl Paper, 76, Vol. 5, p. 10.

¹⁸ Gillespie, *The Price of Health*, 1991, pp.91-92, Thame, 'Health and the State', 1974, p. 311. Garton, *Out of Luck*, 1990, p. 132

¹⁹ Australia, House of Representatives 1937-38, *Debates*, 4 May 1938, Vol. 6, p. 793. Gillespie, *The Price of Health*. 1991, p. 91.

²⁰ Australia, House of Representatives 1937-38, *Debates*, 4 May 1938, p. 787. The Bill proposed a contributory insurance scheme for sickness and disability, old age, and widows' and orphans' pensions with a child allowance, which would apply to employees over 14 years of age with the exception of non-manual workers earning more than £365 per annum and other groups for whom the scheme was considered unnecessary.

shillings a week for women. Although friendly societies were to collect the money, the medical benefits and pension scheme was to be administered by a national insurance commission.²¹ The Bill had a difficult passage through parliament passing only after the Government made concessions to a number of opposing groups.

The Bill met with immediate resistance from the Labor Opposition even before Casey made his second reading speech. Curtin, criticising the vagueness of Casey's term 'certain contingencies' and the limited scope of the whole proposal, attempted to broaden and clarify the range of the Bill. He moved to amend the Government's motion to read, '[insurance against] unemployment; sickness, partial and/or temporary invalidity affecting the people of the Commonwealth'.²² The Government's intention to limit the Bill to employees, Curtin argued, would be 'inherently unsound and unsatisfactory and improperly discriminatory in national policy ... the importance of the well-being of the family of Australia is not confined to one class'.²³ Curtin did not have the numbers to pass the amendment but he set the tone of the debate in which Members of Parliament made a record 62 speeches during the second reading debate.²⁴

Strong opposition came from within and without parliament. Labor opposed the contribution principle as regressive and inequitable, although its position was a little ambivalent²⁵ at first. Initially Ben Chifley, future Labor Government

²¹ Australia, House of Representatives 1937-38, *Debates*, 4 May 1938, p. 796. Gillespie, *The Price of Health*, 1991, p. 98.

²² *ibid.*, p. 787.

²³ *ibid.*

²⁴ Australia, House of Representatives 1937-38, *Debates*, 4 May 1938, pp. 792-793. Thame, 'Health and the State', 1974, p. 315.

²⁵ Gillespie, *The Price of Health*. 1991, p. 105-106. Thame, 'Health and the State', 1974, p. 312.

Treasurer, had been willing to try to persuade the union movement of the Bill's merits²⁶ but the Party's final decision was to stand against the bill. A contributory scheme, Labor argued, would place most of the burden on lower income earners whereas a scheme funded from general revenue would draw more from higher income earners and be more socially just.²⁷ Labor argued for health services to be provided on the same basis as education, namely a free service for everyone. Curtin said,

...what we have before us is a matter of social reform more than of the extension of industrial policy. Social reform should relate to the social life of the community, and the only limitation in regard to the eligibility of our citizens to share in this new chapter of social welfare should be whether the citizen is in such a state of necessity as makes it nationally desirable that he or she should have the benefit of that reform.²⁸

Addressing the details of the Bill, Curtin criticised the absence of unemployment benefits, the exclusion of non-employees and the disadvantages for women who would receive lesser benefits because of their lower wages and who would lose their benefit if they left the workforce after marriage.²⁹ In some occupations including teaching and the public service, women were forced to resign after marriage. Also within Parliament a number of Country Party members, angered by the exclusion of farmers, were prepared to cross the floor to vote against the bill.³⁰ Outside of parliament the BMA, an important lobby group for such legislation, offered persistent if disunited resistance. Its federal body had negotiated with the Government on capitation fees³¹ but State branches repudiated the Council's negotiated position.³² Trades Union, like the Labor Party, believed in funding social welfare from general revenue, not from what they viewed as an additional

²⁶ Gillespie, *The Price of Health*, 1991, p. 105-106.

²⁷ Garton, *Out of Luck*, p. 133. Thame, 'Health and the State', 1974, p. 312

²⁸ Australia, House of Representatives 1937-38, *Debates*, 4 May 1938, p. 789.

²⁹ Gillespie, *The Price of Health*, 1991, p. 106. Thame, 'Health and the State', 1974, p. 315. Garton, *Out of Luck*. 1990, pp. 132-133.

³⁰ Gillespie, *The Price of Health*, 1991, p. 110.

tax on workers.³³ Employers did not want to be forced to pay a share of contributions while friendly societies feared that central administration of the benefits would undermine their position. During debate the Government tried to quell opposition from its Country Party dissidents by promising to look at a scheme for the self-employed, while the BMA was a little placated by the promise of a Royal Commission into the medical professions' remuneration under the scheme.³⁴ Following these compromises the Bill passed through both Houses, passing the Senate just three days before the new Senate was to take office.³⁵

Problems and resistance continued after the passage of the Bill forcing further concessions from the Government. The Royal Commission investigating medical fees collapsed following the deaths of some participants in a plane crash and then the death of the Commissioner. The threat of war, increasing defence costs, Government disunity and the death of Prime Minister Lyons led to an indefinite postponement of the legislation on 16 June 1939.³⁶ At the same time a proposal by the Government to establish a joint parliamentary committee to investigate the Act and how it might be amended was defeated in the House of Representatives by the combined votes of the Labor Opposition and the Country Party because they

³¹ Australia, House of Representatives 1937-38, *Debates*, 4 May 1938, p. 802.

³² Thame, 'Health and the State', 1974, pp. 313-314.

³³ Gillespie pointed to the relatively recent victory of the union movement to have workers' compensation funded by employers' contributions, suggesting that in the light of this victory it was unsurprising that unions would oppose schemes requiring contributions from workers. [Gillespie, *The Price of Health*, 1991, p. 107]

³⁴ Thame, 'Health and the State', 1974, p. 316.

³⁵ Gillespie, *The Price of Health*, 1991, p. 99.

³⁶ Australia, House of Representatives 1939, *Votes and Proceedings*, 14 June, 1939, p. 424. Australia, Senate 1939, *Debates*, 17 June 1939, p. 32, (Philip McBride, Minister for the Army, [UAP]. Thame, 'Health and the State', 1974, p. 315. Gillespie, *The Price of Health*, 1991, pp. 103-110, Garton, *Out of Luck*, 1990, p. 133, Kewley, *Social Security in Australia*, 1965, p. 164.

viewed it as an expensive and unnecessary face saving exercise.³⁷ As Gillespie has shown, the Act failed because support for it was dissipated.³⁸

The struggle over the *National Health and Pensions Insurance Bill* confirmed Labor's commitment to non-contributory social welfare.³⁹ During the election campaign of September 1940, borrowing Franklin Roosevelt's language of the 'New Deal', Labor promised improvements to social welfare provisions including more money for soldiers and their families, a widow's pension, and increases in the invalid and old age pension.⁴⁰ Labor's plan for a more secure post-war world could only be achieved, it held, through centralising more powers with the Federal Government, a belief long held by many in the Party. In 1918, for example, the Labor Party had included in its Fighting Platform the constitutional aim of giving the Federal Parliament unlimited legislative power.⁴¹ Ben Chifley had always favoured greater federal powers and more national oriented policies. As war-time Treasurer and Minister for Post-war Reconstruction he was frustrated with the lack of Commonwealth powers. In 1943 he said 'too many lives [are]... dominated by the fear of unemployment and too little real effort [is]... made by governments and administrators to banish it'. He argued for the Commonwealth to keep its war-time powers '[to] save the nation from the chaos which [otherwise] is likely to result' if the Commonwealth had limited powers to manage post-war reconstruction and had to deal with the six State Governments and their differences.⁴² Labor's vision for

³⁷ Australia, House of Representatives 1939, *Votes and Proceedings*, 14 June 1939, p. 425. Australia, House of Representatives 1939, *Debates*, 8 June 1939, p. 1526, (Francis {Frank} Forde, Deputy Leader of the Opposition [ALP]); 14 June, 1939 pp. 1812-13, 1831, (Earle Page, Leader of the Country Party; Archie Cameron, Member for Barker [CP]).

³⁸ Gillespie, *The Price of Health*, 1991, pp. 105 – 111.

³⁹ Garton and McCallum, *Labour History*, 1996, pp. 117, 119.

⁴⁰ *The Advertiser*, 10 September, 1940, p. 5.

⁴¹ L.F. Crisp, *The Australian Federal Labour Party 1901-1951*, Longmans, Green and Co., London, 1955, p. 265.

⁴² Day, *Chifley*, 2001, pp. 383, 398-99.

post-war Australia was of a nation fully employed, but also of a nation whose citizens could call on a social welfare system to save them from penury during life crises such as illness, family breakdown and temporary unemployment.⁴³ This vision was well formed in the very early stages of the war. The Government of Robert Menzies, who became Prime Minister on the death of Lyons, on the other hand, held a more nebulous image. While Menzies aimed ‘to maintain highest living standards consistent with full national war effort’,⁴⁴ Curtin’s Opposition demanded precise reforms including pensions for widows and larger families, increases in existing pensions, and ‘recognition of rights of all men and women to enjoy the fruits of honest toil’.⁴⁵ On 7 October 1941 the Menzies Government fell and Labor was given the opportunity to govern and to implement its plans for post-war reconstruction.

In the early 1940s, even with the outcome of the war still far from certain, policymakers turned optimistically to planning post-war society. In Britain W.H. Beveridge presented his famous report on social insurance in November 1942. Beveridge’s *Report on Social Insurance and Allied Services* detailed a plan for comprehensive social insurance designed to protect the British population from poverty and unemployment.⁴⁶ Beveridge’s Report was a best seller, even a matter of British pride. Leaflets about its central principles were dropped over Nazi-occupied Europe during British bombing raids. Despite this triumphalism the Report was not accepted by the British war-time Government without some compromises and the Government did not commit to Beveridge’s key premise of

⁴³ Garton, *Out of Luck*, 1990, p. 131.

⁴⁴ Patrick Weller, (ed.), *Caucus Minutes 1901-1949, Minutes of the Meetings of the Federal Parliamentary Labor Party*, Volume 3, 1932-1949, Melbourne University Press, 1975, p. 247.

⁴⁵ *ibid.*, p. 243.

abolishing want. Nevertheless detailed plans were prepared in 1944 to establish a national health service, family allowances and national health insurance. On the 50th anniversary of the release of the Report Abel Smith noted that the report did not ultimately fulfill its promise but that Beveridge had made a significant contribution to the global view on social security, which was probably more influential outside of Britain than in Britain itself.⁴⁷

Politicians in Australia were very aware of the Beveridge Report and in particular, Treasurer Ben Chifley who kept abreast of streams of political thought in Britain.⁴⁸

In its introduction the Beveridge Report claimed guidance from three basic principles. The first reflected the notion that the war provided an opportunity for mending the social ills of the past,

Now, when the war is abolishing landmarks of every kind, is the opportunity for using experience in a clear field. A revolutionary moment in the world's history is a time for revolutions, not for patching.⁴⁹

The second principle saw social progress dependant upon not only freedom from want but also freedom from 'Disease, Ignorance, Squalor and Idleness'.⁵⁰ The third principle noted the importance of co-operation between the state and the citizenry.⁵¹

⁴⁶ William Beveridge, *Social Insurance and Allied Services*, London, His Majesty's Stationery Office, Cmd. 6404, 1942, pp. 5, 19.

⁴⁷ Brian Abel-Smith 'the Beveridge Report: Its origins and outcomes', *International Social Security Review*, Vol. 45, 1-2/92 (1992), pp. 6-7, 12 – 15.

⁴⁸ Jo-Anne Pemberton '“O Brace New Social Order”: The Controversy over Planning Australia and Britain in the 1940s', *Journal of Australian Studies*, No. 83, 2004, pp. 35-36.

⁴⁹ Beveridge, *Social Insurance*, 1942, p. 6.

⁵⁰ *ibid.*, p. 2.

⁵¹ Beveridge, *Social Insurance*. 1942, p. 2. Beveridge and his Committee found Britain's existing system to be comparable to other countries except in the range and distribution of medical services. In Britain the National Insurance Act of 1911 provided a sanatorium allowance to local authorities and the 1924 National Health Insurance Act allowed a sickness benefit for 26 weeks and then a lesser disablement benefit. [Smith, F.B., *The Retreat of Tuberculosis 1850-1950*, Croom Helm, London, 1988, pp. 76, 107.]

Late in December 1942, a month after the release of the Beveridge Report, the Curtin Labor Government established a Department of Post-war Reconstruction,⁵² with, as noted, future prime minister Ben Chifley as Minister for Post-war Reconstruction. As the threat of imminent invasion receded late in 1942 the Government began to plan for a new society at war's end.⁵³ The Department of Post War Reconstruction was charged with planning a fairer and more economically secure post-war society. In the words of Herbert Vere Evatt, Attorney-General and Minister for External Affairs,

To change over from war to peace, and to do so in a way which will build up a peace economy based upon economic security and social justice.⁵⁴

The year 1942 also saw the Federal Government secure the financial means to prosecute the war and to implement social reform policies by gaining sole power to impose income tax. Since World War I both the States and the Commonwealth had imposed income tax. Chifley, as Treasurer, established a bi-partisan committee in February 1942 to examine how to bring in a national uniform taxation system but, as the States would not cede their power voluntarily, he introduced legislation to impose a uniform system of taxation.⁵⁵ Clause eight of the Bill withdrew the States' power to levy income tax for the duration of the war and for a year after war's end.⁵⁶ Not surprisingly, some States resisted and took the matter to the High Court. In a majority decision the High Court found in favour of the Commonwealth on the grounds of the Commonwealth's constitutional taxation powers rather than

⁵² Commonwealth of Australia, *Parliamentary Handbook, Record of Elections*, 10th Issue, 1938 to 1945, p. 192.

⁵³ Day, *Chifley*, 2001, p. 384.

⁵⁴ Dr. H.V. Evatt, *Sydney Morning Herald (SMH)*, 23 November 1942, reproduced in Brian McKinlay, *A Documentary History of the Australian Labor Movement 1850-1975*, Drummond, Richmond, Victoria, 1979, p. 158.

⁵⁵ Day, *Chifley*, 2001, p. 380. Firth, *AJPH*, 2005, p. 1. Weller, *Caucus Minutes*, p. 297. Australia, House of Representatives 1940-42, *Debates*, Vol. 6, 15 May 1942, pp. 1291-1294 (Ben Chifley, Treasurer).

⁵⁶ Australia, House of Representatives 1940-42, *Debates*, 15 May 1942, pp. 1291-1294

defence powers thereby removing impediments to federal retention of the income tax monopoly after the war. This was not to be sufficient for the fulfilment of Labor's social agenda but was nevertheless a major transference of powers to the Federal Government.

Labor acted quickly on social welfare legislation. The Menzies' government had introduced child endowment and the Labor Opposition had secured from Menzies an increase in the aged pension. In March 1942 the Labor Caucus agreed to introduce amending acts for wider social security benefits including widows' pensions, unemployment and sickness benefits, allowances to children in homes and further increases in the aged pension.⁵⁷ Some of these benefits had previously been paid by States but the situation varied from State to State.⁵⁸ In October 1942, with the Government in good standing, Herbert Evatt introduced a bill to give the Commonwealth greater powers to enact laws for the war effort and for post-war reconstruction. The powers sought covered matters such as employment, national works, family allowances and national health. This strategy of taking powers through legislation required agreements with the States and met with criticism and resistance. The Commonwealth made concessions to the States and the bill was re-drafted twice before a Convention of States and Commonwealth representatives reached agreement. All Premiers agreed to urge the passage of complementary legislation in State parliaments but only Queensland and New South Wales passed the legislation. Other States either amended the proposed complementary legislation or, as in the Tasmanian case, rejected it all together. Following this failure the Government, buoyed by a landslide election victory in August 1943 in

⁵⁷ Weller, *Caucus Minutes*, pp. 253, 297.

both Houses of Parliament and confident of their policy mandate, put a referendum on Constitutional powers to the voters in August 1944.⁵⁹

The referendum sought powers on 14 separate matters including national health, employment, production and distribution of goods, and control of companies. Opposition came from the Liberal and Country Parties as well as some States but the Government also faced other problems. All 14 questions were grouped together leaving no option to vote on individual powers forcing voters to approve or reject all questions. Moreover the atmosphere of national crisis of the early war years had abated by the middle of 1944. Voters rejected the constitutional change in a majority of States with only South Australia and Western Australia voting yes. This defeat raised questions about the validity of measures already put in place and left the Government vulnerable to High Court appeals.⁶⁰

TUBERCULOSIS AND THE SOCIAL WELFARE AGENDA

Within this context pressure to address the tuberculosis problem intensified. The political climate provided an opportunity for anti-tuberculosis campaigners to press their case for nationally uniform public health measures and a special pension. Edward Holloway, the Minister for Health, asked the National Health & Medical Research Council to present their position on tuberculosis, which it did at its Twelfth Session held on 26 and 27 November 1942. The Council reiterated two principles it had articulated at its First Session in 1935 that economic support was the most important part of a campaign against tuberculosis together with removal

⁵⁸ Frances G. Castles, *The Working Class and Welfare: reflections on the political development of the Welfare State in Australia and New Zealand, 1890-1980*, Allen and Unwin in association with Port Nicholson Press, Wellington, Sydney, 1985, p. 23.

⁵⁹ Kewley, *Social Security in Australia*, 1973, pp. 180-182.

⁶⁰ Day, *Chifley*, 2001, p. 399. Kewley, *Social Security in Australia*, 1973, p. 182

of the tuberculosis sufferer from the family environment. For these principles to come into effect the NHMRC recommended increasing the invalid pension to one which was much the same as that provided by the Repatriation Department to returned soldiers with tuberculosis.⁶¹

In the meantime, before he lost power to the Labor Party, Menzies had taken up a proposal by Curtin to establish a joint parliamentary committee to investigate Australia's social security and post-war needs.⁶² Sheila Shaver argued that Menzies set up bi-partisan parliamentary committees partly as a means of holding government and smoothing over concerns about new war-time powers. Menzies' hold on government was tenuous relying as he did on the support of two independents in the House of Representatives.⁶³ He established the Joint Committee on Social Security (JCSS) comprised of four lower house members and two senators evenly split between the Government and Labor. Its terms of reference were to investigate specific aspects of social security including contributory pensions for widows, orphans, invalids and the aged, unemployment insurance, a national housing plan and a comprehensive health scheme. The health scheme was to include child and maternal welfare, nutrition and medical services. The Committee deliberated from July 1941 to 1946 presenting nine reports during that time.⁶⁴ Recommendations on tuberculosis were made in the Sixth Interim Report.

⁶¹ Australia, Parliament, Joint Committee on Social Security (JCSS)1943, *List of Witnesses and Index to Minutes of Evidence from 21st July, 1941 to 2nd June, 1943*, Commonwealth Government Printer, Canberra, p. 646 (Dr. Calov, witness)

⁶² Tim Rowse, *Nugget Coombs A Reforming Life*, Cambridge University Press, Cambridge, 2002, p. 99.

⁶³ Shaver, Sheila 'Design for a Welfare State: The Joint Parliamentary Committee on Social Security', *Historical Studies*, Vol. 22, No. 88, April, 1987, p. 413.

⁶⁴ *ibid.*, pp. 411, 413-414.

Historians generally have found the JCSS to have had little influence on policy. Nevertheless it served as a forum close to government that promoted national tuberculosis campaign. Moreover, the Committee's comments were cited often in Parliamentary debates on later Tuberculosis Acts. The Members of the Committee concurred with the other main influences on tuberculosis policy and their reports are of value in analysing the advice given to the Curtin Government on tuberculosis. The Sixth Interim Report of the Committee reported on 1 July 1943 under its terms of reference to examine Australia's health services. The Committee found treatment facilities and accommodation for tuberculosis patients to be 'tragically short of urgent requirements' and systems for finding early cases 'hopelessly inadequate'.⁶⁵ It further noted the lack of financial support to sufferers and dependants.⁶⁶ Also criticised was Australia's attack on the disease describing it as 'a reproach to all' those who had not used their knowledge of the disease to provide improved facilities, early detection methods and economic support to tuberculosis sufferers and their families. Tuberculosis remained a problem because of public health inaction.

Had these adequate services been provided, tuberculosis in Australia would now be a rare rather than a relatively common disease.⁶⁷

Witnesses who spoke about tuberculosis included general practitioners from regional and metropolitan areas of various States, hospital medical superintendents, military medical directors, state departmental medical officials, superintendents of

⁶⁵ Australia, Parliament, JCSS, *Sixth Interim Report from the Joint Committee on Social Security*, 1 July 1943, p. 6.

⁶⁶ *ibid.*

⁶⁷ *Sixth Interim Report of the Social Security Committee*, cited in Australia, House of Representatives 1945, *Debates*, 4 October 1945, p. 6549, (Eric Harrison, Member for Wentworth [Liberal Party]).

sanatoria, representatives of social workers and three patients from Waterfall sanatorium.⁶⁸

In October 1942 Chifley, as Treasurer, requested a report from the Committee on health services in October 1942 with an emphasis on actions the Government could take during the war.⁶⁹ In response in the Committee members suggested a number of measures for immediate consideration including financial assistance to tuberculosis sufferers and their dependants. Others considered deserving of financial assistance were pregnant and nursing women and people suffering a temporary incapacity. The Committee also recommended Commonwealth grants for treating venereal disease and for child welfare. In making these recommendations the JCSS rejected the notion of a health insurance scheme and counseled against implementing any provisions of the *National Health and Pensions Insurance Act 1938* thereby supporting the Labor position of financing from consolidated revenue.⁷⁰ The Sixth Report of the JCSS also detailed a specific plan for tuberculosis control incorporating the major principles long articulated by doctors such as Holmes, namely special pensions, better methods of early detection, follow up of contacts, improved hospital accommodation and more attention to after-care. Particular emphasis was placed on the need for additional financial support:

...we most strongly urge the earliest possible adoption of the recommendations ... made for the payment of special rate pensions to the tuberculous and allowances to dependants. It is realized that this will involve a considerable expenditure, but it should be remembered that this is inescapable if we are to grapple with this disease which, while it remains unchecked, will continue to

⁶⁸ Australia, Parliament, JCSS, *List of witnesses and index to minutes of evidence (and Minutes of evidence)*, Government Printer, Canberra, 1943, *passim*.

⁶⁹ Australia, Parliament, JCSS, *Sixth Interim Report from the Joint Committee on Social Security*, 1 July 1943, p. 3. Gray, *Federalism and Health Policy*, 1991, p. 67.

⁷⁰ Australia, Parliament, JCSS, *Sixth Interim Report from the Joint Committee on Social Security*, 1 July 1943, p. 3.

account for a great deal of economic wastage in man-power apart from the distress and loss of life occasioned thereby.⁷¹

In June 1943 a conference of Health Ministers agreed to plan an active anti-tuberculosis campaign involving all States and the Commonwealth to ensure all tuberculosis cases received correct treatment and that the disease was detected in its early stages. Health Ministers asked the NHMRC to prepare a scheme for consideration after which the Commonwealth would determine the level of financial assistance it could provide. They requested the NHMRC to ‘...[bear] in mind particularly the relation of social security to any effective means of successfully dealing with the problem’.⁷²

The Council reported to Ministers of Health emphasizing the need for more money for all public health measures and for improving the economic condition of the tubercular.⁷³ Members of the NHMRC called for Commonwealth subsidies to States for tuberculosis just as the Commonwealth Health Department had in the late 1920s. In December 1943 Health Ministers agreed with the proposition providing Commonwealth subsidies for diagnostic and after-care facilities, maintenance of new hospitals and sanatoria, capital expenditure and a food allowance.⁷⁴ They did not, however, think it would be practical to implement the entire programme at that point. Instead they suggested the Commonwealth offer a pound for pound subsidy to States for capital and maintenance expenditure on

⁷¹ Australia, Parliament, JCSS, *Sixth Interim Report from the Joint Committee on Social Security*, 1 July 1943, p. 10. Other areas of health services examined by the JCSS in this report included occupational therapy, mental health, venereal disease, food and drugs, preventive health, medical services in general, hospitals and research.

⁷² NAA: A571, 1943/1730 Part 1, Commonwealth of Australia, *Conference of Ministers for Health of the Commonwealth and States of Australia*, Canberra, 6 July 1944, p. 13..

⁷³ NAA: A571 1943/1730 PART 1 ‘Tuberculosis’, u.d., circa June- November 1943.

⁷⁴ NAA: A571, 1943/173 Part 1, Memorandum, J.M. Fraser, Minister of State for Health to Cabinet, 18 January, 1944. NAA: 1928, 1105/44, Letter, Director-General of Health, 15 September 1944.

clinics and dispensaries for the purpose of diagnosis and advice.⁷⁵ The following month State Premiers endorsed the principle of joint State and Commonwealth funding for tuberculosis programmes.⁷⁶ Despite this consensus at the political level, the Assistant Secretary of Treasury opposed the proposition and tried to persuade Chifley to minimize the Commonwealth's contribution. He thought responsibility for tuberculosis should remain with the States pointing out that the Commonwealth already carried a considerable financial burden for tuberculosis through the repatriation system. Nevertheless, as the decision had been made, he proposed a fixed contribution to the States rather than pound for pound subsidies. Chifley was unmoved noting on the Assistant Secretary's correspondence, 'noted, no action for [the] present'.⁷⁷

FAILURE OF FIRST COMMONWEALTH TUBERCULOSIS LEGISLATION

As a result of the decisions of the Ministers' Conference the Commonwealth Parliament passed the *Tuberculosis Act* in October 1945 acceding to the substance of proposals public health physicians had been making for decades and particularly since the Holmes Report of 1929. Examination of the 1945 Act and its immediate successor in 1946 is important to understand how this first experience shaped the more extensive federal policy introduced in 1948. Edward Holloway, Minister for Labour and National Service, introduced the Bill on 27-28 September announcing an agreement between the Commonwealth and State Governments to co-operate in

⁷⁵ NAA: 571, 1943/173 Part1, Memorandum, J.M. Fraser, Minister of State for Health, to Cabinet, 18 January, 1944.

⁷⁶ NAA: A571, 1943/1730 Part 1, Commonwealth of Australia, *Conference of Ministers for Health of the Commonwealth and States of Australia*, Canberra, 6 July 1944, p. 13.

⁷⁷ NAA: 571, 1943/173 Part 1, Minute, Assistant Secretary of Treasury to Treasurer, 23 May, 1944. Chifley had made his position clear a year earlier when, in response to a request from the Civilian Tuberculosis and Cancer Fund, answered that Commonwealth donations to individual bodies was not desirable, that the matter of tuberculosis demanded a national approach, something he fully

an anti-tuberculosis scheme. The Bill had four elements. First, the Commonwealth would encourage States to offer improved diagnostic services by subsidising their expenditure on facilities such as clinics, dispensaries and x-ray equipment on a pound for pound basis to a maximum of £50,000 per year across all States. Second, it would offer a further subsidy of six shillings a day for each hospital bed established for tuberculosis after the commencement of the Act on condition tubercular patients were offered free treatment in public wards. Existing beds were covered under the Hospital Benefits Bill which the Commonwealth Government had introduced earlier in the year. Under this bill the Commonwealth gave the States six shillings a day for each patient in all hospitals provided hospitalisation was free in public wards.⁷⁸ Chifley said of the tuberculosis offer, 'This is a very substantial benefit representing about 60% of the total cost of maintaining tuberculosis beds.'⁷⁹ Like the Hospital Benefits Bill the Tuberculosis Bill required States to provide free treatment in public hospitals for all cases of tuberculosis.⁸⁰ Third, the Commonwealth offered a pound for pound subsidy up to £50,000 for after-care facilities. Fourth, a Tuberculosis Allowance, higher than an invalid pension, would be offered to patients and their families in addition to any other Commonwealth social security benefits.⁸¹ The estimated cost of the scheme would be £300,000 in the first year during which time States would not be ready to take immediate advantage of the Commonwealth funds, but the cost was expected to rise to £1,000,000 per year.

supported. [NAA: 571, 1943/173 Part 1, Letter, J.B. Chifley to Civilian Tuberculosis and Cancer Fund, 13 May, 1943.]

⁷⁸ Anne Crichton, *Slowly Taking Control? Australian governments and health care provision 1788 – 1988*, Allen & Unwin, Sydney, 1990, p. 30.

⁷⁹ NAA: A571, 1943/1730 Part 1, J.B. Chifley, Treasurer [and Prime Minister], 'Tuberculosis Benefits. Special Financial Assistance in respect of Dependents of Sufferers', Cabinet Agendum No. 936, 11 September, 1945.

⁸⁰ *ibid.*

The measures contained in the *Tuberculosis Act 1945* were to be funded from the National Welfare Fund. The Labor Government had established the fund in 1943 to support its policy of a comprehensive national welfare scheme.⁸² The initial estimate of £300,000 for tuberculosis was almost 18 times the amount sought for subsidies just over a decade before. Although the mass survey that would become a vital part of the anti-tuberculosis campaign was not specifically foreshadowed in this Act, the Government reported on the successful use of x-ray surveys during the war and the potential to extend such surveys. The Bill passed the House of Representatives with Opposition support on 4 October 1945 and became law on 11 October of that year.⁸³

Tuberculosis Allowance

Like the special repatriation pension paid to one category of tubercular diggers, the tuberculosis allowance designed in 1945 was not to be paid to all sufferers but to a hierarchy of categories. The first category was a wife of a sufferer who had children under the age of 16. The conditions under which a wife could receive the allowance was that her husband receive treatment in a sanatorium, or showed willingness to do so, or was treated at home under approved conditions, or was being rehabilitated under approved conditions following release from a sanatorium. The same conditions applied to the other categories, which were, in hierarchical order, a widow, widower, deserted wife or divorcee with children under 16 years of

⁸¹ *Tuberculosis Act 1945* (Cwlth). Ronald Mendelsohn, 'The Introduction of the Commonwealth-State Tuberculosis Scheme 1948-1952', in B.B. Schaffer and D.C. Corbett (eds.) *Decisions: case studies in Australian administration*, F.W. Cheshire, Melbourne, 1965, p. 120.

⁸² Australia, House of Representatives, *Debates*, 11 February, 1943, Vol. 173, pp. 548-9 (John Curtin, Prime Minister) cited in F.K. Crowley, *Modern Australia in Documents 1939-1970*, Vol. 2, Wren Publishing Pty Ltd., Melbourne, 1973, p. 79. Day, *Chifley*, 2001, p.387. Mendelsohn, 'The Introduction of the Commonwealth-State Tuberculosis Scheme 1948-1952', 1965, p. 106.

⁸³ Australia, House of Representatives, *Debates*, 4 October, 1945, pp. 6543 – 655. *Tuberculosis Act 1946* (Cwlth).

age and lastly an individual sufferer with no dependants.⁸⁴ The tuberculosis allowance was not designed to assist all sufferers but to act as a preventative particularly within the family. In his second reading speech Holloway pointed out that the allowance was not to be an automatic payment, but was designed to protect the community as well as assist the sufferer.

The allowance will be paid in those cases where the fight against the disease will be positively assisted. I stress this because it is not intended that an automatic increase shall be made by existing Commonwealth social service payments paid in respect of incapacity caused by tuberculosis. Each case will be considered on its merits and periodically reviewed by medical authorities.⁸⁵

1946 Act

Earlier chapters have discussed the dilemmas and complications tuberculosis gave policy makers. The *Tuberculosis Act 1945* proved to be just as complex in its implementation as measures such as notification. Cabinet had allowed £250,000 per annum for special allowances to tuberculosis sufferers and their dependants. But the first cost estimates by the Department of Health were £1,500,000, six times the proposed amount. But Treasury officials were less concerned with the initial cost than the precedent such payments would set in relation to invalid pensions. In April 1946 the Assistant Secretary of Treasury advised Chifley, '... the danger of the proposals is not that they would cost £1½m at the outset ... but that they will establish a precedent in respect of the payment of invalid pensions generally.'⁸⁶

Treasury officials identified a number of problems. Limiting the allowance to early, potentially curable cases, as the Government desired, would prove difficult to determine and administer. On the other hand extending the allowance to all chronic cases would spark demands from other categories of invalid pensioners with

⁸⁴ NAA: A571, 1943/1730 PART 1, Letter, A.J. Metcalfe, Acting Director-General of Health to H.J. Goodes, Assistant Secretary, Department of Treasury, 28 February, 1946.

⁸⁵ Australia, House of Representatives, *Debates*, 27-28 September, 1945, p. 6104.

chronic conditions,⁸⁷ ‘... for there is no difference whatever between a chronic sufferer from tuberculosis, cancer or any other disease’.⁸⁸ Treasury also argued that because the scheme would cost more than the proposed £250,000, States would demand more money.⁸⁹ In general, the amount was insufficient to induce sufferers to leave employment and conversely withdrawal of the allowance after institutional treatment would create a reluctance to leave institutions. Treasury anticipated pressure to maintain the allowance during rehabilitation and even pressure to increase the dependant child age above 16 years. Officials warned the Treasurer against commencing the allowances and instead proposed a much weaker scheme of food vouchers for child sufferers.⁹⁰ In the view of Treasury officials their suggested scheme, while not the one intended by Cabinet, would avoid the predicted problems and provide the practical experience necessary to assess how the Tuberculosis Allowance scheme might function.

This scheme would not involve the danger which arises from supplementing another benefit or pension; it would be terminable and it could be extended after experience has been gained if it is desired to do so. It is, however, a departure from the original policy and, being on the small side, might be open to criticism from that angle.⁹¹

This proposition all but negated the Government’s decision. Although the Government’s proposed scheme was inadequate for its expressed goal, Treasury’s alternative took no cognisance of that goal. The idea behind the allowance was not only to improve the strength and resistance of the sufferer but to build resistance in

⁸⁶ NAA: A571, 1943/1730 PART 2, Memorandum 8756/43/1730, Assistant Secretary to the Treasurer, 5 April, 1946.

⁸⁷ NAA: A571, 1943/1730 PART 2, Draft Memorandum to the Treasurer, ‘Tuberculosis Act 1945 – Special Allowance, u.d. circa April/May 1946.

⁸⁸ NAA: A571, 1943/1730 PART 2, Memorandum 8756/43/1730, Assistant Secretary to the Treasurer, 5 April, 1946.

⁸⁹ NAA: A571, 1943/1730 PART 2, Memorandum 8756/43/1730, Assistant Secretary to the Treasurer, 5 April, 1946; Minute Paper, Assistant Secretary Goodes to J.B. Chifley, Treasurer, 4 June 1946.

⁹⁰ NAA: A571, 1943/1730 Part 2, Draft Memorandum to the Treasurer, ‘Tuberculosis Act 1945 – Special Allowance, u.d. circa April/May 1946.

⁹¹ NAA: A571, 1943/1730 Part 2, Draft Memorandum to the Treasurer, ‘Tuberculosis Act 1945 – Special Allowance, u.d. circa April/May 1946

family contacts for the common social and economic good. Food vouchers for child sufferers only would not help tubercular adults nor assist the contacts of sufferers. Treasury's opposition delayed implementation of the allowance and ignored the arguments behind it.

Chifley was not persuaded by Treasury's objections but encountered problems when the plan for the Commonwealth to make direct payments to individuals was found to be unconstitutional.⁹² The *Tuberculosis Act* was therefore amended in 1946 to give responsibility for deciding who would receive the allowance to the States. The 1945 Act simply allowed for special allowances to sufferers and their dependants under certain circumstances while the new 1946 Act made allowance payments to the States for distribution.⁹³ The tuberculosis payment was also exempted from a means test.⁹⁴ The new Act was supported by the Opposition whose spokesperson, Frederick Stewart, commented, '...I am glad that the Government is not prepared to shelter behind the Constitution insofar as the purge of tuberculosis is concerned'.⁹⁵

THE RESPONSE OF THE STATES

On 22 August 1946 the Commonwealth Government offered the £250,000 grant to States. By 11 November 1946 Victoria, South Australia and Tasmania had

⁹² Australia, House of Representatives 1946, *Debates*, 8 August, 1946, Vol. 188, pp. 3857, 4088, (Edward Holloway, Minister for Labour and National Service, Frederick Stewart, Member for Paramatta [UAP]). R.M. Porter, and T.C. Boag, *The Australian Tuberculosis Campaign 1948-1976*, Menzies Foundation, 1991, p. 11. Mendelsohn, 'The Introduction of the Commonwealth-State Tuberculosis Scheme 1948-1952', 1965, p. 106.

⁹³ *Tuberculosis Act* 1945 (Cwlth), s. 6. *Tuberculosis Act* 1946 (Cwlth), s. 3.

⁹⁴ NAA: A571, 1943/1730 Part 2, Letter, J.B. Chifley, Prime Minister, to Hon. W.J. McKell, Premier of New South Wales, 22 August 1946.

⁹⁵ Australia, House of Representatives, *Debates*, 8 August, 1946, (Frederick Stewart).

accepted the Commonwealth's offer,⁹⁶ although no States had formally applied for subsidies for diagnostic or after-care facilities.⁹⁷ New South Wales and Western Australia did not officially apply for their allowance grant until February 1947.⁹⁸ Queensland, which had already been already making payments to married tubercular patients with children, complained that the States would bear more cost than the Commonwealth⁹⁹ and did not finally accept its share of the allowance grant until 23 June 1947.¹⁰⁰

The varied responses of the States are a further indication of the complexities and difficulties inherent in tuberculosis policymaking. The amended Act came into operation on 15 August 1946 and questions from the States quickly arose about the grant. The Commonwealth offered the money to the States on 22 August 1946 divided half on the basis of population and half on the basis of tuberculosis prevalence. Before accepting the Commonwealth's offer Edward Hanlon, Queensland's Labor Premier, wanted State Governments to confer in order to reach a national uniform position on the payment of the tuberculosis allowance.¹⁰¹ New South Wales and Victoria accepted the grant but raised a range of questions on its operation and both States established committees to decide how to manage the grant. New South Wales suggested restricting payments in the first year in order to

⁹⁶ NAA: A571, 1943/1730 Part 2, Letter, T. Playford, Premier, South Australia, to the Prime Minister, u.d. circa 15 October 1946; Letter, John Cain, Premier of Victoria, to the Prime Minister, 16 September 1946; Letter, Robert Cosgrove, Premier, Tasmania, to Prime Minister, 11 November 1946. NAA Tuberculosis, 1946.

⁹⁷ NAA: A571, 1943/1730 Part 2, Extract from rough Hansard, House of Representatives, 20 November 1946.

⁹⁸ NAA: A571, 1943/1730 Part 2, Letter, James McGirr, Premier, New South Wales to the Prime Minister, 6 February 1947; Letter, Premier, Western Australia, to the Prime Minister 6 February, 1947.

⁹⁹ NAA: A571, 1943/1730 Part 2, Memorandum, A.J. Metcalfe, Acting Director-General of Health to Secretary, Prime Minister's Department, 1 April, 1947; Letter, E.J. Walsh, Acting Premier, Queensland to the Prime Minister, 13 March 1947.

¹⁰⁰ NAA: A571, 1943/1730 Part 2, Letter, V.C. Gair, Acting Premier of Queensland to Prime Minister Chifley, 23 June 1947.

guarantee enough money to pay for an anticipated increase in demand in the second and third years as new cases came into the system. By the fourth year a balance might be achieved as earlier cases ceased and new ones entered the system. This plan, however, depended on the conditions of payment and in particular, the conditions under which the allowance was terminated. If, for example, the circumstances under which the allowance was terminated were quite lenient, no balance of new cases and terminated cases would be achieved and costs continue to rise.

Victoria held similar concerns.¹⁰² Using statistics from the State's Tuberculosis Bureau the Victorian committee submitted a report it considered would keep payments within the grant. Based on the premise that neither chronic cases nor anyone who refused admission to an institution would receive the allowance, the report considered payment should be a sustenance amount plus the cost of rent or mortgage. The suggested amount needed after house payments was £4/0/0 per week plus 15/- per dependant child up to the age of 16 years.¹⁰³ At the end of 1946, the average basic wage across the capital cities was £5/5/0 per week.¹⁰⁴ Estimates extrapolated from statistics of tuberculosis cases in New South Wales and Victoria indicated that dividing £250,000 among all categories of sufferers of tuberculosis would produce an allowance of only six shillings per week. This amount, the authors of the Victorian report stated, would be ineffective and so low as to 'attract

¹⁰¹ NAA: A571, 1943/1730 Part 2, Letter, E.M. Hanlon, Premier of Queensland to the Prime Minister, 11 November, 1946.

¹⁰² NAA: A571, 1943/1730 Part 2, H. Goodes, Assistant Secretary, Commonwealth Treasury, File note regarding discussion with B. Warburton, New South Wales State Treasury, 26 November 1946.

¹⁰³ NAA: A571, 1943/1730 Part 2, Committee appointed by Minister, Report to Minister of Health, Victoria, November 1946.

¹⁰⁴ Commonwealth Bureau of Census and Statistics, *Official Year Book of the Commonwealth of Australia*, No. 52, 1966, Canberra, p. 375. The amount is given in dollars (\$10.50), which converted to Australian pounds was five pounds and five shillings (£5/5/0).

ridicule'.¹⁰⁵ It was therefore necessary to limit the number of recipients rather than pay a lesser allowance. Successful applicants would be residents of approved institutions or those awaiting admission. They needed to be at least partly responsible for the support of one child or more under the age of 16, have an income within the means test applied to other pensions, not be in receipt of Repatriation Department benefits and must not have been refused admission to an institution or hospital.¹⁰⁶

Senator Nicholas McKenna, Commonwealth Minister for Health, responded to States' concerns by calling a conference of State and Commonwealth health officials in December 1946 to discuss a national uniform system for payment of the tuberculosis allowance.¹⁰⁷ In the meantime the NHMRC had drawn up a list of seven categories of who should receive the allowance in priority order. Priority was to be given to sufferers waiting to enter institutions and who had dependent children. While both widows and widowers with dependent children fell into this urgent category, only the wives of sufferers with dependent children, not husbands, fell into this first urgent category. Anyone receiving a repatriation pension did not qualify for the allowance. The second category of recipient would be dependants of sufferers who were waiting for admission to an institution. Other categories such as sufferers without dependants would follow when the States had some understanding of the impact of the allowance and only if enough money was

¹⁰⁵ NAA: A571, 1943/1730 Part 2, Correspondence/report, u.d., circa June 1946, p. 2.

¹⁰⁶ *ibid.*

¹⁰⁷ NAA: A571, 1943/1730 Part 2, Memorandum, A.J. Metcalfe, Acting Director-General of Health (Commonwealth) to H.J. Goodes, Assistant Secretary, Treasury (Commonwealth), 13 December 1946; Letter, E.J. Walsh, Acting Premier, Queensland to J.B. Chifley, Prime Minister, 13 March 1947; Memorandum, A.J. Metcalfe, Acting Director-General Commonwealth Health Department Prime Minister's Department, 29 January 1947; Tuberculosis Conference, Australian Institute of Anatomy, Canberra 18 December 1946.

available.¹⁰⁸ State health officers at the conference resolved to follow payment priorities recommended by the NHMRC by immediately making payments to the top two categories.¹⁰⁹

Health officers proposed an allowance of 15 shillings per week for a married couple plus five shillings for each child below the age of 16 years, which was less than that suggested by the Victorian Committee. Single people without dependants should receive a maximum of ten shillings per week. The allowance should be means tested from £2/10/- for a single man to a maximum of £5/17/7 for a married couple with four or more dependent children. Single people without dependants would lose the allowance while residing in an institution and the ceiling rate for the means test reduced by ten shillings per week while a married person resided in an institution.¹¹⁰

While Treasury called for a more parsimonious financial relief, physicians in the Health Department and on the NHMRC continued to press for liberal economic support. They estimated the cost to the nation of tuberculosis deaths plus the cost of treating the sick and caring for their dependants at £5 million. £250,000 per annum therefore was ‘a totally inadequate amount for the purpose of special relief’.¹¹¹ Tuberculosis, the NHMRC argued, was the nation’s greatest public health problem, one which required special attention and could not be subsumed under the general rubric of infectious diseases. Of particular concern was the death of women of child bearing age leading not only to the loss of mothers, but to the loss of potential

¹⁰⁸ NAA: A571, 1943/1730 Part 2, NHMRC Priorities agreed at the twentieth session of the NHMRC; Tuberculosis Conference, 18 December, 1946.

¹⁰⁹ NAA: A571, 1943/1730 Part 2, Tuberculosis Conference, 18 December, 1946.

¹¹⁰ *ibid.*

¹¹¹ NAA: A571, 1943/1730 Part 2, Conference of Commonwealth Health and Medical Research Council and State tuberculosis Officers, u.d. circa late 1946, as attachment to letter from Acting Premier of Queensland to the Prime Minister, 13 March 1947.

mothers and potential children. Concern for maternal health also encompassed concern for the birth rate. By the mid 1940s the birth rate had recovered from a steep decline in the early years of the Depression, but had been declining since the 1890s and for the years 1946-1948 was below that for the early 1920s.¹¹²

Focussing on economic support, the NHMRC recommended speedy assistance to sufferers of tuberculosis in early stages of the disease as an encouragement to cease work and receive treatment. It also proposed payment of a pension equivalent to the basic wage for totally incapacitated cases if they were the family breadwinner. Convalescent and partially incapacitated cases should be allowed to work under medical supervision to supplement income. Added to this was a recommendation to implement measures that guaranteed all relief was spent on life's essentials and the pursuit of good health.¹¹³

Predicted costs of the NHMRC's proposals were based on statistics and estimates from the States of New South Wales, Victoria and South Australia. Estimating a total of 70,000 patients and 100,000 infected cases across the country with a life expectancy of ten to twelve years the cost of the tuberculosis allowance would be £2.4 million per annum (or £1.92 million after offsetting existing invalid and repatriation payments) for the first two or three years of the scheme. The amount

¹¹² Commonwealth Bureau of Census and Statistics, *Official Year Book of the Commonwealth of Australia*, No. 52, 1966, p. 237. In 1944 the NHMRC showed their concern by asking Australian women why they were restricting their families. [Marilyn Lake, 'Female desire: The meaning of World War II,' in Joy Damousi and Marilyn Lake (eds), *Gender and War, Australians at war in the twentieth century*, Cambridge University Press, Cambridge, 1995, pp. 72-73.] Marilyn Lake's analysis of the answers suggest women were concerned about having time to maintain a companionable relationship with their spouses, to provide adequately for their children, to avoid the physical and mental strain of caring for five or six children and for preserving their appearance.

¹¹³ NAA: A571, 1943/1730 Part 2, Conference of Commonwealth Health and Medical Research Council and State tuberculosis Officers, u.d. circa late 1946, as attachment to letter from Acting Premier of Queensland to the Prime Minister, 13 March 1947.

was expected to fall to £500,000 per year thereafter as the number of new cases declined. Similarly initial maintenance costs of sanatoria, calculated on a cost of £2/10/0 per bed per week with average stay of six months, were estimated at £1.5 million. Add to this estimate the projected cost of preventoria and the institutional costs would be approximately £500,000 per annum once the system had been in place for two to three years. In addition capital expenditure for sanatoria and preventoria was estimated to be £400 - £500 per annum for every bed and £350 - £400 for preventoria.¹¹⁴

It was plain in 1946 that the Commonwealth grant would not provide financial support to all cases of tuberculosis. New South Wales statistics of June 1946, considered to be the most reliable of those submitted to the Commonwealth, provided the figure of 6,900 cases in total with the majority falling under the NHMRC's secondary categories of four, five and six,¹¹⁵ and therefore not eligible for priority payment. The New South Wales grant was £102,779.¹¹⁶ Based on fifteen shillings a week per case, a figure that excludes payment for dependants, and assuming a full year's payment, the annual cost for New South Wales would be £269,100. Even if the length of payment were reduced to six months the cost would be £134,550 plus payments to dependants. The categories of potential recipients considered in most urgent need were much fewer than cases deemed to be a lower priority. Because the States and Commonwealth Health Departments officers' conference of December 1946 decided to first pay categories one and two, only 1.5% of recorded cases in New South Wales would receive the allowance until the

¹¹⁴ NAA: A571, 1943/1730 Part 2, Tuberculosis – Tentative Estimates of Costs, u.d. circa April 1947.

¹¹⁵ NAA: A571, 1943/1730 Part 2, Correspondence or report, u.d. circa June 1946.

¹¹⁶ NAA: A571, 1943/1730 Part 2, Letter, J.B. Chifley, Prime Minister to W.J. McKell, Premier of New South Wales, 22 August, 1946.

State decided to extend payment to other categories. Even if category four were taken into account only 26% of cases would be eligible at a cost of £93,600 assuming £1 per week per case for one year, just £9,179 below the annual grant of £102,779. Because the grant was fixed and most States did not supplement it, little more than one quarter of cases would receive financial assistance.

Within six months of the start of the allowance scheme States called for a review. At a Health Ministers' Conference in May 1947, State Ministers told McKenna that they considered tuberculosis allowance rates to be insufficient. McKenna agreed to call a departmental officers' conference once the Commonwealth Health Department had reviewed the first six months' operation of the scheme.¹¹⁷ The Commonwealth Department of Health sought statistical information from the States on how many were receiving the allowance and at what cost, how many cases were known to the various authorities, what anomalies had arisen and an estimate of costs for the next financial year of 1947-1948. A number of questions and anomalies had been identified for discussion by the States' health officers. For example, the families of women with tuberculosis were disadvantaged by £1 per week. Male sufferers who were married received £1 per week for their wives, but married women with tuberculosis received no equivalent payment for their spouse. Other questions identified for discussion included whether the payment should be increased, payment for non-pulmonary tuberculosis, whether dependants of deceased sufferers should continue to receive support for a further six months after

¹¹⁷ NAA: A571, 1943/1730 Part 2, Notes on Ministers of Health Conference in Melbourne on 19th – 20th May 1947 Department of the Treasury Minute Paper 13 June 1947.

the death of the sufferer, and entitlement of carers outside the family such as housekeepers or guardians.¹¹⁸

Treasury officials complained to Chifley, who had become Prime Minister as well as Treasurer following the death of John Curtin on 5 July 1945, about the Commonwealth Health Department's review of the scheme because it had not consulted Treasury. They complained that the Health Department had not asked the States for sufficient information, that some issues identified for discussion were not the province of the States but administrative decisions only and that the Commonwealth Health Department's advice would lead to the conference reaching conclusions unfavourable to the Commonwealth.

...policy matters requiring Commonwealth decision are so posed that inevitably the states will press for decision[s] favourable to the States and, in the Treasury view, to the prejudice of the Commonwealth's interests;¹¹⁹

As a result of these complaints a meeting of Treasury and Health Department Officers was quickly arranged a few days before the Ministers' conference to negotiate a Commonwealth consensus to put before the States.¹²⁰ Health Department and Treasury officials disagreed on whether to increase the allowance and modify the means test. Treasury was opposed to the Health Department's proposal to immediately increase the rate of the allowance and to lift the means test for the allowance beyond that set out in the new *Social Services Act*. Immediately before the Officers' Conference began, however, the Health Department agreed to Treasury's position. Neither the Secretary of Treasury nor the Director-General of

¹¹⁸ NAA: A571, 1943/1730 Part 2, Letter, N.E. McKenna, Commonwealth Minister for Health to State Ministers for Health, 4 June 1947..

¹¹⁹ NAA: A571, 1943/1730 Part 2, Department of the Treasury Minute Paper 13 June 1947.

¹²⁰ NAA: A571, 1943/1730 Part 2, Department of the Treasury Minute Paper 13 June 1947. Letter, J.B. Chifley, Treasurer to N.B. McKenna, Commonwealth Minister for Health, 24 June, 1947. Letter, N.B. McKenna, Commonwealth Minister of Health to J.B. Chifley, Treasurer, 26 June 1947. Notes on Discussion on 27 June 1947 on Commonwealth Policy for the Tuberculosis Conference.

Health had attended the pre-conference meeting.¹²¹ The Health Department's acquiescence to Treasury was probably determined at ministerial level.

The result of the Officers' conference was a compromise between the States and the Commonwealth, the Commonwealth position for the most part conforming to Treasury's preferences. Treasury had resisted the Health Department's call for an overall increase in the allowance to all categories of pensioner, but the States pressed for the increase. The result was a recommendation to increase the rate for a married man only from 15 shillings per week to £2/2/6 per week to be reassessed in six months with the possibility of increasing it a further two and sixpence to 25 shillings. Payment for dependent children, single persons and wives with tuberculosis remained unchanged at five shillings, ten shillings and ten shillings respectively. A concession was made to families in whom the wife was the sufferer by raising the ceiling rate of the means test.¹²²

Despite arguments that £250,000 was not enough, even after the increase in November 1947, all but one State underspent their proportion of the allowance grant. At April 1948 only Victoria reported spending all of its part of the grant. Tasmania spent 66%, New South Wales 50%, South Australia and Western Australia 33% and Queensland only 20%.¹²³ The explanation for this was that the number of claimants for the allowance was lower than anticipated because the

¹²¹ NAA: A571, 1943/1730 Part 2, Notes on Discussion on 27 June, 1947, on Commonwealth Policy for the Tuberculosis Conference; Memorandum, Assistant Secretary, Treasury to J.B. Chifley, Treasurer, 11 July 1947.

¹²² NAA: A571, 1943/1730 Part 2, Departmental Committee of Commonwealth and State Officials on Tuberculosis, 1 July 1947; Minute Paper, Assistant Secretary, Treasury to Treasurer, 11 July 1947.

¹²³ NAA: A1653, 1182/1/1, Notes of Conference of Commonwealth and state Health and Treasury Officers, Melbourne 14-15 April 1948, p. 11.

allowance was not high enough to induce sufferers to leave employment and enter an institution.¹²⁴

If the allowance was not paid to chronic sufferers, then the object of protecting their immediate contacts, and by implication the broader community, could not be met. Similarly, if the allowance was used as a punitive measure and withheld from those who would not enter an institution, again the object of protecting others from infection could not be achieved. As Alison Bashford has shown, tuberculosis policy was designed to operate through the social and economic units of the family, the male breadwinner, wife and dependent children.¹²⁵ Although Bashford's conclusions were based on a study between 1900 and 1920 the limitations placed on distribution of the allowance at this point lend weight to her argument. The first to hold an entitlement to the federal allowance were those who supported this family structure. Economic support under this early arrangement was curtailed by the dominant social, economic and political premise that the basis of Australian society was the male breadwinner with dependent spouse and children. This did not recognise the findings of some of the survey research of the late 1930s, most notably the high mortality of young working women.

A further problem with the grant was how the States perceived it. The Commonwealth intended the allowance to supplement States' tuberculosis health budgets. But the States in general did not consider the grant as the foundation of a workable pension plan that would require the addition of State money but rather as

¹²⁴ L.O. Goldsmith, 'Administrative Aspects of Tuberculosis in Australia, 1945-1954', Masters thesis, University of Western Australia, 1958, p. 44. Porter and Boag, *The Australian Tuberculosis Campaign*, 1991, p. 11.

¹²⁵ Alison Bashford, 'Tuberculosis and Economy: Public Health & Labour in the early Welfare State', *Health & History*, 2002, 4/2: 19-40, p. 20.

the only funds available to pay tubercular patients. Therefore rather than plan or devise strategies to implement the medical advice to ensure that all tuberculosis sufferers had enough nourishment they tried to determine how to make some payments to some patients limited to their share of the £250,000. These first two pieces of legislation created two different perspectives. While the States saw the Commonwealth's financial offer as too little and too tentative, the Commonwealth saw States' reactions as a failure to recognise the scheme as merely an augmentation of States' programmes and funding.

Conclusion

In the late 1930s public health physicians renewed their campaign for an increased national effort against tuberculosis. The Great Depression had accelerated political debates about Australia's social welfare and the Australian Labor Party, the party that would be in government to craft Australia's post-war reconstruction, was committed to a broad social welfare programme. In this climate, tuberculosis as an impoverishing and economically costly disease was high on the health agenda.

Deliberations on post-war planning began in the early 1940s, the question of health services among the wide range of issues canvassed. The advice provided to the Government on tuberculosis continued along the lines of the previous decade with strong emphasis on financial assistance to sufferers. At the end of the war the Commonwealth took its first steps towards becoming more involved with the control of tuberculosis by offering considerably more money to the States than had been contemplated previously. The Federal Government encountered constitutional difficulties but after gaining control over social services in a referendum of 1946 offered money to the States for the institution of tuberculosis programmes. States

found the offer to be inadequate and complicated. This led to consideration of more liberal Commonwealth assistance to the States and a more wide-ranging and carefully considered plan.