Productive Assets? The profitability and economic significance of Italian and German prisoner of war labour in Australia during and after the Second World War ¹

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1. Introduction

Australia held 18,432 Italian and 1,658 German POWs during the Second World War. At peak, 13,000 Italian and 1,400 German POWs were employed. While several historical studies on the prisoner’s experiences exist, the economic and financial perspective remains largely unexamined. This paper intends to fill this gap by analysing new evidence from the National Australian Archives (NAA) and the British National Archives (NA) to ascertain the prisoners’ economic contribution in terms of employment share, productivity and profitability. It is the first study to examine German and Italian prisoner of war (POW) labour in Australia jointly. Despite its small scale compared to the deployment or POW workers in the British economy, the POW labour contingent played a crucial role for the Australian economy. First, Australia actively imported POW workers from other Commonwealth countries to mitigate rural labour shortages. Second, POW labour demand from farmers was extremely high as they were paid below their marginal productivity of labour. Third, they relieved urgent rural bottlenecks and contributed significantly to rural production. Fourth, in addition to the economic benefit, Australia also derived a financial gain from the POW employment scheme. It was highly profitable and Britain subsidised Australia’s POW costs as it had agreed to pay Australia for the service of maintaining POWs on its behalf. This

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paper therefore shows that Italian and German POW workers were indeed ‘productive assets’: they represented economic and financial assets for wartime and post-war Australia.

2. POW maintenance and employment during the Second World War in the British Commonwealth

Under the 1929 Geneva Convention in force during the Second World War, the captor could legally force captured POWs to work. Officers could not be forced to work and the nature of work was prohibited to be dangerous or directly linked to the war.\(^2\) Delegates of the International Committee of the Red Cross (ICRC) and the YMCA regularly checked the adherence to these rules via camp inspections.\(^3\) Overall, Britain and the Commonwealth seem to have abided very closely by these rules.\(^4\) Conversely, the Convention was not consistently adhered to by Russia, Japan and Germany.\(^5\) In these cases, the fear of retaliation provided a much stronger motive for adhering to minimum standards of POW maintenance.\(^6\) POW employment was undertaken on an equally large scale during and after the war. At peak in 1944, almost 2 million POWs were for instance working in Nazi Germany. The Soviet Union employed 1.3 million German POWs at peak in winter 1945 and continued to employ at least 500,000 Germans until 1949.\(^7\) During and after the Second World War, over 470,000 German and 400,000 Italian POWs found themselves in British captivity on British soil or in the Commonwealth.\(^8\) Britain employed large numbers of these POWs. In early 1945, for instance, almost 360,000 German and Italian POWs were working within the Commonwealth (190,000 in Britain alone).\(^9\) Italian POWs maintained in Britain and the Commonwealth were repatriated by late 1945 and repatriation was complete in summer 1947 while captivity


\(^3\) Dear and Foot (eds.), *The Oxford Companion to World War II* (Oxford University Press 2001), p.713


\(^5\) Russia and Japan had not ratified the Geneva Convention by 1939; Germany only selectively adhered to the Convention. See Dear and Foot (eds.), *Companion*, p.340.


\(^9\) The British National Archives (NA), MT39/656, War Cabinet Draft paper, ‘Employment of German POWs in the UK after the cessation of hostilities’, Annex B and C, 4 April 1945
Captivity continued despite the end of the war because both Italy and Germany had not formally signed a peace treaty after armistice. Italy surrendered after the fall of Mussolini in September 1943 and in May 1944 the provisional Italian government agreed on a ‘co-belligerent’ status supporting the Allied war effort. Similarly, Germany surrendered unconditionally in May 1945 without a peace treaty. This unprecedented case made post-war German POW employment by the Allies up until 1950 possible because the POW status would only have ceased with a peace treaty according to the Convention.

Previous literature on Italian POWs in Australia has focused on maintenance and not employment aspects. Fitzgerald provides an unfootnoted study of the life of Italian POWs on farms and in camps in Australia using POW letters and governmental evidence. Saunders discusses POWs as a source of labour and contrasts internee and POW experiences but his analysis remains qualitative and focuses on government policies. Cresciani also examines the general Italian POW experience and acknowledges the importance of POW labour. Moore and Fedorowich provide an extensive overview of the Italian POW experience in Australia and revise assertions held in the literature using new archival evidence. They argue that the Italian POW experience in Australia was much less idyllic than the works by Saunders and Fitzgerald show and they reveal the factionalism between Italian Fascists and Anti-Fascists. But they also stress that Australia was keen to utilize the Italians’ labour potential ‘almost from the beginning’. In contrast to all other major Commonwealth countries holding Italian POWs, namely India, South Africa and Kenya, Australia did not have to cope with a sudden unexpected mass influx of POWs. However, Japan’s entry to the war 1941 and shipping problems disrupted the relocation scheme of Italian POWs in Australia. By 1942, only 10% or 5,000 of the expected approved maximum of 50,000 had arrived. The combination of the smaller scale of arrivals and the tapping and expansion of an existing administration and camp system for civilian internees meant that Australia, in contrast to South Africa, had more time to prepare and was better equipped to handle arrivals. This, they continue, was one of

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11 Moore and Fedorowich, *Empire*, p.137
13 Moore and Fedorowich, *Empire*, pp.72, 75, 77-79
the key factors that made POW administration in Australia more effective and efficient than in other parts of the Empire such as South Africa and Kenya.14

3. Australia and the Commonwealth POW labour market

During the wartime and post-war period, Britain co-ordinated large flows of POWs for economic and non-economic motives within the Commonwealth. Captured German and Italian POWs were frequently moved within the Commonwealth for military, political or economic reasons. They were evacuated from war theatres in North Africa and Continental Europe as they were draining supplies or occupying space required for refugees, shipped for interrogation or for employment purposes. Britain used the Commonwealth as agents providing the service of temporarily housing POWs that posed a danger to Britain or otherwise were considered a liability. For instance, German POWs maintained in Britain were considered a security threat and exported to Canada in 1940 and 1941. While non-economic motives, most importantly military strategy, undoubtedly played a major role in inducing these transfers, my research shows that economic motives also played a key role. Britain imported almost 138,000 Italian labour POWs from Africa, India and the Middle East between 1941 and 1944 despite severe shipping shortages and the persistent U-Boat threat. The British government actively managed the transfer of handpicked skilled Italian POW workers from the Middle East to Britain in 1941. Also, Britain had set up Italian POW labour import programmes from 1942 to 1944 which were co-ordinated with government departments and the Commonwealth countries concerned. Finally, Britain coordinated inter-Commonwealth transfers. For instance, in August 1945, 497 Italian POWs from South Africa and 1,773 from the Middle East departed for India for ‘employment on ship repair work’.15

3.1 The ‘Australian Mission’

POW labour transfers from India to Australia further illustrate Britain’s co-ordinating role and the economic motivation behind the transfers. Initial Italian POW shipments to Australia came from the Middle East, but from 1943 onwards they originated from India. In March 1943, the Australian High Commissioner in London enquired whether Australia would be willing to accept up to 50,000 Italian POWs who were held in India but could not be

14 Ibid, p.203
15 NA, WO165/59, Summary No.51, August 1945, point 26
employed there due to local political considerations. While the Australian government admitted that there might not be enough guards available for these additional POWs, the Australian Minister of the Army drew attention to the prospect of reducing domestic manpower shortages via their employment. Eventually, the Australian War Cabinet in summer 1943 approved the transfer of 10,000 Italian POWs from India for employment; 5,000 were desired immediately. While the original allocation of 10,000 POWs had been completed by April 1944, labour POW shipments from India to Australia continued until February 1945. Overall, 13,194 Italian POWs selected for labour purposes were shipped between September 1943 and February 1945 (table 3.1). After the quota had been completed, the Australian government sent an ‘Australian Mission’ to India in December 1944 in order to select POWs suitable for employment ‘to mitigate manpower difficulties’ in Australia. According to Fitzgerald, the Australian High commissioner in London again arranged these transfers. He suggested that Australia should import 7,000 Fascists POWs who were maintained in India and neither employable in India nor in Britain. After confirmation from India that 3,000 of these POWs were not entirely committed to Fascism but willing to work, Australian Army and Security officers travelled to India to select prisoners. The mission ended with the final shipment of 2,076 Italian POWs in February 1945. Moore and Fedorowich note that all the 3,065 Italian POWs selected by the mission were Fascist POWs. Australia believed that the benefits associated with these labour imports would outweigh the costs. In addition to Australia, New Zealand also signalled interest in importing Italian and German POWs for employment from India, UK or the US, but the idea was discarded in October 1943 given the worldwide shipping shortages. The Australian example is interesting for several reasons. The motives for transferral were clearly economic and almost 30% more labour POWs were imported than the planned 10,000, indicating Australia’s growing demand for POW labour. Also, the British government assumed a co-ordinating role in these transfers, allocating excess POW labour supplies efficiently within the Commonwealth. An Australian government mission was despatched to India and find suitable POW workers among Fascist POWs. Australia attempted to reduce the skill

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17 Moore and Fedorowich, Empire, p.190; Fitzgerald, op.cit., p.32
18 NA, WO165/59, Directorate Letter No.30, point 8
19 NA, WO165/59, Summary No.43 December 1944, point 14
20 Fitzgerald, op.cit., pp.85-87
21 NA, WO165/59, Summary No.45, February 1945, point 15
22 Moore and Fedorowich, Empire, p.196
23 Ibid, p.191
mismatch by finding POWs sufficiently compliant and skilled for the tasks required. Finally, the transfers of Fascist POWs reveal that Australia eventually subordinated the need for compliant labour to the urgent need for POW labour in general.

### Table 3.1. Italian POW labour transfers from India to Australia, 1943-1945

<table>
<thead>
<tr>
<th>year</th>
<th>Date</th>
<th>POWs transferred</th>
<th>Cumulative arrivals</th>
</tr>
</thead>
<tbody>
<tr>
<td>1943</td>
<td>September</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td></td>
<td>16 October</td>
<td>507</td>
<td>1,507</td>
</tr>
<tr>
<td></td>
<td>November</td>
<td>507</td>
<td>2,014</td>
</tr>
<tr>
<td></td>
<td>9 December</td>
<td>507</td>
<td>2,521</td>
</tr>
<tr>
<td></td>
<td>31 December</td>
<td>507</td>
<td>3,028</td>
</tr>
<tr>
<td>1944</td>
<td>February</td>
<td>3,043</td>
<td>6,071</td>
</tr>
<tr>
<td></td>
<td>April</td>
<td>4,056</td>
<td>10,127</td>
</tr>
<tr>
<td></td>
<td>December</td>
<td>991 Fascists</td>
<td>11,118</td>
</tr>
<tr>
<td>1945</td>
<td>February</td>
<td>2,076 Fascists</td>
<td>13,194</td>
</tr>
</tbody>
</table>

*Source: Based on NA, WO165/59, various monthly reports.*

### 4. German POW employment in Australia

Australia held 25,727 POWs from 1941 to 1947. The majority, 18,432 (71%), were Italian and the remainder 5,637 Japanese and 1,658 German POWs. German POWs constituted approximately one fifth of the POW population until the arrival of masses of Japanese in 1944, which in 1945 accounted at peak for one quarter of the POW population but had mostly left by 1946. At the end of 1946, a quarter of the POW population was German and the remainder Italian. This paper will focus on Italian and German POWs only because they are the principal point of interest. Also, Japanese POWs in general only feature in few Commonwealth countries, were small in number compared to

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24 National Archives Australia (NAA), Canberra, A7711/1, ‘History’, p.106
Germans and Italians and were in Australia for a shorter period of time than Italians and Germans.  

The literature on German POWs in Australia is limited. Wolff only devotes a small section to them in his volume on German POWs in British hands. Winter’s more recent account includes evidence from Australian archives and is very detailed, but it is unfootnoted and written mainly as a narrative focusing on the fates of individual POWs and their living conditions. Furthermore, Saunders, commenting on the literature on POW internment in Australia, criticized Winter’s account for being ‘far too sympathetic to the German position’. This section for the first time combines qualitative and qualitative evidence on German POW employment to construct a more complete picture on its use.

German POWs were held in Australia from 1941 until January 1947, when they were repatriated to Germany. Many requested to stay in Australia but were refused. However, some exceptions were granted. German merchant seamen, who were considered less committed to Nazi ideology than combatant POWs, could submit applications to remain in Australia. For instance, thirteen were given civilian labour status post-war in Western Australia. The German arrived in four different batches in Australia from 1941 to 1944, with the majority arriving in 1941. Two batches were captured German merchant seamen who assumed POW status under an optional clause of the Geneva Convention that the British adhered to. Wolff notes that during the first war years the Germans in Australia ‘kicked up a fuss’ from time to time by playing jokes on the guards or provoking them, but war events made this high-spiriting activity cease over time. The initial strong anti-Allied attitude was unsurprising because the majority of German POWs in Australia had been fighting on the North African front and captured in 1941. Winter’s account confirms that initially most German POWs were daring, provocative and supportive of the Nazi regime. For instance, rumours about an imminent Japanese invasion in 1942 lifted the prisoners’ spirits and hope

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27 Ibid, p.333
28 Wolff, Kriegsgefangenen, p.94, Winter, Stalag Australia. German POWs in Australia (North Ryde, Angus and Robertson, 1986), pp.294, 388
for release. Escapes and swapping of IDs between those on work parties and those in the camp were frequent. But the Australian Military Intelligence (AMI) was relatively successful in detecting these activities or escapes or sabotage plots through extensive letter screening, close monitoring and stool pigeons. Following a surge in escapes, the AMI furnished weekly intelligence reports from July 1942 onwards. The Army also had a German spy known with codename ‘Wegerich’ posing as a fellow prisoner and touring from camp to camp. He supplied the Army with intelligence on escape plots, morale and illegal activities such as alcohol production or radios. These various measures successfully contained illegal activities by the Germans.

Wolff, using German POW statements and ICRC reports, claims that employment was insignificant until payment to POWs from the German government ceased with the armistice in May 1945. He mentions camp and road construction work in Murchison camp, Victoria and a wood cutting camp in Mannirup, Western Australia (see map 4.1). A summary by the Directorate of POWs and Internees reveals that German POWs were also employed in hostels, barbed-wire houses with less guarding in closer vicinity to the employment site. Initially, German POW work was confined to ‘in and around their camps’. Rural employment was not considered desirable because the POWs admitted that they wanted to keep themselves fit ‘to fight again’. Rural outdoor employment thus potentially carried the security risk of sabotage and escape.

This confirms Wolff’s remark that German POWs in Australia at least initially were strongly ideologically opposed to the Allies. The only outside camp employment consisted of firewood production for the Army in Western Australia and Victoria and in a hostel of approximately 300 highly skilled Germans from camp Murchison in Wallangarra, Queensland, repairing and maintaining Army trucks. The Germans were mostly skilled workers such as motor mechanics, engineers and electricians and employed for two months from November 1946 to January 1947. The POWs at Wallangarra ‘proved good workers and performed the tasks allotted to them in a highly satisfactory manner.’ The repaired vehicles were placed into dead storage for holding as ‘post war Army vehicles’. The fact that the Germans at Wallangarra worked in a hostel shows that like Britain, Australia

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29 Ibid, pp.87, 90, 96
30 Wolff, *Kriegsgefangenen*, p. 95
31 Winter, *Stalag*, p.354
32 NAA(Canberra), A7711/1, ‘History’, p.233, points 51-55
maximised German POW employment on skilled work with low or no guarding and plenty of freedom of movement after the end of hostilities. Winter mentions another work detachment at Tocumwal, New South Wales during exactly the same period as Wallangarra which does not appear in the Australian report.\(^{33}\) The fact that unguarded employment only happened post-war indicates that first, Australia was extremely cautious about employing Germans at hostels and outside camps, in contrast to the Italians who had been employed unguarded since 1943. As in other Commonwealth countries, Germans were considered more security-intensive than Italians until the end of hostilities, although after the war, German outside employment rapidly expanded.

**Map 4.1 Selected German and Italian POW camps in Australia**

\(^{33}\) Winter, *Stalag*, p.387
Quantitative evidence on German POW employment is very rare. An Australian War Cabinet Agendum stated that in March 1945 1,400 German POWs were employed ‘under guard on firewood production and other projects at or near their camps.’

This confirms both Wolff’s account and the Australian report above but still remains vague. It is unclear how constant employment was over time and when German POW employment actually started. Wolff’s earliest evidence is from January 1944, but Winter presents POW letters mentioning woodcutting work in September 1943. So we can assume that German POW employment commenced in September 1943 and lasted until January 1947.

Australian Army evidence confirms this starting date and provides details on a woodcutting project near Graytown (see map 4.2). The Army’s Major-General in Victoria proposed in August 1943 to transfer all Italian POWs and Romanian and Finnish Merchant Seamen held

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34 NAA(Canberra), A373, 6221, War Cabinet Agendum 79/45, ‘POWs – transfer to and employment of in Australia’, March 1945, Forde, Minister for the Army, point 5
35 Winter, Stalag, p.198
in the Graytown area as they were required for employment elsewhere for the construction of new camps. The 222 Italians and 22 Romanians and Finish from the Graytown Labour detachment were replaced by 253 German POWs (of whom 223 were labourers and 30 would perform camp duties) transferred from Murchison on 3 September 1943. Most of the transfers were merchant seamen, so were less likely to be pro-Nazi and more willing to work. They were employed in firewood cutting in the forest. It was hoped that the camp would produce a minimum of 1,200 tons of firewood in 1 inch blocks per week. Output had been much lower with the Italian POW workforce. The goal when the labour detachment in April 1943 was formed had been 1,000 tons of sawn firewood per week. But during April, only 300 tons sawn firewood had been produced as the camp had not been finished upon arrival and Italian POW labour had to be devoted to the completion. By June, firewood production still was ‘unsatisfactory’ and it was demanded that the Italians should achieve the minimum weekly output of 700. German POW firewood production therefore was expected to be higher than the envisaged output at inception and higher than Italian production.

Winter’s anecdotal evidence confirms this notion. The Germans had heard that the Italian daily firewood production peaked at 110 tons and immediately raised it to 120 tons with the same number of men, an increase in productivity of 10%. However, they did not maintain this high level of productivity. The Germans protested in January 1944 against the interruption of production. The camp commander reported that on 17 January 1944, a lack of guards and escorts had led to postponing cutting and splitting in the forests for nine days as the POWs could not be employed unguarded. The mobile bench crews of 21 each however still worked, with good results as usual. German POW output was exceptionally low for two days when work resumed on 26 January indicating a ‘go-slow’ attitude in protest. On 29 January, productivity improved and on that day was as high as the total for the previous two days.

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36 NAA(Melbourne), MP 385/7, 53/101/286, Proposed transfer of personnel, Graytown firewood camp, Major-General, L of C Victoria, 18 August 1943; Ibid, Army Movement Order, 1 September 1943
37 Winter, Australia, p.200
38 NAA(Melbourne), MP 385/7, 53/101/286, ‘firewood production: Graytown’, undated but probably October 1943
39 NAA(Melbourne), MP 385/7, 53/101/286,Camp commander Bush to L of C Victoria to HQ, 8 and 21 April 1943
40 NAA(Melbourne), MP 385/7, 53/101/286,Lt-Col., L of C Victoria to HQ, No.13 POW group, Murchison, 23 June 1943
41 Winter, Stalag, p.200
This episode demonstrates that German POWs were employed under guard on outside employment as early as September 1943. It also shows that Graytown struggled to attain adequate production both with German and Italian labourers, reflecting both arduous employment conditions and guarding bottlenecks. Expected German POW production was very high and their productivity temporarily exceed that of Italians, so German POWs played an integral part in expanding POW production. They were a worthy substitute for Italians who were required elsewhere. In November 1943, 200 German POWs from the North African batch were sent to Marrinup, Western Australia, a forestry camp, to replace Italians like in Graytown. Winter suggests that the atmosphere in Marrinup was better than at Murchison. There were no previous escapees and less NCOs and less pro-Nazis in the group, implying fewer troublemakers. Marrinup was reinforced by another 100 German POW workers in June 1944 and the camp was closed only in July 1946.43

Table 4.2 summarizes the information above and provides the first quantification of German POW employment in Australia. It illustrates that approximately 90% of the Germans had been used for employment during 1944 and 1945; more than quarter were engaged in woodcutting in 1943 and one fifth were used as skilled labour post-war. Wolff did not calculate the number of man-days done by Germans in Australian captivity given a lack of data.44 This can now be done using the evidence summarized in table 4.2. In all cases it is assumed that the POWs worked 6 days per week and one man-day constitutes an 8-hour working day as prescribed by the Geneva Convention. Total man-days worked are calculated as the numbers employed (see table 4.3) multiplied by the numbers of weeks in the period of employment multiplied by 6. For late 1943, the November 1943 employment data is used and the period is assumed to last 60 days. Table 4.3 shows that this yields 920,126 man-days (153,354 man-weeks) overall. It also demonstrates that 98% of the work done by the Germans was unskilled labour and that the post-war skilled labour usage only constituted a very small fraction (2%) of total man-days done.45

43 Winter, Stalag, pp.202, 387
44 Maschke (ed.), Zusammenfassung, p.221
45 These calculations are based on minimum values, so actual man-day usage may have been higher near the 1 million benchmark.
### Table 4.2 German POW employment in Australia, 1943-47

<table>
<thead>
<tr>
<th>Period</th>
<th>Numbers employed</th>
<th>Employment type</th>
<th>Location</th>
<th>Employment share of holdings</th>
</tr>
</thead>
<tbody>
<tr>
<td>I.)November 1943</td>
<td>453</td>
<td>Wood cutting at forestry camps in Marrinup and Graytown</td>
<td>Victoria, Western Australia</td>
<td>27.7% a</td>
</tr>
<tr>
<td>II.)January 1944-December 1945</td>
<td>1,400</td>
<td>Unskilled work inside and outside camps</td>
<td>Victoria, Western Australia</td>
<td>89.3% b</td>
</tr>
<tr>
<td>III.)Nov. 1946-January 1947</td>
<td>300</td>
<td>Skilled work in hostels in Tocumwal and Wallangarra</td>
<td>Queensland, New South Wales</td>
<td>20.5% c</td>
</tr>
</tbody>
</table>

**Sources:** See text and NAA(Canberra), A7711/1, ‘History’, p.212 for 1944-46 holding figures.

**Notes:**

a. Holding figure of 1,637 calculated by Winter for 1943 is used excluding civilians.

b. Employment most probably continued until after December 1945, but no evidence is available, so this period is the proven minimum. Holding share calculated using 1944 and 1945 holding figure of 1,568 as in NAA(Canberra), A7711/1, ‘History’.

c. Holding figure used: 1,467 as at 31 December 1946.

### Table 4.3 German POW man-days in Australia, 1943-47

<table>
<thead>
<tr>
<th>period</th>
<th>Net days worked</th>
<th>POWs employed</th>
<th>Man-days</th>
</tr>
</thead>
<tbody>
<tr>
<td>I.)Nov-43</td>
<td>51</td>
<td>453</td>
<td>23,297</td>
</tr>
<tr>
<td>II.) Jan-44 to Dec-45</td>
<td>626</td>
<td>1,400</td>
<td>876,000</td>
</tr>
<tr>
<td>III.) Nov-46 – Feb-47</td>
<td>69</td>
<td>300</td>
<td>20,829</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>920,126</strong></td>
</tr>
</tbody>
</table>

**Source:** Table 4.2.

**Note:** Man-days are adjusted downwards by 6/7 because POWs only worked 6 days/week.

Although the number of German POWs held in Australia was very small, the Treasury and the Army considered them an economic asset and proposed further intakes. The Minister to
the Army suggested in May 1944 to the War Cabinet to transfer 7,500 additional German POWs to Australia ‘to provide a further reserve of useful labour for employment under military control of Army and other departmental agricultural projects.’ The Treasury concurred, arguing that additional costs would be low. No new camps would have to be constructed unless a mass influx of Japanese POWs occurred. German POWs had to be employed under guard in contrast to Italians, but additional guarding expenses would also be low. Overall 1,500 additional guards would be required, but for the time being only 700 additional garrison personnel would be needed because the remaining 800 could be withdrawn from Italian POW administration. This implies a guarding ratio of 1:5, i.e. one guard for every five POWs. The Treasury argued that the project would be practically costless for Australia because Britain paid for POW maintenance and camp construction and thus considered Germans a net productive asset.

The value of the prisoners in production of foodstuffs etc. is at least equivalent to the value of the guards required to care for them. No additional camp accommodation will need to be constructed.46

The 1,400 other ranks, i.e. non-officer German POWs held in Australia at that point showed ‘a greatly increased disposition to work, behave well and practically all of them are productively employed.’ The Treasury compared the prisoners’ labour value to the cost value of the guards, so it clearly employed cost-benefit analysis on the decision about the German POW transfer. Also, the planned transfer clearly had an economic motive - Australia desired more German POW labour. Therefore, economic motives drove government decisions: Australia intended to maximize German POW employment and expected to profit from free-riding on internee and POW camps built by the British and from economies of scale on the guarding issue.

However, the Australian War Cabinet disagreed with the Army and the Treasury on the viability of the transfer and eventually decided against it in January 1945.47 Although records indicated that a ‘growing proportion of them will behave well, will work very effectively and are not very interested in escaping from custody’, the Cabinet found German POWs ‘as a

46 NAA(Canberra), A1308, 712/1/12, notes on War Cabinet Agendum 170/43, supplement No.3, ‘POWs – transfer to and employment of in Australia’, Assistant Secretary Treasury, pp.1-2, 15 January 1944
47 NAA(Canberra), A373, 6221, War Cabinet Agendum 79/45, ‘POWs – transfer to and employment of in Australia’, March 1945, Forde, Minister for the Army, point 3
class are not generally speaking satisfactory types for employment’. This implies German were still not sufficiently compliant. Also, guarding costs would be significant because the provision of guards for additional German POWs given current manpower shortages would be highly problematic. Finally, the transfers would not be a ‘sound economic proposition’ because German POWs would be a net burden for scarce resources, notably food.

From all aspects, it would appear preferable to concentrate on Italian POWs and endeavour to secure the expeditious transfer to Australia of the numbers which the government has already agreed to accept. 48

While the Treasury had considered Germans a net asset and had discounted additional costs, the Cabinet challenged this earlier assessment. It considered Germans a net liability because they were less compliant and more expensive in terms of guarding and food requirements than the Treasury and Army had alleged. Another issue influencing the rejection were internal government disputes. The Minister for the Army had requested the immediate transfer of 2,500 German POWs from Britain in January 1944 without consent of the Australian War Cabinet. The latter criticized this unauthorized request and reversed it by asking to change the additional 2,500 Germans for 2,500 Italians provided Britain agreed. 49 Government departments therefore had conflicting views on the issue with the sceptics eventually winning the debate. One thing that was agreed on in these debates was that Germans were more productive than Italians, a conclusion that already had arisen in Britain.

In ability, German POWs are superior to Italian POWs but as their morale is not yet broken it would for the present be unsafe to employ them without guards. On the other hand, the 1,400 German POW O/Rs [other ranks] held in Australia now, show a great increased disposition to work and behave well and so practically all of them are productively employed. 50

Moore and Fedorowich also mention that Australian authorities found Germans superior to Italians in terms of ability but do not elaborate on this finding. The main issue in the debate had been guarding and if unguarded German POW employment had been possible the transfer of German POWs would have been regarded as a net benefit. But since unguarded

48 NAA(Canberra), A816, 54/301/253, notes on War Cabinet Agendum 70/43, supplement no.3, 15 January 1944
49 NAA(Canberra), A1308, 712/1/12, War Cabinet Minute, 21 January 1945, point 2b
50 NAA(Canberra), A1308, 712/1/12, War Cabinet Agendum 170/43, supplement no.3, ‘POWs – transfer to and employment of in Australia’, December 1943, Forde, Minister for the Army, p.3, point 11
German POW employment was only undertaken in Britain in 1945 and as the Germans in Australia were considered to be strongly pro-Nazi, the decision not to accept further Germans was not surprising. The transfer issue was again discussed in 1945 in terms of German POW post-war employment in the entire Empire. Yet again, the transfers were not undertaken because shipping bottlenecks meant that it was ‘incongruous’ to use the scarce shipping space for Germans instead of ‘own men’, i.e. de-mobilized Australian soldiers. Also, the re-absorption of the latter and of civilian workers previously engaged in war production into agriculture would be hindered if German POWs were used.\(^{51}\)

In terms of economic contribution, German POWs must have been a liability. First, employment and maintenance numbers were small, suggesting that camp construction costs must have been high in relation to numbers held. Second, unguarded employment was resisted until the post-war period for security reasons. However, as table 4.2 above shows, employment ratios still were high and skilled employment existed. Thus, logistical, political economic and security considerations prevented further German POW transfers despite demand for them and despite their productivity being superior to Italians. Inter-departmental disagreement over the net value of German POW value eventually prevented further imports. The Ministry of the Army’s ‘order’ for 2,500 more Germans without seeking Cabinet approval indicates that some departments were extraordinarily keen on receiving further German POW labour. But the guarding problem prevented these transfers. The German POW labour pool in Australia was small and mostly undesirable prior to the end of hostilities, but the government still tapped it regularly, deployed skilled labour and considered further imports.

5. Italian POW employment in Australia

5.1 Overview and new evidence on employment

This section briefly summarizes the history of Italian POW employment in Australia and presents the first quantitative analysis of POW employment using consistent data. Information is primarily taken from a governmental summary of POW maintenance and complemented with evidence from Moore and Fedorowich

\(^{51}\) NAA(Canberra), A816, 54/301/253, notes on War Cabinet Agendum 79/45, 6 March 1945
Italian POWs were held all over Australia, although the majority was kept and employed in eastern Australia in relatively isolated areas to prevent escapes and contagion of civilians with diseases such as malaria and dysentery carried by approximately one fifth of the POWs. POW employment was centred in New South Wales and Victoria, but small contingents also existed in South Australia and Tasmania. The POWs were employed from 96 so-called Control Centres (CCs) that were administered by the Army. The Australian War Cabinet approved a great expansion of POW work in January 1942. Apart from camp construction and work inside the camp, Italian POWs could now be employed on the production of vegetables, firewood and charcoal and they could also be used on ‘national works, improvements in communications and seasonal works near camps’. The employment undertaken immediately after approval was twofold. First, vegetables were produced for the Army at Cowra, New South Wales. Second, labour detachments were formed with 1,100 Italians, of whom 300 performed maintenance work on the East-West railway in South Australia and the remainder produced firewood and vegetables in New South Wales and South Australia and Victoria. Beginning in 1943, demand rose for POW labour as acute manpower shortages were exposed in the Australian rural sector. Italian POW labour was released as camp construction was complete, but additional guards could not be provided to deploy this labour, so the government approved POW employment without guards. Only Italian POWs with ‘good records’ and ‘physically fit for manual labour’ were to be selected for unguarded employment. A maximum of three POWs were supplied to each employer (later on called the ‘1 to 3’ scheme) and wages payable by farmers were set at a minimum of £A1 per week unless a certain pay award scheme existed.

While the Army was in charge of the administration of the camps, CCs and POW employment, local War Agricultural Committees (WACs) co-ordinated security with the Army and local police and wage rates were set by the Ministry of Labour. Thus, many governmental and non-governmental regional and national agents with potentially different sets of interests were engaged in running the POW employment scheme. When it began, language problems, a difference in diet among the Italians and potential resistance from trade unions were all addressed. After ‘initial inevitable difficulties’, the scheme was ‘working smoothly’ in September 1943 and POW labour demand was so high that Britain was asked to

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52 NAA(Canberra), A7711/1, ‘History’, p.225, point 8
53 Ibid
54 All monetary values in this study are given in Australian Pounds (£A).
supply another 10,000 Italians. Moore and Fedorowich note that the prisoners’ morale within many compounds was high post-armistice in 1943 and 1944 and that many asked for unguarded employment to escape the barbed wire. They also finds it surprising that despite 20% of incoming Italian POWs carrying amoebic dysentery and 34% having malaria, the Department of Health approved the scheme provided precautions such as exclusion from irrigation projects were met. The Director of Health in his recommendation however also conceded that ‘considerations of national necessity’ trumped health issues.

Table 5.1 provides the first consistent overview on monthly rural Italian POW employment in Australia gathered from various Australian government files. It demonstrates that Italian POW employment rose steadily from 1943 onwards and increased more than ten-fold from January 1942 to October 1945. From August 1943 onwards, from which point the figures denote unguarded POW workers, employment doubled within ten months and eventually peaked at 13,000 in March 1945. The launch of unguarded employment therefore significantly increased the scale of POW usage. The table 5.1 also relates the monthly rural employment figures to the total number of POWs held to attain a first time series of POW employment shares. While upon inception in 1942 only 20% and by May 1944 only half of the Italian prisoners were employed, the share rapidly increased afterwards. By November 1944, three-quarters were employed and by March 1945, employment share peaked at 83%. The share declined thereafter to 53% in early 1946. Compared to a peak German POW employment share of 71% in Canada and to Italian POW employment share of 90% in Britain, Australia lands in the upper medium range. It seems to have utilised its POW labour pool better than Canada but worse than Britain.

55 Ibid, pp.228-9, point 22
56 Moore and Fedorowich, Empire, p.199
57 Ibid, pp.189-190
Table 5.1 Italian POW employment in Australian agriculture, 1942-46

<table>
<thead>
<tr>
<th>year</th>
<th>Date</th>
<th>POWs employed in agriculture</th>
<th>POWs held</th>
<th>Employment share</th>
</tr>
</thead>
<tbody>
<tr>
<td>1942</td>
<td>January</td>
<td>1,100</td>
<td>6,000</td>
<td>18.3%</td>
</tr>
<tr>
<td></td>
<td>28 May</td>
<td>3,000</td>
<td>6,300</td>
<td>47.6%</td>
</tr>
<tr>
<td>1943</td>
<td>30 August</td>
<td>4,624</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1944</td>
<td>17 May</td>
<td>6,500</td>
<td>14,231&lt;sup&gt;a&lt;/sup&gt;</td>
<td>45.7%</td>
</tr>
<tr>
<td></td>
<td>22 June</td>
<td>8,475</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>12 July</td>
<td>9,972</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>31 July</td>
<td>10,451</td>
<td>15,701&lt;sup&gt;b&lt;/sup&gt;</td>
<td>66.6%</td>
</tr>
<tr>
<td></td>
<td>18 November</td>
<td>11,600</td>
<td>15,701&lt;sup&gt;b&lt;/sup&gt;</td>
<td>73.9%</td>
</tr>
<tr>
<td></td>
<td>29 November</td>
<td>11,842</td>
<td>15,701&lt;sup&gt;b&lt;/sup&gt;</td>
<td>75.4%</td>
</tr>
<tr>
<td>1945</td>
<td>31 January</td>
<td>11,446</td>
<td>15,701&lt;sup&gt;b&lt;/sup&gt;</td>
<td>73.0%</td>
</tr>
<tr>
<td></td>
<td>March</td>
<td>13,000</td>
<td>15,701&lt;sup&gt;b&lt;/sup&gt;</td>
<td>83.0%</td>
</tr>
<tr>
<td></td>
<td>30 June</td>
<td>10,939</td>
<td>17,269</td>
<td>63.3%</td>
</tr>
<tr>
<td></td>
<td>24 July</td>
<td>10,295</td>
<td>17,269</td>
<td>63.3%</td>
</tr>
<tr>
<td></td>
<td>19 October</td>
<td>11,000</td>
<td>17,032</td>
<td>60.5%</td>
</tr>
<tr>
<td>1946</td>
<td>15 February</td>
<td>2,457</td>
<td>4,634&lt;sup&gt;c&lt;/sup&gt;</td>
<td>53.0%</td>
</tr>
</tbody>
</table>

<sup>a</sup> Holding figures apply to same data as employment unless otherwise stated.

<sup>b</sup> Employment figure from CCs and holding figure as at 17.5.44, NAA(Canberra) A1308,717/1/12, War Cabinet Agendum 170/1943, Supplement 4, Appendix A, ‘report on the use of POWs’, point 5d, 1 September 1944.

<sup>c</sup> POW maintenance figure from 31.12.1944.

POW maintenance figure from 31.12.1945.

Sources: NAA(Canberra): A7711/1; A649 172/600/19; A1308,717/1/12; A649 82/600/417
NAA(Melbourne): MP742-1, 255-19-310; B551, 1942/40/3228 parts 3-4, B551, 1943/79/6835/1

Notes:
A hostel scheme was implemented in late 1943 with 34 hostels. Hostels could accommodate up to 50 POWs close to employment sites run by the POWs but guarded by the Army. Hostel accommodation served to reduce guarding by pooling the POWs and to save transport costs to the employment site. The government’s approval, step-by-step, of outside, unguarded and pooled employment demonstrates its focus on the most efficient and economic use of POWs. With the end of hostilities in Europe and the gradual return of de-mobilised Australian soldiers, demand for Italian POW labour fell from summer 1945 onwards. At the same time, Britain announced the plan to co-ordinate a speedy repatriation of the Italians throughout the Empire. Australia commenced to repatriate Italians in November 1945, around the same time as Britain. Subsequently, Italian POWs were gradually withdrawn from rural employment during winter 1945 and early 1946 to be replacing them with discharged Australian Army personnel. The withdrawal was completed in May 1946. However, owing to shipping shortages, repatriations only commenced in October 1946 and the last Italian POWs left Australia only in January 1947. Substantially lower holding figures and employment shares as shown in table 5.1 by 1946 reflect this change. Rural projects in Victoria for instance encompassing 1,652 POW workers were disbanded at different times from December 1945 to March 1946, with the majority of workers staying until March. Italian POW employment therefore was gradually reduced from November 1945 until spring 1946 but still continued, though on a much lower scale. 23 hostels were for instance still in operation by March 1946 and still 14 by winter 1946.

Overall, the government considered the work of the Italians ‘of great importance to the war effort’. It deemed Italian POW employment as highly successful and of ‘inestimable value’ in assisting Australia to supply its allies with foodstuffs. Unguarded employment saved time, labour and expenses. The employment scheme justified itself and turned ‘a liability in the form of men costly to maintain into an asset of real production value’. The Italians were therefore seen as productive assets that alleviated manpower shortages in wartime and post-war. Cresciani also considers the unguarded scheme very successful, its economic impact

58 NAA(Canberra), A7711/1, ‘History’, p.231, point 42
59 Ibid, point 37. See also NA, T225/26, Martin (High Commissioner) to Iresson (WO), 9 April 1947
60 Moore and Fedorowich, *Empire*, p.218
61 NAA(Melbourne), MP742/1, 255/30/3, AMF, Adjutant-General, Army HQ, Melbourne, ‘Italian POWs - withdrawal from rural industry’ 30 October 1945
62 Saunders, ‘Farm’, pp.32-33
63 NAA(Canberra), A7711/1, ‘History’, p.231, point 40, p.233, point 59
significant and concludes that the POWs had a beneficial effect on Australian society and its war economy.64

The prisoners played a key role for Australia’s aggregate war economy as a supplementary labour group. The Australian rural sector did not experience a significant decline in employment until late 1941, but from 1942 onwards call-ups and worker drifts to other industries took their toll. Rural male employment fell by 70,000 between mid-1941 and mid-1942.65 Releases from the Army, the creation of the Australian Women’s Land Army (AWLA) and schemes substituting capital for labour provided some relief but according to Butlin and Shedvin these actions were insufficient or too slow. The rural sector lost a third of its labour force between 1939 and 1943 and particularly struggled with labour shortages in 1943 and 1944 while insufficient inter-war investment in capital and fertilizers constrained rural sector productivity. At the same time, Britain and the USA wanted Australia to become the ‘Allied food bowl’, a role that Australia was struggling to take up given the temporary invasion threat by Japan and the constant struggle to meet domestic civilian demand.66 In this context, the Italian POW immigration programme helped the rural sector significantly because it provided mobile labour in industries where civilians were less willing to work. The POW labour contribution was much higher than that of civilian internees. Prisoners could be coerced to work according to the Geneva Convention while internees could not and frequently refused to work.67 Although some POWs refused to work, Italians on the whole were willing workers.

Table 5.2 sheds light on the relative size of Italian POW labour compared to civilian labour in agriculture from 1942 to 1945. The prisoners’ share of the temporary rural workforce rapidly increased from 1942 onwards and was particularly significant during 1943 and 1945. Italian rural POW workers constituted at peak less than 1% of the aggregate Australian civilian labour force (1.91 million in 1945) and 2% of the rural Australian labour in 1944. By comparison, German and Italian POW workers in Britain made up 2% of the aggregate and 20% of the total rural labour force at peak in 1946. But if we consider the Italian POWs as temporary rural workers, then they constituted up to 20% of the civilian temporary rural

64 Cresciani, ‘Captivity in Australia: The case of Italian POWs, 1940-47’, Studi Emigrazione, 26 (1989), pp.198, 207, 218
65 Butlin and Shedvin, War Economy, 1942-45 (AWM Canberra, 1977), part of series 4.4 Australia in the War of 1939-45, pp.196-197
66 Ibid, p.500
67 Ibid, p.379
labour force workforce in Australia in 1943. This classification makes sense because many POWs worked in temporary projects such as rice harvesting and tomato picking and because most POWs initially were inexperienced in their allocated jobs.

**Table 5.2 Italian POW share of Australian civilian rural and aggregate labour force, 1943-45**

<table>
<thead>
<tr>
<th></th>
<th>POW labour force share (%) of</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>date</td>
<td>Total rural labour (1)</td>
<td>Temporary rural labour (2)</td>
<td>Aggregate labour force (3)</td>
<td></td>
</tr>
<tr>
<td>June 1942</td>
<td>1.1%</td>
<td>7.5%</td>
<td>0.14%</td>
<td></td>
</tr>
<tr>
<td>June 1943</td>
<td>2.3%</td>
<td>19.0%</td>
<td>0.14%</td>
<td></td>
</tr>
<tr>
<td>June 1944</td>
<td>2.1%</td>
<td>14.0%</td>
<td>0.34%</td>
<td></td>
</tr>
<tr>
<td>March 1945</td>
<td>2.4%</td>
<td>21.0%</td>
<td>0.68%</td>
<td></td>
</tr>
</tbody>
</table>


Note: Production Bulletin No.39 treats POWs as temporary workers but gives 9,557 working POWs on 31.3.45, translating into a temporary worker share of 17.6% and conflicting with table 5.1. The higher POW employment figure from table 4.4 is used as it corresponds to other government statistics. The 9,557 figure probably relates to a previous date.

**5.2 Supply and demand for Italian rural POW labour in Australia**

Excess demand for POW labour was significant. The government estimated at the end of 1943 that POW demand was so high that up to 15,000 to 20,000 POWs could have been absorbed into the domestic labour market.\(^{68}\) In August 1943, approximately 5,000 Italians were employed, implying that demand exceeded supply by a factor of three to four. Australia overallocated the Italians in their hands factoring in future arrivals from India. By June 1944, overallocation stood at 900 prisoners, so a proposal for POWs to perform urgent railway

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\(^{68}\) Moore and Fedorowich, *Empire*, p.193
work near Brisbane was rejected. Supply was restricted for two main reasons. First, shipping of Italian POWs to Australia was lower than expected given Japan’s entry into the war in 1941. Second, the supply pool in Australia could not be fully tapped. Many proposals for POW labour projects were turned down for security reasons or because of guarding or accommodation bottlenecks. For instance, projects in regions with alien farmer communities or with military installations in close proximity were turned down or employment reduced for security reasons. Also, only a proportion of the POWs in Australia were fit or suitable. Fascists were undesirable and every fifth Italian coming to Australia suffered from malaria or dysentery. Infected POWs underwent a three month quarantine period upon entry to Australia, creating a time lag between arrival and employment. POWs that had recovered from malaria were undesired by farmers because they were unfit for heavy manual work. For instance, in November 1944 only three quarters of all Italian POW arrivals in Australia were working unguarded. These constraints on POW supply imply that standard calculations to attain the elasticity of demand for POW labour cannot be used because they would not measure the actual effect of a change in POW wages on demand for POW labour by farmers.

POWs mostly complemented civilians as low-cost labour. Farmers criticised the prisoners’ language difficulty, lack of experience and low ability given malaria or dysentery contagion prior to captivity. Still, demand by farmers exceeded supply. Some districts operated waiting lists for farmers seeking POW labour in autumn 1944; farms in particularly remote areas fully depended on the POWs as civilian labour was not available or not willing to work in these areas. Also, local juveniles often refused to help in harvesting because they could earn higher wages in other rural jobs, so the prisoners were a valuable assistance in these cases. Farmers compared POW productivity to that of civilian juvenile workers or ‘improvers’ but admitted productivity was heterogeneous. One farmer for instance found that ‘about 40% of the Italians are fairly good workers’. Of his ten POW workers, ‘four were working well, four were useless and two had to be watched.’ Government sources are not clear on POW

69 NAA(Melbourne), B551, 1942/40/3228, part 3, DG Manpower Minute, ‘proposal to use Italian POWs on railway work’, 20 June 1944
70 Saunders, ‘Farm’, p.26
71 Moore and Fedorowich, Empire, pp.189-190
72 NAA(Melbourne), MP742-1, 255-19-310, AMF minute, 18 November 1944
73 NAA(Melbourne), B551, 1942/40/3228, part 4, Memo for DG Manpower, point 5, 26 October 1944
74 NAA(Melbourne), B551, 1942/40/3228, part 4, Ogilvie to Scully (DAC), 15 March 1945
75 Ibid
productivity. While they mostly mention a range of 25 to 30% compared to civilians in 1945 and 1946, documents from 1944 also portray POWs as ‘50% as effective’ on farms.\textsuperscript{76}

Large-scale farmers employed additional civilian labour gangs with the money saved from employing Italians prisoners to do work which civilians were unwilling to do. Small scale farms, especially dairy farms, could not afford civilian labour to expand production, so they substituted Italians for the low-cost family labour which had been lost through call-ups. Moore and Fedorowich argue the proposed POW wage increase to £A2 per week in 1945 would have squeezed the small dairy farmers out of competition in late 1944.\textsuperscript{77} Alternatively to POWs, farmers could utilize juvenile labour, the AWLA or skilled rural labour. My research finds that POWs were cheaper than temporary juveniles (£A1.40/week excluding keep) and the AWLA (£A3.75/week including keep) and much cheaper than skilled rural workers. Three case of crowding out were reported in newspapers,\textsuperscript{78} but competition between coerced and civilian labour generally was limited because farmers argued prisoners were worth less than juveniles. This justified their lower wage in their view, so they regarded POWs as a different labour market segment.

\textbf{5.3 The POW wage debate}

A closer glance at the workings of POW wages and the controversy surrounding it sheds light on the value of Italian POW labour to the Australian economy. Italian POW wages were at the centre of a row between the government and the Australian Worker’s Union (AWU) in 1945. The Ministry of Labour had fixed POW wages in 1942. Trade unions urged the government to increase POW wages payable by farmers from £1/week to ‘award rates’, minimum civilian rural wages. Awards were job-specific and could differ by state. At the time the AWU raised its demands, the average civilian rural weekly wage was between £5 and £6.\textsuperscript{79} Farmers paid £1/week to the government for having a POW billeted on their farm but would have to provide lodging. The AWU had agreed to the employment of POWs in rural industries with AWU presence in 1942 provided all other labour sources had been

\textsuperscript{76} NAA(Canberra), A649, 82/600/417, Henniker (Treasury) to Secretary of Great Britain, London, 6 December 1946, points 3-4

\textsuperscript{77} Moore and Fedorowich, Empire, pp.196, 276, fn75

\textsuperscript{78} NAA(Melbourne), B551, 1942/40/3228, part 3, newspaper clippings ‘warning on POW labour’ and ‘farmer loses POW labour’, filed 18 July 1944

\textsuperscript{79} All figures given in Australian pounds unless otherwise stated. £1 Sterling was worth approximately £A1.15 during the war.
exhausted.\footnote{Hearn and Knowles, \textit{One Big Union. A History of the AWU, 1886-1994} (Cambridge University Press), p.195} Also, no Australian trade union had opposed the introduction of unguarded POW employment in 1943.\footnote{NAA(Canberra), A7711/1, ‘History’, pp.227-8, point 15} However, by September 1944, some members of the AWU were criticising the employment of POWs in Quirindi, New South Wales, and urging workers not to accept employment where POWs are engaged. But the government reported in 1944 that ‘generally speaking, the AWU is not opposed to POW labour’.\footnote{NAA(Canberra), A1308, 712/1/12, notes on War Cabinet Agendum 170/43, ‘employment of POWs without guards’, Assistant Secretary Treasury, 4 September 1944}

This claim was perhaps premature: the AWU argued in 1945 that the Italians were ‘cheap labour’ crowding out Australian civilian labour and asked for POW wages to be increased. The government had so far resisted the wage increase to protect small dairy farmers who could not afford it. But strikes by the AWU in January 1945 turned the tide. At Gowrie shearing station near Inverell, New South Wales, civilian workers had refused to work alongside POWs and held up production ‘for a few days’.\footnote{NAA(Canberra), A373, 6221, ‘POW labour danger to shearing’, Sydney Herald, 26 January 1945} Shearers in Quirindi, 275km further south, also protested against POW employment. Work resumed when the POWs were removed but the strikes spread further across New South Wales in February.\footnote{NAA(Melbourne), B551, 1942/40/3228, notes by Coleman for Melbourne conference, 13 February 1945}

Holloway, the Minister of Labour, asked Prime Minister Curtin to increase POW wages to settle the dispute. The strikes had forced him to abandon several POW projects. Holloway admitted that the government had not adhered to original plans. It had promised to raise POW wages gradually from £1 per week to, ultimately, the award rate (the sector-specific minimum civilian wage) for POWs with at least six months of work experience, but it still allowed POWs with twelve months experience or more to be paid £1 per week.\footnote{NAA(Canberra), A1308, 712/1/23, Holloway to Curtin, 8 February 1945} Curtin agreed that a wage increase was now necessary. But Holloway’s and Curtin’s first submission to the Full Australian Cabinet in February 1945 for an increase was rejected, following which strikes intensified and also spread to Victoria. This second wave of industrial action against low POW wages coincided with shearers strikes in New South Wales and Queensland. Workers protested against allegedly excessively low pastoral wages; the pastoral awards in these states had not been increased since 1938.\footnote{Pastoral award rates were only changed in 1947 given further strike threats. Hearn and Knowles, \textit{op.cit.}, pp.203-204} Facing further industrial action on the POW wage front, the War Cabinet finally approved the increase in April. The decision followed the
recommendation of a conference of representatives of Commonwealth departments concerned with POW employment policy. POW wages were doubled to £2 per week for Italian POWs with at least six months of work experience coming into effect in June 1945.

There is evidence that the POW wage increase did lead some employers to return their POW labour, only retaining those who would ‘give them a fair return for their outlay.’ In Tasmania returns amounted to 15% of the POW labour force. However, aggregate quantitative evidence on the effect of the wage increase on POW employment is more difficult to ascertain. Table 5.1 shows a 16 to 20% employment fall from March 1945 (prior to the wage increase) to July and October 1945 respectively. However, other factors such as lower seasonal demand and the impending repatriation of POWs may have contributed to this downfall and isolating the wage effect is difficult. But the above qualitative evidence suggests that overall the return of POWs following the wage increase was relatively modest.

5.4 POW productivity

The wage increase offers a natural experiment to examine the workings of the ‘market’ for Italian POW labour. The economic theory of factor demand stipulates that in a competitive market, a worker’s wage equals the value of their marginal product of labour (MPL). In other words, his wage precisely reflects the market’s value of his output. While the POW labour market was far from competitive, the assumption that wages would adequately reflect productivity and that farmers would return prisoners if their productivity was lower than the payable wage is valid. Some POWs were laid off after the wage increase to £2, indicating that wages exceeded the POWs’ MPL at this rate.

Qualitative evidence suggests that the POWs were at maximum worth £1.25 to £1.50 per week. The Director-General (DG) of Manpower in July 1944 found that any increase of the £1 wage beyond £1.25 per week ‘would result in POWs being returned by farmers’. In January 1945, an Australia-wide employer survey found that a general increase to £2, indicating that wages exceeded the POWs’ MPL at this rate.

87 NAA(Canberra), 649, 82/600/417, Sinclair, Department of Army, to Treasury, 25 November 1946
88 NAA(Melbourne), B551, 1942/40/3228, part 4, Memorandum Prime Minister’s Department to Holloway, 18 April 1945
89 NAA(Canberra), A649, 82/600/417, Henniker (Treasury) to Secretary of Great Britain, London, 6 December 1946, points 3-4
90 NAA(Canberra), A649, 114/600/242, Inspection report, POW accounting, Tasmania, August 1945, 5 (v)
92 NAA(Melbourne), B551, 1942/40/3228, part 3, ‘use of POWs in rural industries’, DG Manpower, Rural Section, 26 July 1944
to £1.50 for POWs with 6 months experience would not have adverse effect on the employment scheme, but that an increase to £2 would entail withdrawals of POWs, jeopardising rural production.\textsuperscript{93} This suggests that the prisoners’ productivity therefore had already exceeded this wage in summer 1944 by 25% and by 50% in 1945. Given that the vast majority of working Italian POWs at the point of the employer survey in January 1945 had had at least 6 months of experience in rural employment, this suggests raising the wage to £1.50 would have had very little impact on POW utilization by their employers.\textsuperscript{94} Government evidence confirms that by May 1945 the majority of POWs were experienced workers and worth more than £1/week.\textsuperscript{95} So the prisoners should have attained productivity levels at the upper end of the MPL range of approximately £1.50.

If we take wage as a proxy for productivity as proposed by the MPL assumption mentioned above, then the POW wage relative to the civilian wage measures POW productivity relative to civilian productivity. Table 5.3 shows the implied relative POW productivity level based on the actual wages paid but also provides estimates of the implied relative productivity level under different wage assumptions. Farmers nominally paid 16.8 to 19.3% of civilian wages for POWs prior to the wage increase in June 1945 and 33% afterwards. Assuming POW productivity rises to an equivalent wage value of £1.25 in 1944 and £1.50 in 1944 respectively following the above analysis, POW productivity increases from 20% in 1942-3 to 23% in 1944 and 27% in 1945. This takes account of the POW learning curve and confirms the above valuation of 25-30% by employers and the government.\textsuperscript{96}

\textsuperscript{93} NAA(Melbourne), B551, 1942/40/3228, part 4, DG Manpower to Holloway, ‘utilization of POWs’, 17 January 1945
\textsuperscript{94} Although 3,000 Italian POWs arrived from India in February 1945, table 5.1 shows that at least 10,000 existing Italian POWs had been employed since July 1944 even if the quarantine period of 3 months is taken into account.
\textsuperscript{95} NAA( Canberra), A649, 13/601/8, memorandum by Bulcock, Director-General of Agriculture, to Secretary of Treasury, 23 May 1945
\textsuperscript{96} NAA(Melbourne), B551, 1942/40/3228, part 4, Ogilvie to Scully (DAC), 9 March 1945
Table 5.3 Estimates of implied POW productivity under different wage assumptions (£A/week), 1942-45

<table>
<thead>
<tr>
<th></th>
<th>1942</th>
<th>1943</th>
<th>1944</th>
<th>1945</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Actual wage</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Civilian*</td>
<td>5.18</td>
<td>5.80</td>
<td>5.94</td>
<td>6.05</td>
</tr>
<tr>
<td>POW</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
<td>2.0**</td>
</tr>
<tr>
<td>(2) Implied relative productivity under different assumptions</td>
<td></td>
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<tr>
<td>Actual POW wage = £1</td>
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<tr>
<td>19.3%</td>
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<tr>
<td>17.2%</td>
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<tr>
<td>16.8%</td>
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<tr>
<td>33.0%</td>
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<tr>
<td>POW wage = £1.25</td>
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<tr>
<td>24.2%</td>
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<td>23.4%</td>
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<tr>
<td>22.6%</td>
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<td>21.9%</td>
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<td>29.0%</td>
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<td>28.0%</td>
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<td>27.1%</td>
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<td>26.3%</td>
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<tr>
<td>POW wage = £2.00</td>
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<tr>
<td>38.7%</td>
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<td>34.5%</td>
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<td>33.6%</td>
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<tr>
<td>POW wage = £2.50</td>
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<tr>
<td>48.30%</td>
<td></td>
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<tr>
<td>43.1%</td>
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<tr>
<td>42.1%</td>
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<tr>
<td>41.3%</td>
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<tr>
<td>POW wage = £3.00</td>
<td></td>
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</tr>
<tr>
<td>58.0%</td>
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<tr>
<td>51.7%</td>
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<tr>
<td>50.5%</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>49.6%</td>
<td></td>
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</tbody>
</table>

Source: Annual averages from Australian quarterly summary of statistics, issues March 1942 to December 1945 for civilian wages. Notes: *Civilian wage defined as the national weighted average weekly Australian agricultural and pastoral wage including board and lodging where supplied. **POW weekly wage increased from £1 to £2 in June 1945 for Italian POWs with at least 6 months experience (excluding keep payable by employers).

However, these calculations omit additional costs incurred by the farmer. Civilian wages include keep while the POW wages do not; the farmer had to pay for this in addition to the £1. The only quantitative evidence on boarding cost is given by the General Secretary of the AWU, Dougherty, in a speech to the AWU in December 1944. He argued that the full POW cost to the farmer would be £2 per week including board, i.e. £1 wage and £1 boarding costs. He uses this figure to underscore the prisoners’ cheapness compared to Australian civilians at £5 per week including boarding. Other pastoral civilian wage figures he cites support this figure. Pastoral workers were paid £1 8s. (£1.67) more per week if the employer did not supply boarding.97 The POW boarding premium of £1 per week thus would be 60% of the civilian pastoral boarding premium. It makes sense to assume that POW accommodation

97 Trade Union Congress Library Collections, London (TUC), The Australian Worker, 6 December 1944, p.2
would be cheaper than civilian accommodation and that the POW boarding premium would be lower because pastoral wages were among the highest in agriculture. But the difference between the premiums still is relatively large. Dougherty’s POW premium may however be biased downwards. The AWU was at the time building up its protests and strikes commenced only one month after this speech, so Dougherty was interested in making POW labour look as cheap as possible. He does not quote any source for his figures.

If we accept that the £1 boarding cost should be included as part of the cost of employing the POW, then the effective wage was £2 per week before June 1945 and £3 per week thereafter. On this basis the corresponding POW wages from section (2) in table 5.3 suggest that POW productivity was at least a third of that of civilian labour prior to June 1945 and half of that of civilian labour thereafter. In fact, as only few dismissals occurred after the increase in POW wages, it is highly likely that experienced Italian POWs were half as productive as civilian labourers before mid-1945. It also is very likely that POW productivity was rising gradually. Based on the data from table 5.3, one could plausibly argue that the relative productivity increased from 30% (assumed POW wage of £1.50) in 1942 to 34.5% (£2) in 1943, 42% in 1944 (£2.50) and finally attained half of civilian productivity in 1945.

These results also make sense in a comparative context. First, if £1 adequately reflected the prisoners’ productivity, then civilian labour in 1944 would have been six times as expensive and as productive as POW labour. This appears unlikely given the above qualitative evidence and particular considering that in 1944 and 1945 the vast majority of POWs employed were experienced. Second, Italian and German POW workers were approximately 50 to 75% as productive as civilians in Britain; German POWs attained 48-57% in Canada. The extreme and unfamiliar climatic conditions in Australia render a slightly lower than average productivity plausible, but in light of these productivities and of Australia’s extraordinary focus on the most economic use of POW labour more than any other Commonwealth country, 25% appears too low. Third, the government itself noted a relative productivity of up to 50%, so the revised estimate appears correct.

Finally, the revised productivity better matches remarks by farmers and wages paid for other supplementary labour groups. One farmer suggested in March 1945 to the government that POWs wages should range between £1.10 and £1.40 per week, i.e. above the prevailing
The £1.40 wage matches the lower bound revised productivity results derived above. Also, AWLA labour in November 1944 was paid £3.75/week including keep or 63% of the average civilian wage including keep. Butlin and Shedvin regard the AWLA’s and the prisoner’s contribution to agriculture as similar but rank the AWLA slightly higher. This implies that AWLA and prisoner labour would be similarly productive. However, using the 25-30% estimate for POWs, the AWLA would be more than twice as productive as POWs. The relative POW productivity of 40-50% appears more sensible considering these figures. In light of the upward revision of POW productivity, the government’s reluctance to increase POW wages can now be better understood. While productivity exceeded wages, this function was not uniform. Some farmers such as small-scale dairy farmers had different cost functions that could not have supported a wage increase. Holloway resisted the AWU’s demands because he underestimated their credibility and because he wanted to safeguard rural production and avoid interest clashes with farmers. The wage debate therefore reveals the Australian farmers’ dependence on POW labour and that POWs were more productive than previously assumed.

6. Case studies from agriculture

6.1 The Shepparton Tomato-Picking Project

Italian POWs alleviated labour shortages for urgent rural production on several projects in Australia. Two case studies on rice and tomato harvesting are examined here because particularly good data sets exist for them. Italian POW employment on tomato picking in Shepparton, Victoria, 125 miles north-east of Melbourne, in spring 1944 and 1945 is interesting for several reasons. First, very detailed data on POW output and employment exists for this project because it was managed by the Army. Fitzgerald has written about this project but has omitted a quantitative analysis. Second, the government attached extraordinary importance to the prisoners’ employment; it doubled its labour force, monitored the scheme very closely, deemed it a success and repeated it the following year. Third, the prisoners harvested a quarter of Victoria’s tomato crop during both years. Fourth, Army

98 NAA(Melbourne), B551, 1942/40/3228, part 4, Ogilvie to Scully, DAC, 15 March 1945
99 NAA(Melbourne), B551, 1942/40/3228, part 4, Holloway to Hilton, 15 November 1944
records reveal that various problems accompanied the project despite its success, such as prisoner abuse, collusion and labour misallocation. The project was co-ordinated between the Army, the local WAC and the Department of Agriculture and Commerce (DAC). The Army supplied the prisoners from the camp to the growers’ farms and supervised the prisoners whilst at work; the WAC inspected the project. The DAC as the final employing authority paid the Army for the tomato cases picked. 500 to 800 prisoners worked six days per week during the harvest season between January and April 1944 and then again during the 1945 harvest. The tomatoes were sent to processing factories and destined for Army use. The prisoners picked more than a million cases of tomatoes and their work was much appreciated by all authorities involved.

Murchison camp was informed in December 1943 that 500 Italian POWs from its camp were to be used for tomato-picking in the Shepparton area, approximately 20 miles away (see map 4.2). The resulting crop would be for Army use and the POW employment was necessary as ‘manpower from ordinary sources is insufficient to harvest such crop’. The scheme was controlled by Mr Lawrey, chairman of the WAC for Shepparton. The Army supervisor of each POW working party was encouraged to give his working party a ‘competitive spirit’, to lift morale and to ‘achieve the object of a maximum satisfactory harvest.’ The project was ‘of national importance’ and the smooth running of the project was essential. From the outset therefore output maximisation was the scheme’s ultimate goal. The prisoners left the camp at 7.45 am, arrived in Shepparton at growers’ farms at 9 am, worked until 4.15 pm and returned to the camp by 6 pm. They were transported to and from the farms by trucks, forty at peak. Gangs of twenty prisoners each worked under the supervision of an Army officer and were regularly inspected by the Army and the WAC. The prisoners worked for Albanian or Australian growers with Albanian share-farmers on at least 120 different farms. The working parties frequently changed farms and had to be instructed on the grades of tomatoes to be picked depending on the desired disposal. The government had difficulty finding civilian labour because Australians apparently were unwilling to work for alien farmers.

100 Ibid, AMD administrative instruction No.35, ‘Italian POW employment in rural industry, Shepparton area- tomato crop’, 8 January 1944, p.1, point 3
101 Ibid, p.2, point 9, p.3, point 10, p.6 point 24
102 AWM, A54, 780/7/4, ‘Conference Re Shepparton Tomato Project’, 29 December 1943, point 6.b); Department of the Army, ‘POW employment in Shepparton’, point 4e, 19 December 1943
103 NAA(Melbourne), MP 742/1, 255/21/42, Mitchell, ‘survey of POW employment project in Shepparton district’, 26 January 1944, point 4,6
104 NAA( Canberra), A7711/1, ‘History’, p.232, point 44
Local growers praised the prisoners’ work soon after the project’s inception. The DAC’s Controller of Vegetable Supplies informed the Murchison camp commander, Colonel Bush, in mid-January that the growers had ‘nothing else but words of appreciation and praise for the manner in which they are performing their tasks’. He had not heard a single complaint and praised the co-ordination between the Army and the WAC.105 Given the continuing lack of civilian pickers and an acute tomato shortage, Food Control Melbourne one week later requested to expand the POW labour force by 300 to 800.106 The target was achieved by February with a total of 860 POWs.107 The Army rejected any further increase beyond this owing to staff shortages.108 POW labour demand was unabated and only constrained by monitoring bottlenecks and also overrode substantial security precautions. The additional POWs were recent arrivals from India. The Army approved the employment of as many POWs as possible irrespective of the availability of photographs of these newcomers.109 Photographs were vital to identify escaped POWs and to ensure prisoners did not swap identities. The POW workforce thus was almost twice as large as anticipated, alleviated tomato harvest problems and in this project security issues were secondary. A governmental survey in late January 1944 praised the ‘excellent morale’ of the prisoners and residents of the district judged their work and conduct very favourably. It was even suggested to use POWs for repairing irrigation channels given the scarcity of civilian labour. The only deficiency of the scheme was the assembly of all POW trucks in Shepparton before returning to the camp, enabling inter-prisoner communication and fraternization.110 The Minister of Agriculture from Victoria also joined the appraisal following the 1944 harvest.

Without the assistance of this labour, which picked over a third of the crop, it is obvious that great difficulty would have been experienced in satisfactorily handling the tomato programme this year.111

105 AWM, A54, 780/7/4, Controller of Vegetable Supplies (DAC) to Col. Bush (Murchison ), 15 January 1944
106 AWM, A54, 780/7/4, ‘Re Tomato Shepparton Project’, 21 January 1944
107 AWM, A54, 780/7/4, AMF to Murchison , 12 February 1944
108 NAA(Melbourne), MP 742/1, 255/21/42, Memorandum for DG Manpower by Sinclair (Army), 11 February1944
109 AWM, A54, 780/7/4, Army to Murchison camp, 25 January 1944
110 NAA(Melbourne), MP 742/1, 255/21/42, Mitchell, ‘survey of POW employment project in Shepparton district’, 26 January 1944
111 AWM, A54, 780/7/4, AMF to Murchison, 6 June 1944
The Department of Manpower again approved the employment of 750 POWs for the 1945 tomato harvest, who now were supplied from another recent shipment from India of 1,000 POWs.\textsuperscript{112} Governmental reviews again were highly positive. The deputy heads of the Department of Agriculture New South Wales and Victoria inspected the project in mid-February 1945 and ‘expressed great satisfaction’ with the prisoners’ work.\textsuperscript{113} The prisoners had picked 101,000 cases by the beginning of February 1945 or half of the area’s crop. Lawrey’s liaison with growers was ‘most satisfactory and harmonious’ as he spoke Italian and visited the farms daily. However, requests by farmers with smaller holdings for smaller parties could not be permitted owing to a shortage of supervisors.\textsuperscript{114} Palmier, the Army inspector of the scheme, solved the problem of excess labour demand with the harvest peak approaching in February by reducing each working party by 2-3 men and forming separate parties from these. He argued that 17 or 18 men would just pick as well as 20 and that with these extra men he could form 6 extra parties. During a 6-day week, each party would be despatched to a different grower every day, further satisfying 36 growers during one week.\textsuperscript{115}

Palmier’s daily reports reveal that despite its success, the project suffered from several problems: resentments between prisoners, civilians and farmers, collusion and labour misallocation. Drivers and guards were caught drinking during the day, so Palmier introduced convoy checks in Shepparton every afternoon, prolonging journey times.\textsuperscript{116} Some growers lost tomatoes owing to overripeness because they did not receive enough POW parties. Palmier recommended more inspections prior to POW arrivals to avoid misallocations. He also found that prisoners did not work as well for Albanian growers and share-farmers as they did for Australians. Australian growers solved this problem by keeping ‘the Albanians away from the POWs’.\textsuperscript{117} Resentments between Albanians and Italians were unsurprising as Italy invaded Albania during the war and occupied it from 1939 until the Italian armistice in 1943.\textsuperscript{118}

Collusion was a very serious problem. Palmier found out from civilians that Army supervisors put aside tomato cases, forged daily case counts and ‘intimidated’ farmers to buy

\begin{itemize}
\item \textsuperscript{112} AWM, A54, 780/7/4, AMF to Murchison 23 December 1944
\item \textsuperscript{113} AWM, A54, 780/7/4, Tomato picking project report, Lieut. Palmier, 22 February 1945
\item \textsuperscript{114} AWM, A54, 780/7/4, Tomato Picking Project – Shepparton, report by Murchison, 5 February 1945
\item \textsuperscript{115} Ibid, 1 February 1945
\item \textsuperscript{116} Fitzgerald, \textit{Farming}, pp.59-60
\item \textsuperscript{117} AWM, A54, 780/7/4, Tomato picking project report, Lieut. Palmier, 18 February 1945
\item \textsuperscript{118} Dear and Foot, \textit{Companion}, p.19
\end{itemize}
these cases for cash, probably above market prices. One working party for instance picked 400 cases one day but only was credited for 300. The 100 cases were paid by the grower in cash to the supervisor and the driver; the prisoners also received 1 Shilling each.\textsuperscript{119} The farmers depended on the timely receipt of the perishable crop, making them very vulnerable to blackmailing. It remains unclear why the farmers did not complain and whether blackmailing occurred on a large scale. The prisoners participated in this collusion because they received the equivalent of a day’s wage in cash for this operation;\textsuperscript{120} extraordinary earnings as they were not allowed to possess cash. However, they may have had difficulties trading this cash into goods or hiding it from the camp guards.

Palmier also detected prisoner abuse. Growers allotted the poorest crops to the prisoners ‘in a good few instances’, reserving for themselves the easiest’. Also, some delivered cases had been over 50% heavier than the norm but no extra payment by factories was issued.\textsuperscript{121} Furthermore, one grower’s inspector rejected cases of picked tomatoes and accused the prisoners while civilian pickers were at fault.\textsuperscript{122} Prisoners also were frequently abused by civilians and Army staff. Royal Australian Air Force (RAAF) personnel threw stones at prisoners waiting for their truck at Murchison and they threw tomatoes at their convoys stopping for the afternoon check in Shepparton.\textsuperscript{123} Civilians threw missiles at prisoners and abused them while being transported through the Mooroopna district.\textsuperscript{124} One schoolboy threw an egg at one of the POW trucks and RAAF personnel even climbed inside the POW camp ‘to take better aim’ at the prisoners.\textsuperscript{125} The abuse persisted despite complaints and schoolchildren again pelted stones and tomatoes at the prisoners who replied giving the Fascist salute. Palmier reacted by diverting the convoys through Murchison instead of Shepparton. He blamed Shepparton’s civilian pickers on inciting the schoolchildren ‘to a certain extent’ because the pickers were ‘antagonistic’ about the POW scheme.\textsuperscript{126} Civilian pickers regarded the prisoners as competitors and mistreated them, although the evidence shows that the prisoners were rather complements than substitutes for civilian labour. The attacks necessitated diversions, increasing travel time and costs. Despite prejudices and

\begin{footnotesize}
\begin{itemize}
\item \textsuperscript{119} AWM, A54, 780/7/4, Tomato picking project report, Palmier, 26 and 28 January; 6 and 7 February 1945
\item \textsuperscript{120} POWs were credited 1 s. 3d. per day for skilled work. NAA(Canberra), A7711/1, ‘History’, p.224, point 6
\item \textsuperscript{121} AWM, A54, 780/7/4, Tomato picking project report, Lieut. Palmier, 11 February 1945
\item \textsuperscript{122} Ibid, 7 February 1945
\item \textsuperscript{123} AWM, A54, 780/7/4, Tomato picking project report, Lieut. Palmier, 31 January 1945
\item \textsuperscript{124} AWM, A54, 780/7/4, Murchison to Mooroopna police station, 12 February 1945
\item \textsuperscript{125} AWM, A54, 780/7/4, Tomato picking project report, Lieut. Palmier, 9 February 1945
\item \textsuperscript{126} Ibid, 7 February 1945
\end{itemize}
\end{footnotesize}
abuse, the prisoners delivered good work and growers and Army supervisors attempted to exploit the prisoners. Prisoner output and productivity, seen in this light, appears even more impressive. Quantitative data on the project shows whether the prisoners’ contribution was actually beneficial in light of the ambiguous evidence above. Table 6.1 displays the prisoners’ tomato production in 1944 and 1945. They picked 481,000 cases in 1944 and 582,000 cases during 1945. Based on an average weight per cases of 48 lbs. given in Army reports, the prisoners produced 11,550 imperial tons of tomatoes in 1944 and 13,970 in 1945.

Table 6.1 Shepparton project: Italian POW tomato output by weight and monetary value, 1944-45

<table>
<thead>
<tr>
<th></th>
<th>Cases picked</th>
<th>Value of output (£A)</th>
<th>Weight of output (tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1944 harvest</td>
<td>481,110</td>
<td>£16,037</td>
<td>11,547</td>
</tr>
<tr>
<td>1945 harvest</td>
<td>581,931</td>
<td>£19,398</td>
<td>13,966</td>
</tr>
<tr>
<td>Total (1)</td>
<td>1,063,041</td>
<td>£35,434</td>
<td>25,513</td>
</tr>
<tr>
<td>Murchison production</td>
<td>6,150</td>
<td>£185</td>
<td>295</td>
</tr>
<tr>
<td>Total 1945 revised</td>
<td>588,081</td>
<td>£19,582.2</td>
<td>14,262</td>
</tr>
<tr>
<td>Total revised</td>
<td>1,069,191</td>
<td>£35,619</td>
<td>25,808</td>
</tr>
</tbody>
</table>

Note: Tons measured in imperial tons. One imperial ton is equal to 2,000 lbs. Output value given as 8d./case or £0.03. Sources: Output value: AWM Canberra, A54, 780/7/4, Tomato picking project report, Lieut. Palmier, 11 February 1945 gives average weight per case as 48 lbs; cases picked: NAA(Melbourne), MP742/1, 255/21/42, AMF memo for Chief financial officer, 4 March 1946. NAA(Canberra), A7711/1, ibid, p.232, point 48, gives total cases picked in 1944 as 495,042 while the 1945 number is the same as above. As the 481,110 figure is being used for monetary settlements between the Army and DAC and as the higher number is not confirmed anywhere else, it is rejected. It would increase 1944 tomato production by 3% only.

The Murchison camp vegetable garden also sold its tomato surplus to factories in Shepparton. By the end of February 1945, 6,150 cases had been shipped. In tables 4.9 and 4.10, these are added to the 1945 Shepparton production total (on the assumption that these cases again weighted 48lbs.), which increases total output by 2% to 14,262 cases. The Army overall delivered 1,063,041 tomato cases to the DAC between 1944 and 1945. The cases were valued

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127 AWM, A54, 780/7/4, Murchison Employment Branch to Murchison HQ, 27 February 1945

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at 8 Pence each yielding a total production value of £35,434.\textsuperscript{128} The Army only received payment after long delays and disputes and after a 10% deduction for overhead expenses by the DAC. The value and weight of POW output delineate minimum values because some cases were found to be heavier than 48 lbs. and also the market price per tomato case could exceed the value determined by the government. Actual production values may thus be higher.

The POWs delivered a substantial share of the regional and national tomato production. Table 6.2 shows that their absolute and relative contribution increased over the two years and that they produced a quarter of Victoria’s and an eighth of Australia’s tomato crop. Victoria was the largest tomato-producing state, producing over half of the Australian tomato crop in 1944 and 1945 while New South Wales and Queensland contributed 15 to 20% each. The prisoners’ work therefore vitally supported the Australian tomato supply. Tomatoes only constituted 3% of Australia’s total crop production measured in gross value in 1944 and 1945,\textsuperscript{129} so the Shepparton project only affected aggregate production to a limited extent, but the vast crop-specific contribution cannot be denied.

Detailed output data also shows that POW productivity in picking tomatoes exceeded wages payable by farmers. Weekly figures of the number of POW pickers and cases picked for six weeks during January and February 1944 can be converted into monetary output based on the assumption used above that every case was worth 8 Pence. The resulting average weekly output per POW of £2.37 is more than twice as high as average wages paid by employers for POWs of £1/week.\textsuperscript{130} POW productivity hence yet again exceeded the value attached to the prisoners’ labour by employers. However, there are two caveats to this conclusion. First, the result might be biased upwards. The data only covers half of the harvest period, so it is unclear if POWs would always be as productive as in this sample. But the prisoners were inexperienced in picking prior to the project, so the bias cannot be large. Second, measuring productivity in absolute rather than monetary terms may be more feasible in a war economy. But as POW output data is incomplete on the aggregate level, comparisons in monetary terms provide the only alternative.

\textsuperscript{128} NAA(Melbourne), MP 742/1, 255/21/42, AMF, District Financial Officer, 4 March 1946
\textsuperscript{129} CCB, Production Bulletins No.38, 1943/44 and No.39, 1944/45, Part II, primary industries, p.14
\textsuperscript{130} AWM, A54, 780/7/4, Bush (Murchison) to Army HQ Victoria, 18 February 1944. Calculations assume £0.03 value per case.
Table 6.2 Shepparton project and national tomato production, 1944-45

<table>
<thead>
<tr>
<th></th>
<th>Shepparton project production (t)</th>
<th>Production Victoria (t)</th>
<th>Victoria production share</th>
<th>Production Australia (t)</th>
<th>Australia production share</th>
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<tr>
<td>1944</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>harvest</td>
<td>11,547</td>
<td>53,247</td>
<td>21.7%</td>
<td>106,931</td>
<td>11.0%</td>
</tr>
<tr>
<td>1945</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>harvest</td>
<td>14,262</td>
<td>59,211</td>
<td>24.0%</td>
<td>113,950</td>
<td>12.5%</td>
</tr>
</tbody>
</table>

Note: Tomato crop weight given in imperial tons. Revised figure (2) from table 6.1 used for 1945 Shepparton project harvest. Source: Victoria and Australia production: Commonwealth Census Bureau, Production Bulletins Nos. 38-39 (1943/44; 1944/45), Part II, primary industries, p.12

The prisoners were essential to Victoria’s tomato production programmes in 1944 and 1945 as a mobile source of labour that alleviated labour bottlenecks and tomato shortages and secured the harvest. They contributed a quarter to Victoria’s and an eighth to Australia’s tomato production. The programme was praised by all actors involved, but several problems arose. Demand for the POW labour force exceeded supply and its expansion was constrained by the availability of prisoners and army staff. Labour demand was prioritized over security. The POW gang size was lowered to accommodate excess demand by small farmers. Army and civilian pickers abused the prisoners, but the prisoners also colluded in blackmailing farmers for money. Tomato factories attempted to cheat on prices; growers allocated the more difficult crops to prisoners and the DAC delayed paying the Army, blaming it on delayed receipts from factories. Organisational problems and opportunistic behaviour occurred and logistics and monitoring were costly, but the opportunity costs of losing the tomatoes or using civilian labour instead were vast. Tomato crop losses or substantial financial and economic costs from making civilian labour available would have been the alternative. Also, the project in 1945 benefited from knowledge spillovers from the previous year and from extensive management. Finally, the POW labour transfers from India were vital for the Shepparton project because they almost exclusively made up its labour force in both years. Also, the POWs used for the 1945 harvest included selected Fascist POWs from India.131 Fascist POW employment for such an important project indicates that POW labour demand was extremely

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131 One of these prisoners marked as ‘PWIX’ was in charge of a POW party that stopped work one hour early. AWM Canberra, A54, 780/7/4, Tomato picking project report, Lieut. Palmier, 9 April 1945
high and that without the prisoners, substantial parts of the Australian tomato harvest would have been lost.

6.2 The Walkool rice project

The second case study examines POW employment on a smaller scale on rice production in New South Wales. As in the Shepparton case, the prisoners collected a substantial part of the harvest given civilian labour shortages and good output data allows an examination of POW rural production contribution and productivity. The Director of Manpower asked the Director for POWs in May 1943 for permission to employ 50 Italian POWs on rice harvesting in Walkool, approximately 50 miles north of Shepparton in southern New South Wales on the border to Victoria. He acknowledged that irrigation work performed by POWs was undesirable given disease contagion fears, but he claimed that prior medical examinations and the remote area around Walkool meant that POW employment would not pose a great risk. He expected to use them from October 1943 to May 1944 for the 1943/44 rice season.132 The prisoners were eventually employed both during the 1943/44 and the 1944/45 season in ever increasing numbers.

The Water Conservation and Irrigation Commission New South Wales was the final employer paying £1/week per POW. The demand was raised from 50 to 100 POWs by June 1943, of whom 65 should be labourers and the remainder skilled labour, e.g. 20 tractor drivers, 3 mechanics and one blacksmith.133 In August 1943, the Commission announced that it needed 80 POWs for ‘actual productive work’, 20 cooks and stewards, 6-7 with carpentry experience and up to 20 with ‘some experience in concrete work’.134 The Commission thus increased their demand for workers in quantitative and qualitative terms at the same time. All POWs received skilled wages to give them an incentive to ‘give of their best as workers’ without guards. Pay incentives thus were used to maximise productivity. Demand continuously rose; the labour force was increased to 124 by October 1943 and 174 in February 1944.135 By March 1944, nearly 200 prisoners worked ‘well and happily’ without any intention to escape.

132 NAA(Melbourne), MP742/1, 255/30/3, Wurth to Director of POWs, 1 May 1943
133 NAA(Melbourne), MP742/1, 255/30/3,‘Employment of POWs – Walkool, rice growing project’, 8 June 1943
134 NAA(Melbourne), MP742/1, 255/30/3,DG Manpower to Army, 27 August 1943
135 NAA(Melbourne), MP742/1, 255/30/3, HQ, Vic of L area, 3 September , 21 October 1943, 26 February 1944
The war had significantly increased demand for rice giving rise to civilian labour bottlenecks and demand for POW labour in Walkool. Half of the Australian rice production was destined for domestic consumption and the other half exported to England and the US. Demand for rice rapidly increased after the Japanese entry into the war following Pearl Harbour in 1941. Australian rice had fed native troops and civilians of the Dutch East Indies and rice was forwarded to liberated areas in the Pacific and to Australian and US battle stations.\textsuperscript{136} The rice produced by the POWs thus indirectly supported the Allied war effort in the Pacific. Also, as in the Shepparton case, the prisoners substantially contributed to rural production. By 1945, rice exports to the Allies were substantially reduced and rice production was primarily destined for domestic use in hospitals.\textsuperscript{137} New South Wales was the only rice-producing state in Australia. The aggregate demand for rice in 1944 was estimated at 80,000 tons of which Walkool would produce one tenth, making it the world’s biggest rice farm at the time. The POWs were expected to plant 5,000 acres of rice and the crop was expected to exceed that of the previous year according to experts.

Data from an Army report from June 1944 on the area under cultivation, the crop’s sale price, costs, rice bag output per acre and bags to the ton allows for productivity and profitability calculations (table 6.3).\textsuperscript{138} The prisoners produced 36 bags per acre on average with a range of 30-48 bags. Output was high, like in Shepparton, but volatile with an average of 2.25 tons per acre and a range of 1.88 to 3 tons. This data is used to infer the prisoners’ output for the 1943/44 rice season in Walkool in table 6.4. The prisoners produced 11,925 imperial tons of rice assuming a constant yield of the area under acreage. Alternatively, production can be computed by dividing total sales by the price per ton (2), yielding 12,200 tons, 2% higher than (1). The lower bound result will be used for further calculations as the affirmed minimum. The average yield of 2.25 tons/acre also appears in the report and the newspaper article, confirming the results.

Next, aggregate Australian rice output in bushels is converted into imperial tons. Table 6.4 shows that the prisoners in Walkool produced 15% of Australia’s rice output in the 1943/44 season. It also illustrates that, like in Shepparton, POW wage exceeded output by a factor of almost 3. Furthermore, the project yielded a gross profit of £65,000. However, it is unclear

\textsuperscript{136} NAA(Melbourne), MP742/1, 255/30/3, ‘War Prisoners harvest our rice’ Melbourne Herald, 6 March 1944
\textsuperscript{137} Butlin and Shedvin, \textit{op. cit.}, p.534
\textsuperscript{138} NAA(Melbourne), MP742/1, 255/30/3, Major-General, AMF, ‘Italian POW employment without guards-rice project Walkool’ 10 June 1944
whether all POW costs such as transport and accommodation were already deducted from this figure. The ‘outlay’ includes machinery, so it accounts for capital costs. Assuming hence that labour costs are not included in the outlay and deducting POW wage costs at £2 per POW/week including boarding, the project still would have yielded a net profit of £48,830. Profitability ranges from other projects are very similar in value, so this net profit estimate appears plausible.\textsuperscript{139} The prisoners also indirectly contributed to exports. Australia exported rice worth £591,000 during the 1943-44 season. This only made up 2\% of foodstuff and vegetable produce exports from that period. But assuming that the POWs contributed 15\% to Australia’s rice output during that year translates into an export value contribution of £88,650. These figures illustrate that the prisoners delivered a small but nevertheless important contribution to Australian food production and food exports to Allied countries and troops.

**Table 6.3 POW rice production at Walkool, 1943/44 season**

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acreage under cultivation</td>
<td>5,300</td>
</tr>
<tr>
<td>Bags to the acre</td>
<td>36</td>
</tr>
<tr>
<td>Bags to the ton</td>
<td>16</td>
</tr>
<tr>
<td>Bags to the acre from best area</td>
<td>48</td>
</tr>
<tr>
<td>Bags to the acre from worst area</td>
<td>30</td>
</tr>
<tr>
<td>Price per ton</td>
<td>£11.88</td>
</tr>
<tr>
<td>Sale price for entire crop</td>
<td>£145,000</td>
</tr>
<tr>
<td>Approximate outlay (including machinery)</td>
<td>£80,000</td>
</tr>
<tr>
<td>Yield per acre</td>
<td>2.25</td>
</tr>
</tbody>
</table>

*Source: NAA(Melbourne), MP 742/1, 255/30/3, Major-General, AMF, ‘Italian POW employment without guards - rice project Walkool’ 10 June 1944*

\textsuperscript{139} Net profit of Yanco project during 1944 was £11,000 and project profit range was £3,000 to £35,000 with most profits being around £3,000 or £10,000. NAA(Canberra), A649, 82/600/417, Sinclair to Treasury, 10 April 1945
Table 6.4 Walkool project output and productivity, 1943/44

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total production (imperial tons) using yields (1)</td>
<td>11,925</td>
</tr>
<tr>
<td>Total production (imperial tons) using sales (2)</td>
<td>12,211</td>
</tr>
<tr>
<td>Australian rice crop share of Walkool project 1943/44 with (1)</td>
<td>14.8%</td>
</tr>
<tr>
<td>Australian rice crop share of Walkool project 1943/44 with (2)</td>
<td>15.1%</td>
</tr>
<tr>
<td>Net man-days worked during period</td>
<td>243</td>
</tr>
<tr>
<td>Output per POW (£A) during 1943/44 season (using 200 POWs)</td>
<td>£725</td>
</tr>
<tr>
<td>Output/POW per day</td>
<td>£2.99</td>
</tr>
</tbody>
</table>

Source: Australian rice crop was 4.014 million bushels or 80,656 imperial tons. CCB, Production Bulletin No.38, 1943/44, Part II, primary industries, p.12 Note: Prisoners assumed to have worked 283 days from 1 September 1943 to 10 June 1944 according to reports. This yields 243 net man-days adjusted by 6/7 as POWs worked 6 days/week.

POWs were gradually withdrawn from the Walkool project from December 1944 onwards. The total was reduced by 66 POWs to 108 in December and the removed prisoners were despatched to the Shepparton project. The Shepparton and Walkool projects were indirectly linked and excess labour was reallocated between them. More prisoners were requested by May 1945 for the rice harvest, but by August, a reduction again by 30 POWs was deemed necessary. The Army resented this move because it considered a POW workforce beyond 75 uneconomical from a staffing viewpoint. But as the Irrigation Commission could not find alternative employment the POWs, they were eventually removed.

Work at Walkool continued until March 1946 and was one of the longest running POW projects. The Army’s indication of an optimal minimum operational scale at 75 POW labourers, workforce fluctuation according to demand and inter-project labour transfers demonstrate an extraordinary focus on economic and efficient POW labour use at Walkool.

The Walkool and Shepparton projects bear many similarities. They were both small in scale and temporary in nature, but their economic impact was significant and local authorities praised their success. The utilization of the prisoners mitigated acute food and labour shortages and yielded high production levels. The prisoners produced more than a tenth of Australia’s annual crop of the product in question. Productivity exceeded wages by a factor of 2 to 3, confirming the above notion that the prisoners were more productive than

140 NAA(Melbourne), MP742/1, 255/30/3, DG Manpower to Secretary of the Army, 28 December 1944
141 NAA(Melbourne), MP742/1, 255/30/3, Telegram, Director POWs, 17 May 1945; DG Manpower to Secretary of the Army, 8 August 1945
142 NAA(Melbourne), MP742/1, 255/30/3, AMF, Adjutant-General, Army HQ, Melbourne, ‘Italian POWs - withdrawal from rural industry’ 30 October 1945
previously assumed. Also, excess POW labour was reallocated between the two projects. Both projects had problems with the seasonality of employment as excess demand at peak in Shepparton and excess supply post-season in Walkool illustrate. Shepparton’s tomato output was urgently needed by the Australian Army and rice from Walkool also was required for Army purposes. Walkool was important for domestic rice production and indirectly contributed to food exports and the rice supply for Allied troops in the Pacific. The region where Shepparton and Walkool were located, the Goulburn Valley, was persistently lacking civilian workers for harvesting rice and picking fruits. Leeton in New South Wales is also mentioned as one of the main areas in need of seasonal workers. POWs were employed in this area in seed production. Despite call-ups for unoccupied women and juvenile workers and provision of bus transport, some crop losses were sustained, in particular in Goulburn Valley.143 The prisoners thus alleviated ad hoc urgent labour shortages in those regions most in need.

7. The profitability and economic contribution of POW labour in Australia

7.1 Profitability

Moore and Fedorowich assert that the Italian POW scheme was not only successful in relieving manpower shortages, but that also that the entire employment scheme was profitable. They cite profits from labour projects from 31 December 1944 of £144,135 and total profits from unguarded employment between December 1943 and 1945 of £A918,062 with the prisoners contributing 4.93 million man-days. These figures indicate a ‘well-managed, commercially oriented administration which more than offset its operating costs.’144 This section complements Moore and Fedorowich’s analysis. It provides a more complete view of the complex financial workings of the POW employment scheme and revises their man-day estimate upwards. Profit and loss account figures until 1949 will complement Moore and Fedorowich’s figures. Overvaluations from 1943 and 1944 and harvest failures adjusted for in 1946 made previous profits cited by Moore disappear. POW projects were profitable overall but less than previously assumed.

143 Butlin and Shedvin, op.cit., p.377
144 Moore and Fedorowich, Empire, p.197
Most Italian POWs in Australia were held on behalf of Britain. They had been captured by British troops, mostly in North Africa, and owing to lack of accommodation had been initially transferred to India and the Middle East but were then shipped to Australia. Britain had agreed, as with other countries in the Empire, that it would reimburse Australia for maintenance costs through the so-called ‘capitation rate’, a fixed daily charge per POW held that included variable costs (rations, guarding) and fixed costs (camp construction). Britain received a rebate for POWs working in hostels or for private employers as the latter paid clothing and lodging charges and as guarding costs were lower. In addition, any profits derived from POW employment projects and any sale proceedings from camps at the point of dismantlement would be remitted to Britain. If a project incurred a loss, this was borne by Australia.145

POW employment projects were not only economically beneficial but also initially highly profitable. Australia ran two different POW employment schemes. The first encompassed POW and internee camp employment projects and the second unguarded POW employment from hostels and CCs. The former had attained a total accumulated profit up until December 1944 of £144,135 and a net profit of £65,593 during the 1944 financial year.146 Losses incurred at several camps during the 1944 financial year were explained with exceptional circumstances, such as overvaluation of crops in 1943 and downwards adjustment in 1944 in Hay camp and loss-making projects such as seed production project and firewood production in Marrinup. Given their poor financial performance, Marrinup and Hay camp projects were reviewed. Hay’s unfavourable location given security restrictions made employment difficult. Marrinup firewood production was loss-making, but this was maintained because firewood production for army purposes could not be obtained from civilian sources.147 Australian authorities therefore paid careful attention to the financial performance of POW labour projects and carefully reconsidered loss-making projects. Saunders finds that initial worries that POW camps would be expensive to maintain were unfounded and also cites the profit figures above.148 But he fails to elaborate on overall profitability and profits beyond December 1944. New data reveals that a net loss was incurred in the following financial year. Britain had received credits of £42,200 from 1944 projects, so it received two thirds of

145 NAA(Canberra), A649, 82/600/420, Watts, Treasury Secretary to Australia House, London, 14 June 1946, refers to an agreement of September 1942 between Australia and Britain on the subject of losses.
146 NAA(Canberra), A649, 82/600/417, Sinclair to Treasury, 10 April 1945
147 NAA(Canberra), A649, 82/600/417, Memo by Sinclair for Treasury Secretary, 10 April 1945, p.2 point 3
148 Saunders, ‘Farm’, p.24
overall profits according to the share of working POWs held in Australia on Britain’s behalf. The scheme made a net loss of £7,970 shouldered by Australia during 1945 including £4,293 related to POWs held on Britain’s behalf.

Three main factors were responsible for the losses. Crops and seeds had been overvalued, costs omitted or understated and drought and pests had ruined harvests. The readjustment totalled £36,000 of which £34,000 came from profit overstatements during 1943 and 1944 and £2,000 owing to drought and other exceptional costs. POW work pay had for instance been omitted or capitalization and depreciation had been understated. Most losses were incurred by Hay and Murchison camps because of loss-making projects. Without the readjustments, 1945 profits would have been slightly below 1944 at £44,000. Thus extensive revenues were still generated despite crop and project failures and excessive cost structures. The cash inflows mostly came from livestock, asset and plant sales as most other POW projects had ceased. The POW projects yielded an overall net profit of £146,726 during 1942-1946 even including the losses. Table 7.1 illustrates that profitability peaked in 1944 but also persisted in 1946 at a lower level. The peak coincided with the maximum holding of POWs. Annual average profits of almost £30,000 were maintained until late 1946 despite the 1945 adjustments and a sharp fall in POW numbers by 1946. The 1946 return to profitability indicates Australia’s willingness to operate the scheme as efficiently and profitable as possible.

Australia’s shouldering of the entire 1945 losses requires some explaining. Forgoing to reclaim money from Britain appears illogical at first glance. Australia had overpaid Britain by roughly £A24,000 if we assume as above that Britain would receive two-thirds of the profits according to the share of prisoners held. But Australia had agreed to bear any losses in 1942 and it benefited enormously from the entire scheme. Assuming that Britain ‘owned’ two thirds of the POWs employed as seen above, table 7.1 illustrates that it was credited over £100,000 for the entire duration of the camp project scheme and it yielded an aggregate net profit of almost £147,000 during 1942-46 despite revaluations. While Australia had to pay for the cost of ‘Australia-owned POWs’, it was free-riding on Britain’s payments for POW transports, camp construction, administration and maintenance and on its supply of the bulk

149 NAA(Canberra), A649, 82/600/420, Memo by Watt (Treasury) to Australia House, London, 14 June 1946
150 NAA(Canberra), A649, 82/600/420, Sinclair (Army) to Treasury, ‘Employment of POWs and internees’, 12 April 1946
151 NAA(Canberra), A649, 82/600/420, Memo Chief Financial Officer Treasury, 3 May 1946
of the POW labour force. Australia effectively sustained a large-scale POW maintenance and employment apparatus but only partially paid for it. It financially and economically profited from the POW employment scheme despite its many shortcomings. Britain received a share of the profits and was spared from the losses that mismanagement, crop failures and bad accounting had produced. Australia’s POW labour projects did not run as smooth as previously portrayed, but revenues exceeded operating costs and a commercial orientation existed as loss-making projects were immediately shut down and profits maximised elsewhere. The profits include internee labour, so they do not solely represent POW employment. But only one of the scheme’s nine camps was an internee camp and all internees had gone by January 1946, so their role in the scheme was quite small.

Table 7.1 POW and internee camp project profits and losses, 1942-1946

<table>
<thead>
<tr>
<th>Period</th>
<th>Profit/(loss) charged to Britain (£A)</th>
<th>Total profit/(loss) for Australia (£A)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2) 1.1.1944 – 31.12.1944</td>
<td>42,200</td>
<td>65,593</td>
</tr>
<tr>
<td>3) 1.1.45-31.12.1945</td>
<td>nil</td>
<td>(7,290)</td>
</tr>
<tr>
<td>4) 1.1.1946 – Jan.1947</td>
<td>9,225</td>
<td>10,561</td>
</tr>
<tr>
<td><strong>Total net profits</strong></td>
<td><strong>101,334</strong></td>
<td><strong>146,726</strong></td>
</tr>
<tr>
<td>Average annual net profit</td>
<td>20,267</td>
<td>29,345</td>
</tr>
</tbody>
</table>

*Share from 1944 used as actual amount charged to Britain for 1943 not specified. Average assumes running period of 5 years (January 1942 to January 1947). Sources: 1) and 2): NAA(Canberra), A649, 82/600/417, Sinclair to Treasury, 10 April 1945; 3) see text; 4): NAA(Canberra), A649, 82/600/420, ‘Final distribution of profits, productive projects excluding CCS and hostels from 1.1.46 to closure’.

The second scheme, unguarded POW employment from CCs and hostels, was even more profitable but also suffered from accounting revisions. Table 7.2 shows that Britain’s profits from unguarded employment dwarfed camp project profits and that 1945 was by far the most profitable year, making up almost 60% of all profits during the scheme’s three years of operation. The 1945 figures are actually understated as only profit figures for 9 months are available, so the 1945 share of overall profits may have been even higher. Like the camp scheme, profitability continued in 1946 though on lower levels.
However, the downward revision of Australia’s efficiency also reached this area of POW finances. Britain paid a capitation rate per POW per day to Australia for maintaining Italian POWs of 8s.4d. per day until March 1942 and 7 shillings per day afterwards. Maintenance costs for POWs employed from hostels and CCs were cheaper than for non-working POWs or POWs employed from camps, so Britain received a rebate for each day worked by these POWs. POW rations, POW working pay, camp equipment, transport and telephone costs were saved and guarding and other administration costs were lower.

Table 7.2 Profits forwarded to Britain from unguarded POW employment at CCs and hostels, 1943-1947

<table>
<thead>
<tr>
<th>Period</th>
<th>Profit credited to Britain (£A)</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 1943 – 30.9.1946</td>
<td>1,837,355&lt;sup&gt;a&lt;/sup&gt;</td>
</tr>
<tr>
<td>Of this: profits during 1945</td>
<td>1,074,052&lt;sup&gt;b&lt;/sup&gt;</td>
</tr>
<tr>
<td>1.10.46 – January 1947</td>
<td>30,479&lt;sup&gt;c&lt;/sup&gt;</td>
</tr>
<tr>
<td><strong>Total profits 1943-1947</strong></td>
<td><strong>1,867,834</strong></td>
</tr>
</tbody>
</table>

Sources: NAA(Canberra), A649, 82/600/417,
   a. Sinclair (Army) to Treasury, ‘Employment of POWs and internees’, 24 December 1946
   b. Sinclair to Treasury, ‘Employment of POWs and internees’, 31 August 1945 and 15 March 1946
   c. Sinclair to Treasury, ‘POW employment at CCs and hostels final statement’, 13 August 1947

Note: 1945 profits for 9 months only.

Data on costs per POW employed per day reveals that the main cost drivers were POW clothing and rationing (24%) and guarding costs (61%) while working party pay only constituted 8%. The extraordinary low working pay share may explain the high profitability of POW projects. As guarding and supervision was minimal, the cost of employing an additional POW was minuscule because set up costs such as accommodation and administration were mainly fixed. The rebate reduced the capitation rate for employed POWs by 18% from 84 to 69 pence. However, the cost saving was heavily understated.

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152 NAA(Canberra), A649, 82/600/417, Geuer (Army) to Newman (Treasury), 7 September 1942
153 NAA(Canberra), A649, 82/600/417, Memorandum for official Secretary of Great Britain, 15 March 1946, Newman (First Assistant Army Secretary), p.3, point 7b
Britain complained to Australia in August 1946 that the rebate calculations were wrong to Britain’s disadvantage.¹⁵⁴

A subsequent investigation by the Australian Treasury revealed that serious calculation errors had been made regarding the rebate. Cost deductions for lower guarding costs on outside employment vis-a-vis camp employment had been too low. They assumed a guarding ratio of 1 guard per 5 POWs, but actually it was 1 to 8 as the former rate referred to the ratio of POWs to administration staff and not guards.¹⁵⁵ The actual rebate was 35 instead of 15 pence, an understatement of 1s. 8d. per day. Cost savings via POW unguarded outside employment were much larger than previously assumed. The new net charge for a POW employed outside was 49 instead of 68 Pence per day, so net cost reductions via employment amounted to 42% instead of 18%. The cost savings were more than two times larger than alleged by Australia.

The Treasury proposed to repay Britain £A633,000 for the wrong rebate calculations for the period up until 30 June 1946.¹⁵⁶ This constitutes a massive increase because the initial rebate due up until 30 September 1945 was only approximately half of this (£A356,948).¹⁵⁷ However, Australia did not pay the rebate adjustment immediately but reduced it by any additional charges made against Britain in the meantime and only paid much later. Payments already made to Britain were deducted from the adjustment to avoid double-counting. Also, additional unexpected direct expenses incurred from camps were added. Australia argued that Britain should only receive rebates for POWs actually ‘owned’ by Britain, i.e. not held by Australia as a captor. To complicate matters further, Britain received two different rebate types, one for POW labour at CCs or hostels and a lower rebate for POW labour at Amy installations. Australian authorities had found the morale of unemployed prisoners who could not work at hostels or in camps because they were awaiting repatriation deteriorated quickly, so these were employed at Army installations on ‘non-necessary’ works to maintain morale.¹⁵⁸ The Army installation rebate was 29.88 pence compared to 34.18 pence for the regular rebate. Man-day figures were adjusted by 6/7 as prisoners only worked six days per week.

¹⁵⁴ NAA(Canberra), A649, 82/600417, Binnie for Deputy High Commissioner of Australia to Treasury, 31 August 1946
¹⁵⁵ NAA(Canberra), A649, 82/600/417, ‘POW accounting’, p.3, point 10, October 1946
¹⁵⁶ NAA(Canberra), A649, 82/600417, ‘POW accounting’, Major Curtin’s report, points 5-8, October 1946
¹⁵⁷ NAA(Canberra), A649, 82/600417, Brigadier Paymaster in Chief, ‘employment of POWs at CCs and hostels, financial adjustments as at 30.9.45’
¹⁵⁸ NA, T225/26, Martin (High Commissioner) to Iresson (WO), 9 April 1947
Britain thus only ‘owned’ 5.91 million of the 6.8 million man-days worked by Italian POWs until June 1946, yielding a lower repayment due from Australia to Britain of £A460,407. In addition, 305,000 man-days worked accrued for the quarter ending September 1946, translated into credits to Britain of £A62,550. Thus the net rebate payment due from Australia to Britain of £A523,000 in December 1946 was over £A100,000 (16%) less than the initial computation from 1945.\textsuperscript{159} But over time the adjustment shrank even further. The Australian Treasury recalculated the rebate up until September 1946 at £491,393. This was justified by an over credit to Britain of rebate charges for the third quarter 1946.\textsuperscript{160}

Equipped with revised and more complete and consistent evidence, a more complete profitability analysis is undertaken. Australian Treasury documents show individual cash flows between Britain and Australia regarding POW costs which are aggregated to obtain an overall picture on profits and losses. Britain was credited profits from POW and internee camp work and projects and any profits arising from unguarded POW employment. The £101,334 in table 7.1 above relates to the former while the £918,062 mentioned by Moore and Fedorowich relates to parts of the latter. In addition, Britain received the rebate, its readjustment, the residual values from camps and buildings above, sale proceeds from POW project assets at Hay camp in 1949 and credit balances from escaped, disappeared or deceased POWs. Table 7.3 illustrates that the unguarded employment scheme represented the bulk of Britain’s revenues but that reimbursements also continued until 1949.

Complete cost figures are more difficult to obtain. Britain’s main expenditure item was the capitation charge. In addition, it had to pay for unexpected expenses, repatriation voyages and maintenance for recaptured POWs. 50 Italian and 3 German POWs had for instance escaped, of whom 12 had been recaptured until September 1949.\textsuperscript{161} Both maintenance costs and revenues from POW projects continued to arise until 1949, so four years have been left unexamined by previous authors. The Australian Treasury documents do not show consistent maintenance costs figures but rather net costs for individual periods after deducting related revenues from e.g. rebates, making a complete cost listing difficult.

\textsuperscript{159} NAA(Canberra), A649, 82/600/417, attachment 24 December 1946

\textsuperscript{160} NAA(Canberra), A649, 82/600/417, Newman (Secretary, Australian Treasury) to High Commissioner, London, 19 September 1947 and attached ‘POW Control Centres and Hostels- financial statement’

\textsuperscript{161} NAA(Canberra), A649, 82/600/417, claims against War Office in respect of POWs maintained in Australia 1.1.48-30.9.49
Table 7.3 Total POW revenues to Britain (£A)

| (1) Camp project profits 1942-46 | 101,334 |
| (2) CC and hostel employment profits 1943-47 | 1,867,834 |
| (3) Rebate until 30.9.46; adjustment September 1947 | 491,393 |
| (4) Residual value of camps and buildings 1947 | 188,062 |
| (5) Unclaimed POW credits 1949 | 2,783 |
| (6) Sale proceeds from Hay camp 1949 | 1,497 |
| (7) POW project credits 1949 | 7,639 |
| **Total cash flow revenues** | **2,660,542** |

Sources: (1)-(4) see table 4.15 and text. (5) NAA( Canberra), A649, 82/600/417, 29 June 1949; (6) Newman (Secretary Treasury), to Britain, 6 December 1950; (7) Newman to Army Secretary, 13 July 1949

Costs and revenues for 1946-49 had to be disaggregated for this purpose. British Treasury documents provide full maintenance costs paid by Britain up until 1 April 1946 and the remaining maintenance cost and voyage costs accruing after that date are listed in table 7.4. The first and last quarters of 1947 are missing, but as the vast majority of other cost items are included and as the majority of POWs had left in 1947, the understatement of costs would be small. Table 7.4 first and foremost shows that POW costs were substantial at almost £A10 million until 1949. POW revenues reduced these gross costs by 27%, but still POW maintenance incurred a net cost to Britain of £A6,936,685. British Treasury figures until April 1946 slightly understated cost savings through employment at 23%, but this difference was probably large because the rebate adjustment was included after April 1946. These figures imply a net cost in of £A6.9 million overall instead of £A5.9 million accumulated until April 1946. In absolute terms, costs had increased by 15% over a three year period despite small POW holdings and the cessation of hostilities. However, these 1946-49 costs were reduced by various credits and adjustments to Britain’s favour. Taking into account the fluctuating and ever decreasing POW numbers from 1946 onwards, the per capita cost overall
was £A161 gross and £A117 net compared to £A151 gross and £A116 net in 1946. Maintenance costs per prisoner had thus risen over time, but credits per prisoner remained stable given the rebate adjustment and employment and sales proceeds.

Table 7.4 Total POW costs paid by to Britain (£A)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Maintenance costs 1941 – 31.3.1946</td>
<td>7,863,750</td>
</tr>
<tr>
<td>(3) Maintenance costs 1.4.1947 – 30.9.1947 and voyage costs</td>
<td>84,096</td>
</tr>
<tr>
<td>(4) Maintenance costs 1.1.1948 – 31.3.1949</td>
<td>2,813</td>
</tr>
<tr>
<td><strong>Total cash flow costs</strong></td>
<td>9,597,227</td>
</tr>
</tbody>
</table>

Sources: (1) NA, T225/26, ‘cost of maintenance of POWs up until 1 April 1946’; (2) NAA(Canberra), A649, 82/600/417, Henniker to External Affairs, 25 May 1947; (3) Cablegram External Affairs to High Commissioner, 9 March 1948; (4) Newman to Army Secretary, 13 July 1949; (5) Note: Assumed exchange rate for converting (1) into £A: 1 £ Sterling =1.25 £A.

Italian and German POW maintenance in Australia therefore constituted a significant net cost to Britain. But employment reduced these costs by more than a quarter and employment projects were unilaterally profitable. Net costs increased post-war given the withdrawal of prisoners from rural projects by summer 1946 and the continued maintenance of almost 5,000 Italians until 1947. Also, the newly calculated revenue figures exceed British figures and appear sound. The British Treasury noted credits from employment in Australia of £A1.9 million until April 1946. Including the rebate, the CC and hostel scheme alone netted £A2.3 million until 1947. Other government documents confirm this result noting that revenues from the scheme ‘exceeded £A2 million’.

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162 NA, T225/26, High Commissioner to Lalor (WO), 20 December 1946 gives per capita cost in Australia as £122 gross and £93 net (Sterling).
163 NA, T225/26, ‘cost of maintenance of POWs up until 1 April 1946’
164 NAA(Canberra), A7711/1, ‘History’, p.235, point 66
uncovered accounting errors to her disadvantage. Australia at the same time tried to keep these concessions as small as possible.

Overall Australia emerges as the chief beneficiary of POW maintenance and employment while Britain paid most of the bill. Australia only incurred a small proportion of the overall costs of POW maintenance and employment. The vast majority of maintenance costs were shouldered by Britain and Australia only paid administration costs and also received profits from POW employment projects. Australia derived an economic and financial benefit from providing the service of keeping the POWs on Britain’s behalf and profited from the economies of scale of Britain’s payments for the bulk of maintenance, camp construction and transport. Moore and Fedorowich rightly point out Australia’s extraordinary efforts in management efficiency and commercial orientation. New evidence has completed the data on costs and revenues. It shows that efficiency was lower than they assumed and the entire scheme was extremely costly to Britain, while being economically and financially beneficial to Australia.

7.2 The economic contribution of POW labour in Australia

As no aggregate POW output data exists, the man-day data produced in the course of the rebate adjustments can be used as a proxy for the prisoners’ labour contribution. Moore and Fedorowich provide some statistics on man-days and revenue from POW employment, but these only cover 1943 to 1945. They cite £918,062 billed against employers and a cumulative total of 4.93 million man-days worked up until March 1945.165 The document they refer to actually shows a slightly lower net figure of 4.89 million man-days after deducting man-days worked by POWs held by Australia ‘in its own right’. Australia only counted those man-days worked for Britain done by prisoners held for them and not by Australia or others. Also, man-days done by British-held POWs in Australian Army installations were deducted.

The man-day aggregate done by POWs in CCs and hostels Australia was 6,820,320 from inception in December 1943 up until 30 September 1946 and the net man-days worked for Britain were 5.91 million after deductions. In addition, 261,602 man-days had been done from 1 October 1946 to closure on productive projects in camps. This figure excludes

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165 Moore and Fedorowich, Empire, p.197
employment from CCs and hostels. But as by 30 September 1946 all CCs had been closed and only 6 of 31 hostels remained in operation, man-days derived from these projects would have been small. Therefore, the two man-day aggregates, 6.8 million until September 1946 and 261,600 thereafter until closure, constitute the minimum man-days done by Italian POWs in Australia over their entire period of internment. Italian POWs worked a total of almost 7.1 million man-days, of which 7 million were on behalf of Britain. This figure is almost twice as high as Moore and Fedorowich’s aggregate. It also does not include man-days done by POWs from camp projects 1941 to September 1946, so actual man-days done were even higher.

Table 7.5 Man-days and monetary value of unguarded Italian POW labour in Australia, 1943-46

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Man-days</th>
<th>Man-weeks</th>
<th>Value/week(£)</th>
<th>Output</th>
</tr>
</thead>
<tbody>
<tr>
<td>1943 - IV</td>
<td>123,770</td>
<td>20,628.3</td>
<td>£2</td>
<td>£41,256.67</td>
</tr>
<tr>
<td>1944 - I</td>
<td>213,067</td>
<td>35,511.2</td>
<td>£2</td>
<td>£71,022.33</td>
</tr>
<tr>
<td>II</td>
<td>520,068</td>
<td>86,678.0</td>
<td>£2</td>
<td>£173,356.00</td>
</tr>
<tr>
<td>III</td>
<td>748,196</td>
<td>124,699.3</td>
<td>£2</td>
<td>£249,398.67</td>
</tr>
<tr>
<td>IV</td>
<td>834,615</td>
<td>139,102.5</td>
<td>£2</td>
<td>£278,205.00</td>
</tr>
<tr>
<td>1945 - I</td>
<td>820,045</td>
<td>136,674.2</td>
<td>£2</td>
<td>£273,348.33</td>
</tr>
<tr>
<td>II</td>
<td>851,527</td>
<td>141,921.2</td>
<td>£3</td>
<td>£425,763.50</td>
</tr>
<tr>
<td>III</td>
<td>817,407</td>
<td>136,234.5</td>
<td>£3</td>
<td>£408,703.50</td>
</tr>
<tr>
<td>IV</td>
<td>795,644</td>
<td>132,607.3</td>
<td>£3</td>
<td>£397,822.00</td>
</tr>
<tr>
<td>1946 - I</td>
<td>525,323</td>
<td>87,553.8</td>
<td>£3</td>
<td>£262,661.50</td>
</tr>
<tr>
<td>1946 - II</td>
<td>308,816</td>
<td>51,469.3</td>
<td>£3</td>
<td>£154,408.00</td>
</tr>
<tr>
<td>1946 - III</td>
<td>261,842</td>
<td>43,640.3</td>
<td>£3</td>
<td>£130,921.00</td>
</tr>
<tr>
<td>Total</td>
<td>6,820,320</td>
<td>1,136,720</td>
<td></td>
<td>£2,866,866.50</td>
</tr>
</tbody>
</table>

Source: NAA( Canberra), A649, 82/600/417, ‘man-day adjustment POW CCs and hostels, inception to 30.6.46’
Note: Man-days denote aggregates. One ‘man-week’ has 6 working days in line with the Geneva Convention.

These man-day figures can now be translated into a monetary contribution using the wage figures from above. The wages paid by farmers including boarding premium are taken to denote the minimum output value of the prisoners’ labour. The 6.8 million man-days done by POWs in hostels and CCs are converted into man-weeks per quarter in table 7.5 and multiplied by the labour value per week of £2 including keep before June 1945 and £3 afterwards. This yields a total of £2.867 million, half of which was generated in 1945.
German POW contribution from camps and hostels and from productive camp projects from October 1946 onwards have to be added to this. The 920,126 man-days attained in section 4 for German POW labour in camps and hostels in Australia translate into 153,354 man-weeks. These are valued at £2/week as their labour was mostly unskilled and not with individual farms but in gangs, yielding output worth £306,709 produced by German POWs. Similarly, Italian POW productive camp projects are considered unskilled and gang work, so the 261,602 man-days or 43,600 man-weeks yield £82,000. Adding all three items, POW labour contributed £A3.26 million to the Australian economy from 1943-47. Over the entire running period of almost 3 years of the unguarded scheme, approximately £1 million was generated annually. These results are then compared with Australia’s aggregate crop values from 1943-46 because POW employment was almost exclusively rural and centred on essential crops such as tomatoes, wheat, vegetables, fruits and dairy products. The prisoners’ contribution seen in this light appears rather small. The share of their output of Australia’s total crop value for the seasons 1943-44 up until 1945-46 is approximately 1%. The share for the 1945 season would most probably be higher, but it is difficult to match annualisation because the periodisation for the crop values is not specified sufficiently. Applying the annual average above of £1.024 million to the annual crop data nevertheless yields also a 1% share per year.

The contribution values presented here omit camp project man-days, so they denote minimum values. Bearing this in mind and the counterfactual that in the absence of POW labour at least 1% of output may not been produced or produced at a much higher cost, the opportunity cost of losing the POW labour was significant. The prisoners only supplemented aggregate production to a limited extent, but as the case studies have shown their industry-specific impact could be very significant. POW labour was despatched like a fire brigade to rural projects with labour bottlenecks to collect harvests or increase production. They were more productive than what farmers paid for and despite being a net loss to Britain, their employment significantly reduced maintenance costs.

166 Total crop value for the seasons 1943-44, 1944-45 and 1945-46 is £362,002,819. CCB, Production Bulletins, 1943/44, 1944/45, 1945/46, (nos.38-40), Part II, primary industries, p.12
167 The 1944-45 season for which crop values are attained roughly ran from summer 1944 to summer 1945 but as different crops have different harvesting seasons, a distinction per year is difficult.
8. Conclusion

This study has shown that Italian and German POWs were more valuable economic assets than previously portrayed in the literature. German POW labour was only significantly utilised after VE-Day and in a very small scale, but it provided post-war skilled labour, was considered more productive than Italian labour without guarding and further intakes of these ‘productive assets’ were considered by the government but excessive guarding costs prevented this. Italian POW labour was much more sizeable and utilized to a far greater extent. While the German POWs had been transferred for non-economic motives and only were used as labourers over time, the majority of the Italian POWs in Australia had been imported from India explicitly to alleviate manpower shortages. In addition, Australia even tapped the Fascist labour pool in 1945 to obtain more POW workers.

The majority of Italians worked unguarded on farms, at peak approximately 13,000 and were engaged mainly in the dairy, vegetable and wheat production in New South Wales and Victoria. The prisoners only made up 2% of the aggregate Australian rural labour force but at peak a fifth of the temporary rural workforce. They could be deployed as a mobile substitute for civilian labour unwilling or unable to fulfil certain jobs. Language difficulties and climate problems did occur but were less severe than previously assumed. The prisoners were on average almost twice as productive as government documents have claimed at about 40 to 50% of a civilian worker. Whilst trade unions successfully lobbied for a POW wage increase in 1945 following strikes, the wage increase affected POW employment much less than predicted by the government, supporting the notion that POWs were more productive than the given wage. The case studies on tomato picking and rice production confirm that the prisoners were more productive than assumed. They relieved urgent rural labour bottlenecks produced almost a fifth of both crops in question and delivered good work despite being abused. Demand was seasonable but always exceeded supply and had priority over security concerns. The prisoners also at times were abused or colluded with guards but extensive supervision and management ensured good overall results. While POW projects at a national level were highly profitable, Australia had overstated profitability and in several cases underpaid Britain for its share in POW revenues. The prisoners overall constituted a large net financial burden for the British but a net economic and financial benefit for Australia. POW
employment projects netted profits of almost £A2 million and reduced net financial costs by more than a quarter.

This study has compiled the first consistent Italian POW employment and man-day figures and, more importantly, produced the first estimate for the Italians’ economic contribution and revised POW man-day estimates upwards. German and Italian POWs performed approximately 7 million man-days and contributed 1% to Australia’s crop production 1943-46. The aggregate contribution appears small, but the case studies and productivity analyses have shown that the prisoners’ industry-specific impact was substantial. They complemented civilian labour whenever bottlenecks arose, delivered good results despite being mostly unskilled and their output mostly exceeded wages. They thus constituted a much sought-after labour force: mobile, willing to work and without a market exit option. The Italians, and to a smaller extent also the Germans, were vital productive assets for Australian wartime and post-war agriculture.