Effects of WWI lingered long in Australia

World War One changed Australia substantially, from its significance on the world stage to the economic impact it suffered as a result of the conflict.

When Billy Hughes became Australia's seventh prime minister six months after the landings at Anzac Cove, few outside the Commonwealth knew much of either him or the country he led.

Australia, until then, had basked in unruffled security at the bottom of the world and the man who was to become known as the "Little Digger" had made only a limited impression at home, let alone abroad.

But by the conclusion of the First World War, Australia, due to a sacrifice by far the greatest per-capita of any Allied nation, was on the map.

And as the ensuing peace talks unfolded, Hughes established his presence on the international stage going blow-for-blow with British prime ministers, Japanese emperors and an American president who described him as a 'pestiferous varmint'.

Hughes and his deputy prime minister Joseph Cook nevertheless became the first Australians to sign an international peace treaty when on June 28, 1919, they put their names to the document that dictated Germany's post-war fate.

Hughes came to Australia's top office at an unenviable moment.

At Gallipoli Australians were being killed and wounded in their thousands, worse was about to come on the Western Front and his predecessor Andrew Fisher had resigned due to the pressures of the war.

A complex and seemingly contradictory man, Hughes belonged to six different parties during a 51 year political career that began with his election to the first federal parliament in 1901 and ended with his death in 1952.

His dedication to the survival of the British Empire may have been understandable for a man born in Britain, but at the same time he was a staunch promoter of Australian national interests and a solid unionist.

Throughout the war, Hughes was torn between his devotion to the cause of Australia and the Empire, his Labor ideals and a determination to win the war at all costs. This test of his principles led to him leaving the Labor Party but not before he defied party policy in his push to introduce conscription to supplement the dreadful battlefield losses.

His government could have introduced the necessary legislation, but because it was contrary to Labor policy, Hughes decided to put the conscription issue to the people and in two divisive referendums it was defeated, firstly in 1916 and again in 1917.

A more successful, and less well-known, wartime endeavour was Hughes' negotiation of the purchases by Britain of Australia's and New Zealand's, entire wool clip.

Under the supervision of the Central Wool Committee, the British government bought every bale of wool - 7.1 million of them, or about one billion kilograms - produced in Australia between 1916 and 1920. The British paid 160 million pounds for the wool, keeping alive an industry that carried the country.

But it was at the post-war peace talks that led to the signing of the Treaty of Versailles that Hughes rose above his relative obscurity to stand up, rightly and wrongly, for Australia.

Determined to resist pressure from Britain, the United States, Japan and other allied nations as they wrestled for power in the Pacific, Hughes made Australia's case strongly and well.

And when US President Woodrow Wilson, whose country only entered the war a year before its end, questioned Hughes' authority, as the leader of a mere five million people, to intervene in world affairs, Australia's prime minister responded with scathing dignity.

"I speak for sixty thousand dead," he told Wilson. "For how many do you speak?"

As well as seeking control of the former German territories of Samoa and New Guinea, Hughes insisted on the inclusion a "guilt" clause in the peace treaty requiring Germany to pay the full cost of the war to the Allies, not just compensation for the damage it caused.

Germany was eventually asked to pay 6.6 billion pounds from which Australia would receive an estimated 275 million pound war debt. The last instalment of that debt was duly paid in 2010.

As deserved as these demands may have seemed, the reparations and other severe conditions imposed by the Treaty of Versailles, are credited with laying the foundation for the Second World War.

But Hughes's fight to establish Australia's security and independence in the Pacific was accompanied by his desire demonstrated during the peace talks to preserve the White Australia policy that had widespread support at home.

To many, Hughes' attitude represented a new maturity for Australia. To others it demonstrated lingering and unnecessary ties with the world.

To the men he'd sent to war, however, he was a hero and on his return from the Paris peace talks returned soldiers hoisted their "Little Digger" onto shoulders and carried him down Sydney's George St.

Australia's official war historian Charles Bean wrote, perhaps prematurely, that the war left Australia with the impression of being at the forefront of human progress.

"In some, not unimportant, respects they had reason to," Bean wrote.

"(It also) brought a new confidence into Australian national undertakings. Early in the war not a few Australians had watched with diffidence the departure of their force as an improvised contribution to the great armies of the Allies.

"That diffidence was a natural survival from the colonial days. The return of the A.I.F., its leaders covered with distinction, its ranks acclaimed overseas as one of the notable fighting forces of history, deeply, if insensibly, affected that outlook."

But the end of the war also left Australia with an issue as trying as the conflict itself: taking care of the survivors, the war widows and their children.

The long-term cost of medical care and welfare benefits to returned soldiers and the dependants of those who didn't return was on a scale never before encountered.

A peak of 283,322 war pensions were being paid in 1932.

By 1938, only a year before the Second World War commenced, 77,000 incapacitated soldiers and 180,000 dependants remained on pensions that by then had cost Australia nearly 148 million pounds. Their associated medical bills ran to another 8.5 million pounds.

The post-war period also saw the establishment of new political parties, trade unions assumed new power and communist paranoia developed.

And it also included the greatest economic upheaval the world has known - and it hit Australia harder than most.

Australia's heavy dependence on primary exports meant Australia felt the Great Depression affected the country acutely. As an imperial dominion, Australia's economy was intricately linked with that of Britain.

As well as trade, Australia was still dependent on industrial capital from Britain, so as the British economy slumped after WWI so did the Australian economy. Unemployment reached a record high in Australia of 29 per cent in 1932, one of the highest rates in the world.

It was a situation from which Australia never fully recovered before it again went to the aid of the old Empire.