## Social democracy

After 1952, as the Cold War split developed in the Labor Party, and Communist Party leader Lance Sharkey published a pamphlet about that conflict, the CPA also paid great attention to developments in the ALP. It encouraged the development of a Labor left, which was frequently under its influence, although this influence was sometimes challenged by smaller groups of Trotskyists.

For most of its history, the CPA did not afford itself the luxury practised by most current Marxist sects of treating the Labor Party, its leadership and ranks as an undifferentiated reactionary whole. Neither did the pioneer Trotskyists in Australia, for most of their period of activity, adopt such an unscientific attitude towards the Labor Party.

A recently published book, *Local Labor*, by Michael Hogan, about the ALP in the inner-Sydney suburb of Glebe, notes that one group of Trotskyists, led by Joe Boxall, entered the Labor Party as early as 1937. Most socialists of the Marxist sort have taken developments in the Labor Party very seriously, and the current sectarianism of the Marxist sects towards Laborism is an aberration. It is a serious error given the still massive grip of the ALP and the unions on the working class and the left half of Australian society.

One weakness of David McKnight's chapter is that he doesn't discuss the Australian Labor League of Youth, of which the CPA won the leadership during its entry work in the Labor Party.

The ALLY, a large organisation, was the vehicle for the recruitment of hundreds, and possibly thousands, of activists to the CPA's version of the socialist movement. Many of the activists who sustained the CPA for the next 20 or 30 years were recruited from the ALLY. There is some description of this activity in Audrey Blake's autobiography, *A Proletarian Life*.

«It cannot be expected that those Social-Democratic workers who are under the influence of the ideology of class collaboration with the bourgeoisie… will break with this ideology of their own accord, by the actions of objective causes alone. No. It is our business, the business of Communists, to help them free themselves from reformist ideology…. there is no more effective way for overcoming the doubts and hesitations of Social Democratic workers than by their participation in the proletarian united front.»

In 1935, the Communist International made a sharp turn in its political outlook opening a period designated as the «popular front against fascism». Previously it had described even social-democratic and labor parties as «social fascist», arguing that they were little different from fascist parties because they supported capitalism. This line proved disastrous especially for the German Communist Party (KPD) but also for Europe as a whole. As the strength of Hitler's National Socialists grew, the communists and Social Democrats fought each other, rather than uniting. The shock of Hitler's appointment in January 1933 as Chancellor of Germany and the defeat of the German communists led to the calling of the Seventh World Congress of Comintern.

At the congress, the new Secretary of the Communist International, Georgii Dimitrov, outlined the dramatic shift. The choice of Dimitrov as Secretary was significant. Dimitrov had recently been accused by Hitler's government of trying to burn the Reichstag. «During the trial, in several exchanges between Dimitrov and Herman Goering the Nazi leader lost his temper and shouted threats of what his men would do to Dimitrov once they had him outside the court. Dimitrov's replies were quiet, reasonable and courageous. He presented the Communist movement as the defender of the values of Western civilisation – especially of rationality and the rule of law.» At the Congress, Dimitrov acknowledged certain mistakes by communists including an «impermissable underestimation of the fascist danger» and a «narrow sectarian attitude». To defeat fascism it was necessary to form a united front of all workers, regardless of their political party stance.

«The Communist International puts no conditions for unity of action except one, and that an elementary condition acceptable to all workers, viz., that the unity of action be directed against fascism, against the offensive of capital, against the threat of war, against the class enemy. That is our condition.»

There was also a new liberality in the application of the line which would take «various forms in various countries, depending upon the condition and character of the workers' organisations and their political level, upon the situation in the particular country». Even within fascist Germany it was necessary to organise, said Dimitrov, invoking the capture of Troy: «the attacking army… was unable to achieve victory until, with the aid of the famous Trojan Horse it managed to penetrate to the very heart of the enemy's camp». Instead of denunciations of «social fascists» Dimitrov referred to «the… camp of Left Social Democrats (without quotation marks)».

The strategy of the popular front has been widely examined by historians of the communist movement and it is now being re-discussed in the light of new archival sources. In France and Spain where a communist party was relatively strong it sought a formal alliance with the social democratic and anti-fascist parties, usually in the form of a Peoples' Front. In the English-speaking world where it was usually smaller, as in Australia or the United States, it appears to have used a different strategy. This involved the creation of an underground group within the main Labor or Social Democratic party. In the US, the CPUSA inititally tried to create a left-wing, third party as an alternative to the Democratic and Republican parties. To this end they were active in Minnesota's Farmer-Labor Party, Wisconsin's Progressive Party, the campaign to End Poverty in California (EPIC), the American Labor Party in New York and radical groups in Washington and Oregon. In the context of the Depression a number of these groups garnered significant voter support, particularly the Farmer-Labor Party. Whether these groups would have united and run candidates against Democrats, especially Roosevelt, is doubtful. But the CPUSA's putative strategy was abandoned after the Comintern advised that support for Roosevelt was more important, largely because of the needs of Soviet foreign policy. These hitherto unknown strategies of covert penetration were closely watched by the Anglo-American Secretariat of the Comintern, which hoped to influence national governments formed by social democratic parties in the direction of collective security with the USSR.

The newly released archives of the Communist International and the records of the now-disbanded Communist Party of Australia provide evidence for such a political strategy in Australia. After the change in political direction represented by the Seventh Congress in 1935 the Communist Party of Australia (CPA) began to recruit members of the Australian Labor Party (ALP). Rather than urging them to leave the ALP, these new communists were asked to remain inside the Labor Party and became undercover members. By 1939, these dual members, allied with the indigenous, non-communist left wing had ousted the leadership and took control of the largest and most politically powerful of the six state branches of the ALP, that of New South Wales (NSW). Two covert CPA members became senior officers of Labor in NSW, one of them the General Secretary. In the state of Western Australia, where a similar strategy was followed, a secret member of the Communist Party became a member of federal parliament. The growing success of this strategy in Australia was halted after the Soviet-German Non‑Aggression Pact. The pact provoked a series of events in which the undercover communist wing split the NSW branch of the ALP and formed the «State Labor Party». While this split helped deny Labor office in the national elections of September 1940, the communist presence also deflected plans for a wartime government of national unity of Labor and conservatives.

Historians' knowledge of this significant aspect of the Seventh Congress policies is scanty. When a communist presence in the Labor Party is acknowledged it is invariably minimised. No historian of Australian Labor has understood either the depth of CPA penetration nor its origins. Most assume that some kind of communist presence must have existed because the communist-led State Labor Party ultimately amalgamated with the Communist Party of Australia in January 1944.

The evolution of the CPA's strategy toward the Labor Party began with a 1935 proposal discussed by the Political Bureau of the CPA, which stated that it was advisable «to organise Left-wing movements in the Labor Party in order to fight for the united front proposals» and to urge «members of the Labor Party who join the Communist Party [to] retain their membership in the Labor Party and carefully work for united front proposals». In a report to the CPA congress in 1935, CPA leader Lance Sharkey argued that in addition to joint trade union activity «[i] t is also possible that certain of the Party members go into the Labor Party to work in such a way that all leftward elements in the Labor Party are brought to the leadership in order to ensure the acceptance of the proposals of the united front».

The change towards Popular Front policies coincided with, and perhaps contributed to, a series of union successes for the CPA, which were reported in detail to the Comintern. In 1935–36, communists won the leadership of unions in the railways, mining, maritime and metal industries. More than this, the CPA itself was growing. A report to Comintern noted: «The outstanding feature of our latest recruits is the number who have previously been leading activists of the ALP and are at present leading trade union activists.» Further, «our successes in the trade unions, to a large degree are due to these comrades who have great authority and were already minor trade union officials prior to joining our party».

Within the labour movement, both the CPA and the ALP members shared a common culture. They spoke the same language, worked alongside each other and both held socialism to be the goal, albeit to be achieved by different roads. This had always been so but with the more liberal policies of the Seventh Congress this shared culture meant a steady stream of recruits as well as union election successes for the CPA. These communist victories in trade unions had a direct impact on the power balance within the Australian Labor Party because unions were affiliated to the party and directly represented in Labor congresses.

The CPA success in trade union elections and in recruitment of ALP members hooked something of a prize catch in the shape of one talented union official, Jack Hughes. At the time of his recruitment in 1935, Hughes, was an assistant secretary of the Federated Clerks Union. In 1936 he won an official position on the Labor Council of New South Wales, which was the umbrella group for all unions and which played a key role within the Labor Party machine.

Yet on the surface, 1936 was a year in which Labor splits healed. Since 1931 two Labor Parties had existed in New South Wales. One supported the NSW-based Jack Lang and the other allied to the federal Labor Party. Jack Lang was a former NSW state premier who commanded a mass following in Sydney and other parts of New South Wales. A demogogue and fiery speech-maker, Lang had clashed with the banks at the height of the Depression, then been dismissed as state Premier by the Governor, a relic of Australia's colonial past.

The early 1930s saw Lang establish political supremacy within Labor, defeating the weaker «Federal Labor Party». By 1936 a tenuous re-marriage was concluded between the two parties. This prompted Lang to try to increase his dominance. His first target was the radio station owned by the trade union council, the NSW Labor Council.

The Sydney-based radio station 2KY had been set up in 1925 as «first labour radio station in the western world». Lang urged the Council to integrate it with the *Labor Daily* newspaper, which he controlled, a move designed to entrench his own political power. The Sydney newspaper, *Truth*, summed up Lang's move:

Two great assets of the NSW Labor Party – the 2KY wireless station and the *Labor Daily* – are plums for which many people have hungrily licked their lips. Some have been able to take a bite, but nobody – yet – has been able to snatch them for their own, their very own. Mr Lang is now trying to pluck these golden plums.

*Truth*'s description of the «chilly, alert atmosphere» of the Labor Council when Lang addressed it on 2KY was an indication of the storm which would gather strength over the next three years. The communists, both overt and covert, and the non-communist left wing opposed Lang's move to integrate the radio station with the newspaper and, to widespread surprise, his plan was defeated.

In August 1936 the unions in the Labor Council called what would be the first of many meetings to oppose Lang's control of the party machine. Lang immediately expelled four members of parliament, 17 union officials and a number of others. «This lit the fire,» recalled Hughes many years later.

In December 1936 another major conference of anti-Lang unions and ALP branches was held. By this time it was clear that Lang was also trying to entrench his total control of the *Labor Daily*. In the preceding months the militant unions had begun to organise the union shareholders to vote against Lang directors on the newspaper's board. But after the ballot opened, it became clear that Lang's men had systematically tried to rig the vote. Ballot papers disappeared, others never arrived at union offices. On Christmas Eve 1936 the result of the ballot for directors was due to be announced but before that could be done the Miners' Federation began a legal challenge to the conduct of the ballot.

In the following year, 1937, a pending federal election led to an uneasy peace in the factional warfare. In June the four expelled MPs were readmitted to the NSW branch after demands from the federal ALP executive. The anti-Lang dissidents continued to mobilise although Lang remained firmly in control of the state party machine. In October the factional warfare revived. Labor had lost the federal election and in the *Labor Daily* case the Equity Court largely accepted the anti-Lang unions' claim that their board candidates each gained an average of 19,000 votes to the Lang unions' 14,000. On appeal the full court partially reversed this result but it was clear, as anti-Lang unionists pointed out, that «future ballots will result in Mr Lang's influence being completely destroyed».

In 1937 the anti-Lang forces had formalised their opposition to Lang by creating a nameless seven person committee to direct their struggle. Later that year it appointed a full time organiser, Walter Evans. Evans had been a member of the ALP state executive in 1932 and also a member of the left wing of the Labor Party. By 1937 Evans had become an undercover member of the CPA. As dual members of the CPA and ALP, Hughes and Evans would lead the growing anti-Lang struggle within the NSW branch of the Labor Party for the next two years.

Throughout the period Hughes remained in contact with the CPA largely through Ernest Knight, the CPA official who was responsible for party work among the trade unions in Sydney. Knight had a nondescript office in near the dockside in Sydney unadorned by any sign. Hughes, as a Clerks' Union official, excited no attention by visiting Knight's office as he did hundreds of other city offices to collect membership dues. As an increasingly significant Labor Council official, Hughes could also regularly visit all leftwing unions and thereby keep in touch with leading CPA trade union officials. On one level there was no secrecy at all about the growing alliance between CPA members and the anti-Lang Labor forces. At the weekly meetings of the NSW Labor Council this co-operation occurred in public. As well, there appears to have been at least two types of dual membership of the ALP and CPA. While Hughes' membership was «deep cover», other communists' allegiances were not so hidden. The editor of the miners' union newspaper, Edgar Ross, who was a member of the Botany ALP branch, recalled that his CPA membership was known to non-communist anti-Lang ALP members.

In the following years the organisation of the communist underground in the ALP became more systematic and was directed by the CPA Political Bureau which met every six weeks. Both Hughes and Edgar Ross (the most senior surviving dual members) state that they did not know the identity of all the dual members in the ALP but their identities must have been known to the CPA Political Bureau. Both Hughes and Ross later minimised the degree of organised CPA activity within the ALP and claim that there was never a fraction meeting of this group or any other defined organisational expression. Yet minutes of the Political Bureau clearly record such a meeting.

In February 1938 the anti-Lang forces tasted victory, when they took possession of the offices of the *Labor Daily*. Behind the scenes the Political Bureau of the CPA discussed the situation and devised «a plan covering the taking over of the *Labor Daily* and replacement of various members of the staff». The price of victory was the repayment of a loan which Lang had earlier made to the newspaper. The Labor Council decided to make a clean break and to change the format and name of the newspaper. What emerged in late 1938 was the *Daily News*. To bankroll this undertaking Hughes called on a rather unusual source. For some time Hughes had been cultivated by the general manager of the Bank of New South Wales, Sir Alfred Davidson, a forward-looking banker who made a habit of selecting and promoting talented young people. Davidson had been appalled by Lang's hostility to the banks while Premier and made overtures to Lang's enemies on both the right and left. For example, Davidson paid for an organising tour by Hughes of interstate trade union centres when the anti-Lang forces were trying to influence the ALP federal executive. Davidson apparently looked on Hughes as a possible national Labor leader with whom he could garner some influence. In establishing the *Daily News* Hughes used his influence with Davidson to get a substantial bank loan. A version of the Hughes-Davidson relationship appeared in Lang's autobiography in which Lang said that in 1938 Davidson invited the visiting British Labour figure, Ernest Bevin, to a dinner with Hughes, Evans, Lloyd Ross and F. O'Neill, all Labor dissidents. At the time, however, Hughes' contact with Sir Alfred Davidson was by no means public. The unusual alliance between a communist and a top banker was one of the odd consequences of the CPA's underground work in the Labor Party.

The growing CPA influence within the Labor Party was of great interest to the Communist International largely because of its wider world campaign against isolationism and in favour of collective security. From July to November 1937 the Anglo-American secretariat of Comintern held a series of discussions on «the Australian Question» and spent considerable time on the closely intertwined issues of foreign policy and the position of the Labor Party. Among those present were the French Comintern leader Andre Marty and the British representative, Robin Page Arnot, as well as CPA Political Bureau members Richard Dixon and Jack Blake.

To achieve a collective security pact linking the Soviet Union to Britain, the election of Labor administrations in countries of the British Empire was crucial. To achieve this the CPA worked to strengthen anti-fascist feeling in the society generally but in particular to use its secret members in the Labor Party to change its isolationist policy. In early July Dixon addressed the Anglo-American Secretariat arguing that Australia's main responsibility was to work for a change in British policy, which was then both warlike and opposed to collective security involving the Soviet Union. Change was possible because «the British Government is sensitive to Dominion pressure». To «bring about such a rupture with this Empire front on foreign policy, it is essential to defeat the Lyons government and elect a Labor government». Dixon noted that Lang's group was dominated «by the Catholic element» and that this was the reason that the Labor Party had made no declaration on Spain, although the trade unions on the NSW Labor Council had. Dixon summed up as follows:

Just a few words about our views on the question of influencing the Labor Government should it be elected. Our first line is that we expect to bring pressure to bear on the Labor Government through the trade union movement. Secondly, our line is to bring about a plan of getting as many Communists as possible within the LP. The Party in New South Wales has one or two Communists in the LP Executive. In Victoria out of 46 organisations, we have about 34 in which we have Communist organisation. At the same time we are trying to get direct union representation at the LP conference. This would mean we would probably control in the future the LP conference.

In spite of the CPA's growing successes with this tactic, Andre Marty made a number of wrong-headed criticisms. He began by criticising the strong trade union roots of the CPA though this was the very thing which had given it such strength in the Labor Party. Marty argued that this meant the CPA was tainted with anarcho-syndicalism. «[T] he whole leadership is composed of trade union functionaries,» he complained. Anarcho-syndicalism led to a neglect of political work, as opposed to union work, and was one explanation for the lack of growth of the CPA, he said. Marty reiterated Dixon's point on peace and collective security. Australia had the potential to affect global politics through the election of a Labor government which would in turn affect British foreign policy. «The power of the Dominions – Canada, Australia, New Zealand – is very high. They must speak and *[then?]* they can change the policy of the British Government with the help of the British working class.» In the Pacific, peace through collective security was necessary as a defence against Japanese aggression.

A similar point was argued by another member of the Anglo-American Secretariat, Mehring, who argued that in order to defeat Labor neutralism, the CPA should «show that Australia is being threatened by the aggression of Japan». The CPA's later targetting of the export of Australian scrap iron to Japan was to crystalise much of the debate over foreign policy both within Labor and Australia more generally. Bans on Japanese ships culminated in a major confrontation in December 1938 when the CPA influenced waterside workers refused to load iron bound for Japan. Though the iron was eventually loaded, the bitter dispute threw into sharp relief the communists' policy of sanctions versus the neutralism of federal Labor.

In 1938 the CPA's dual-track strategy of working within and outside the Labor Party began to pay dividends. In spite of the loss of the *Labor Daily* Lang remained in control of the NSW Labor Party but had led the ALP to another defeat in the March 1938 elections. The Federal Executive of the ALP began to sniff the wind as the power base of the mighty Lang slowly ebbed away. In early 1939 the Federal Executive finally acted decisively. It decided on a «Unity Conference» of the Lang and anti-Lang groups to resolve the split. The February meeting of the Central Committee of the CPA was addressed by Hughes and Evans, at that stage nominally prominent Labor figures. In May the CPA executive held a meeting with its Labor Party fraction, which discussed the coming Unity Conference at length. The meeting concluded that the emergence of a parliamentary-based «centre party» was crucial to the outcome of the conference and resolved to «strive to the utmost» to work with them. It also decided to fight to alter the basis of representation of unions and branches. Both aims would be achieved and both proved crucial to the outcome of the conference.

The Unity Conference inspired by the Federal Executive finally took place on August 26–27, 1939. While Lang glowered from the public gallery the result on the conference floor soon showed the anti-Lang forces were in control. Hughes moved the key resolution structuring the future organisation of the party, which won 221 to 153. Shortly afterwards fist fights broke out in the gallery and order had to be restored. The conference put undercover CPA members in key roles on the executive. Jack Hughes became Vice-President (an office he held simultaneously with the powerful Presidency of the New South Wales Labor Council) and Walter Evans became General Secretary of the NSW branch of the ALP. A week later Hughes conducted a ballot for parliamentary leader and a rebel from the Lang camp, William McKell, finally toppled Lang.

It is one of the ironies of politics and history, that a moment of triumph is often followed by an inexorable plunge into disaster. During the Unity Conference there had occurred what seemed at the time merely a minor disruption. A delegate unsuccessfully proposed the suspension of standing orders to discuss the international position. But the chance for a debate was brutally cut short by uproar when he explained his motive. He wished to move a resolution «expressing abhorrence with the onward march of fascism» and viewing with disgust the signing of the German-Russian Non‑Aggression Pact. Criticism of Russia was guaranteed to provoke loud opposition from the anti-Lang Left. However, defence of this pact became the seed of destruction, which would destroy both the CPA's influence and the strength of the broader Left within the NSW branch of the Labor Party for decades to come.

The Non‑Aggression Pact was quickly followed by a German invasion of Poland, which was then divided between the USSR and Germany. On September 3, Britain, which had undertaken to assist Poland, declared war on Germany. Initially, however, due to poor communication with the USSR and following the logic of the united front the CPA and its undercover Labor fraction boldly declared their *support* for Britain's war against fascism. In a radio broadcast for a federal by‑election in the seat of Hunter, Jack Hughes echoed these sentiments. But as the line of the Communist International became clearer the CPA's attitude to the war soon began to change toward one of opposition to Britain's war on Germany. This had two consequences for the CPA dual members who had fought for three years to unseat Lang and had won at the Unity conference just a month earlier. First, instead of remaining in the broad stream of the militant unionism, they now had to swim against the tide of incomprehension of their own sympathisers whom they had won by their opposition to fascism and isolationism over the previous three years. The second consequence flowed from this very public shift in the line: the communist dual members in the Labor Party rapidly became identifiable as dogmatic adherents of the CPA.

The resulting situation was the undoing of the CPA's new found influence in the Labor Party but this was of no consequence to the Anglo-American Secretariat of the Comintern. A Comintern report noted that the Australian government of R.G. Menzies as «the weakest government in the British Empire». It anticipated that the Menzies government's would be replaced by a Labor Party whose leadership «is being increasingly put under pressure by the growing anti-war movement». It noted with satisfaction that the CPA had rectified its line on the war with a statement on December 8, 1939, admitting that the party had «misunderstood the importance of the Soviet-German Non‑Aggression Pact».

After the CPA's political somersault on the war, the issue of communism in the Labor Party sharpened. With the Easter 1940 annual conference approaching, John Hughes received a call from the state Labor leader, William McKell, whom he had helped install. McKell wanted to meet him. Hughes later recalled:

When I got to his office, he not only closed door but he locked it. He said: «I'm glad you could come. I've got the security records of all the communists in the Labor Party. I think we ought to go over it together. With the conference coming up, we want to make sure we don't have any of these birds on [the next executive]»

I said: «That's a very good idea, Bill» And I'm thinking, «I guess my name will feature prominently here». Then I thought, «well if that's so, that's so, I'll handle it.» Anyhow, it wasn't. That was surprise number one. And I wasn't sure of that until we had really finished.

The result of the meeting was that while at least one undercover member (Herbert Chandler) lost his place on the proposed ticket for the 1940 executive, he was replaced by others: Ted Walsham, a railway shop steward and James Starling, a teacher. Over 50 years later it is difficult to identify with certainty all the dual members who reached the executive level of the ALP in this period. On one level it was of secondary importance to the fact that the political line of the CPA was clearly accepted by a broad group of non-communist anti-Lang forces on the executive. However, it is essential to understand the strength and strategy of the CPA to identify as accurately as possible its actual members in the leadership of the ALP.

The 1939 Unity Conference elected a 32‑member executive which contained at least five. They included Hughes, Evans, the union officials Barker and Glasson, and the mayor of a mining town, H.B. Chandler. At the 1940 conference the 32‑person executive included Hughes, Evans, Barker and Glasson, plus Walsham, Starling and Sloss who became a city councillor with left-wing support and later a member of parliament. A group of five or seven communists from an executive of 32 could exercise considerable weight given that they were held in high regard, acted en bloc and held the vital full time position of General Secretary.

As the annual Easter 1940 conference drew closer, the CPA forces, in line with Comintern, became alarmed about the possibility that Britain and France would conclude an agreement with Hitler who would then turn the war to the East. This issue came to a head on the second day of the conference on Saturday, March 23. A sub-committee of three: Jack Hughes, Bill Gollan and Lloyd Ross, all undercover CPA members, drafted a tough resolution. It read, in part:

The Labor Party has always been opposed to imperialist wars and today in the present war situation we demand that every energy be utilised to bring about a cessation of hostilities and the establishment of peace at the earliest opportunity on a just and equitable basis in order to avoid the slaughter of millions. We declare that the Australian people have nothing to gain from the continuance of the war.

The resolution effectively declared that Australia should refuse to assist Britain, which had declared war on fascist Germany. In place of loyalty to Empire it substituted loyalty to the anti-war traditions of the labour movement. The parliamentary Labor leader, William McKell, who was a co-opted member of the committee took no issue with its general tenor but insisted that one sentence be deleted. This was agreed but it was then restored on the conference floor. That sentence read:

The conference makes it clear that, while being opposed to Australian participation in overseas conflicts, it is also opposed to any effort of the anti-Labor government to change the direction of the present war by an aggressive act against any other country with which we are not at war, including the Soviet Union.

The resolution and its rider created uproar from the Langite minority. Hughes told the conference that the war «is just a war of adventure and plunder in which we should have no concern». In a phrase that would come to symbolise the stance of the new leadership of the ALP he said: «Hands off Russia is the policy of the labour movement today as it has been in the past.» Amid interjections suggesting he was a not a Labor man, but a communist, Lloyd Ross predicted «within a few months we will be asked to stand side by side with Imperialist Britain in a war against the only real Social[ist] State in the world. We won't be there.» Ross was cheered for this comment and the «Hands Off Russia» resolution passed by 195 to 88.

For conservative Prime Minister Menzies, the Easter conference opened a vital chink in Labor's armour in the coming federal election in that it allowed the conservatives to link federal Labor with the taint of unpatriotic and anti-British feeling. Menzies argued that the resolution was treason and marked a stage in the disintegration of federal Labor's war policy and challenged its leaders to rebut it. Yet the Hands Off Russia resolution – or the assumptions on which it drew its support – was not so extreme or absurd as it might appear today. The labour movement and ALP had not forgotten the bloody cost of the «war to end wars» in 1914–18 and prior to September 1939, a significant strand of Labor opinion, including the parliamentary leader at the federal level, John Curtin, was passionately isolationist.

In Moscow the spirit of the resolution was in tune with the Comintern. In March 1940, Andre Marty dictated directives for Australia and New Zealand. In discussing work in the unions and the Labor Parties, Marty urged:

We must not forget for one moment, that the British Empire must disappear and that in this fight the social democratic parties also shall disappear. The question is how can we convince the honest members of the Labor Party and the trade unions to unify with the Communist Party, the revolutionary party and create in this manner the organisational foundation of the working class. Here is the way to destroy the rule of the reformists in the workers' movement.

But it was the communists not the reformists whose influence was to be destroyed. In 1994 Hughes concluded: «We followed the party's line with the war when it was so off beam and a denial of everything we had been fighting and struggling for, the defeat of fascism and all the rest of it. [Because of this] in one minute, virtually…. it went down the drain.»

As the war in Europe intensified the Hughes‑Evans position became increasingly untenable. In April Germany invaded Norway and Denmark. In May the phoney war ended with the German blitzkreig invasion of the Netherlands and Belgium followed by the attack on France. The public desire to assist Britain with Australian troops overwhelmed the earlier reservations and hopes for peace on which the Hands Off Russia resolution was built. Within Australia forces grew calling for a government of national unity with the conservative United Australia Party. But the NSW executive of the Labor Party strongly opposed this and attacked other Labor forces who supported it.

A Special Federal ALP Conference in June 1940 opted for a more pro-war stance, agreeing to conditional participation in the European war. Shortly after this, another split developed between the left-controlled NSW branch and the federal leadership. The conservative federal government, with support from the Labor Opposition, had proposed to amend the National Security Act to give extra powers to require individuals to place «themselves, their services and their property at the disposal of the Commonwealth». This was bitterly opposed by the Hughes‑Evans forces who publicly supported five Labor federal MPs who opposed the amendments.

On August 2 the federal executive of the ALP moved decisively and suspended the left-dominated NSW executive. It denounced the «inspired and unwarranted propaganda circulated in NSW about a proposed National Government» and reaffirmed its own rejection of a national government. Trying to avert a split, the executive offered a secret deal to Hughes. In exchange for his support to drop Evans, Hughes would become a junior minister in the next national Labor government. After consulting with the CPA leadership, the offer was rejected and with it died the intriguing possibility of a communist minister of the crown.

On August 17, the suspended Hughes‑Evans leadership reconvened their forces with 18 members of the old executive. They decided to create a new party – the Australian Labor Party, State of NSW. This body became the vehicle of what remained of the alliance between the undercover CPA members and the non-CPA Left. It failed to win significant electoral support and in January 1944 it amalgamated with the Communist Party, with five of its leaders becoming members of the Central Committee of the CPA: J. Hughes, W. Gollan, H. Chandler, E. Ross and A. Wilson. At least four and possibly all five were already secret members of the CPA. So ended one of the most intriguing but little-known episodes in underground communist political work in an advanced democratic country.

What were the long term results of the CPA's penetration of the Australian Labor Party? The most significant result was their opposition to the creation of a National Government, that is, a non-party government of national unity. From the outbreak of war until August 1940 pressure grew to form a National Government which, for the communists, was absolute anathema because it meant class collaboration. In April the former leader of the rural-based Country Party, Sir Earle Page, publicly called for a national government, but was rebuffed by federal Labor Opposition leader, John Curtin. A government armed with sweeping defence powers and lacking an Opposition would be too powerful, Curtin argued.

Powerful forces within Labor urged a national government. In early June Curtin called a federal conference to discuss Labor's war policy and the *Sydney Morning Herald* noted: «It is believed that an influential section of the conference will advocate the formation of a National Government on the lines approved by the British Labour Party.» A Special Federal Conference in June 1940 revealed the key supporter of national government – Queensland Premier Forgan Smith, whose proposal for a national government the conference rejected. The conference opted for a more supportive, war-fighting role than previously, agreeing to reinforcement for the AIF and conditional participation in the European war. But the strength of the Left and of Labor tradition was also shown in declarations of an «excess war profits tax of 100 per cent». Instead of national government it plumped for the establishment of a cross-party Advisory War Council. Almost immediately Forgan Smith recommenced agitation for a National Government, calling for a «a new pack, a new shuffle, a new deal». A month later Menzies offered just such a «new deal», promising Labor five or six cabinet posts and finally even offering to stand down as Prime Minister, if necessary.

In the federal election campaign of September 21, 1940, Menzies campaigned on the policy of a National Government among other things. The election saw an equally divided federal House of Representatives with the fate of Menzies' government depending on two Independent MPs. Labor continued to resist any move toward a National Government and Menzies finally agreed to form an Advisory War Council (which included Labor appointees) a position he had previously rejected. In August 1941 he again appealed to Labor to form a National Government, was rejected and resigned as Prime Minister. His party held office until the two Independents finally withdrew their support on October 3, 1941. A period of eight years of Labor government then commenced. It was the first significant period of Labor control of federal government and saw many social reforms.

The significance of Labor's rejection of a National Government can be seen in comparison with the British Labour Party. Labor in Australia governed a country at war in its own right from October 1941 until August 1945. This period saw state regulation of manpower, commodities and industrial development. Unions were consulted widely, federal powers were permanently centralised and post-war planning began in 1943 with Labor ideals firmly in mind. By comparison, British Labour was the junior partner in Churchill's war cabinet and only began its reforming drive after it began to govern in its own right after the 1945 elections.

The influence of the CPA-ALP dual members played a significant although not decisive role in avoiding the conservative path of a National Government. Throughout the period in which Menzies enticed Labor to join him, Labor's leader John Curtin never wavered in his opposition to National Government. While in modern times such a stance by a leader would carry enormous weight, in this period this was less so. Curtin's opposition to National Government may have also been a response to the opposition to it within the party, a tone set by the NSW branch, which warned early and often about such a proposal.

Another influence on Labor's policy and hence government policy from 1941 to 1949 was the CPA's unwavering socialist commitment. This was translated to the ALP through the NSW branch and later by its influence in the trade union movement. Combined with the indigenous (but weaker) socialist tradition this led to a commitment in post-war reconstruction to a strong public sector, a welfare program and an unparalleled degree of regulation of private enterprise which lasted long after the post-war reconstruction period and after Labor's loss of federal government in 1949.

Against these factors consideration must be given to the counter-productive actions of the CPA dual members for most of the period of the Hitler-Stalin pact from October 1939 to June 1941. Most significantly, the CPA's strategy led to a period of electorally damaging public conflict. It began with the Hands Off Russia resolution, which led to a renewed split by Lang, then to defiance of the federal party on the National Security Bill, then to expulsion of the CPA-led Labor faction. Labor went to the September 1940 poll split into three groups. Predictably, Labor lost.

Historians have previously found it difficult to describe what actually occurred within Labor between 1936 (the beginning of the revolt which unseated Lang) and 1940 (the split) because of the secrecy of the CPA's undertaking. This has led to a lack of understanding of the internal dynamics of the NSW ALP's confrontation with the rest of the ALP, which began with the Easter conference in March 1940. Superficially, the 1940 split resembled previous Labor splits, but the crucial element was in fact a highly ideological grouping of undercover members of the Communist Party, who came to lead a mass reformist party following the strategy of the Communist International.