POLITICAL IDEAS IN THE LIBERAL PARTY

by

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This thesis is my own original work.

PRÉCIS

        This thesis is a study of the ideas which are expressed in the
Liberal Party of Australia and its allied conservative organizations.
The little that has been written about the ideas of the Liberal party
suggests or implies that they are few, unoriginal, and of only small
significance in the harsh 'practical' world of party politics and pressure-
group activity; and that in this world the systematic articulation of
political ideas and the discussion of policies and programmes by reference
to them has usually been at a discount, especially in the non-Labour
parties.  But this is not to say that these parties have had no ideas at
all about the political system and the values to be sought in it.  This
thesis shows that the ideas of the Liberal party may be pieced together
from a variety of sources; that they constitute a fairly comprehensive and
relatively coherent body of thought; and that these ideas serve important
functions in the party-political battle and (what is less remarked upon)
within the Liberal party itself and in linking it with its supporting
organizations.  The ideas with which I deal are not merely ones thrown up
by current party conflict:  they have, in the main, been permanent in this
century.  The major interest throughout is not day-to-day policy statements,
but rather the assumptions behind these which make up the more general
framework within which Liberals view the world and the problems facing
them.

        Following the Introduction, the thesis proper begins with an account
of the tradition of political thought and party organization from which the
modern Liberal party is descended.  This leads on to a brief narrative of
the history and organization of the Liberal party, together with the ideas
of supporting conservative groups.  The middle part of the thesis is a
pioneering attempt at description and synthesis, dealing separately with
Liberal ideas in the fields of economics, social policy and the political
system respectively.  This material is set in the context of the broad
economic and political conflict and debate in Australia and between the
Liberal and Labour parties in the years 1944-66.  It is followed by an
examination of the political ideas of Menzies and some other Liberal
leaders, extended in the case of Menzies whose views are the most compre-
hensive and come nearest to forming a cohesive whole.  Once the material

is assembled and synthesised in this fashion, I attempt, by way of a conclusion, a general interpretation and assessment of the ideas of the non-Labour parties. This shows that the conventional notions held about their lack of importance and derivative nature are misleading, if not totally mistaken; and that on the basis of the evidence presented, and the original sketch of the place of 'liberalism' in Australian political history, the Liberal party could claim to have inherited some strands of liberal thought and much of its language, despite any ambivalent attitudes, but that in the Australian context these had generally conservative implications.

# ACKNOWLEDGEMENTS

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# A NOTE ON TERMINOLOGY

Abbreviations:

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| AIPS | Australian Institute of Political Science |
| ALP | Australian Labour Party |
| APSA | Australian Political Studies Association |
| CPD | Commonwealth Parliamentary Debates |
| FPLP | Federal Parliamentary Labour Party |
| MHR | Member of the House of Representatives |
| MLA | Member of the Legislative Assembly |
| SMH | Sydney Morning Herald |

Two terminological usages should be noted. The Liberal Party of Australia (LPA) includes, strictly speaking, the Liberal party at the national (or 'federal') level and all six state divisions. The Liberal party in each state is normally referred to as a particular division of the LPA (for example, 'Liberal Party of Australia - New South Wales Division'). As I will show in chapter 3 the LPA is, as it has been described, a 'composite of seven Parties'. (See Katharine West, Power in the Liberal Party - A Study in Australian Politics, Melbourne, 1965, p. 261). But, for convenience, I will normally use the terms 'Liberal Party of Australia', 'Liberals', or 'Liberal party' to refer to the party at the national level, although, given the generality of the discussion below, differences in attitudes between the 'federal' and 'state' parties are of relative insignificance. Secondly, I use the generic term 'non-Labour' to refer collectively or individually to the Liberal party and its predecessors (the first Liberal party, the Nationalist party and the United Australia party).

CHAPTER 1

INTRODUCTION

The Liberal Party of Australia was founded in 1944, came to power in 1949 and governed, in coalition with the Country party, to the end of 1972. At the time of its formation, spokesmen within the new party emphasised the importance of its basic ideas, drawing in this realm some of the sharpest distinctions made between it and its immediate predecessor, the United Australia party. Once the Liberal party was in office, and especially after the mid-fifties, spokesmen referred less often to the party's basic philosophy; but it was nonetheless discernible as an underlying set of assumptions in most of the arguments about current policy within the party and between the Liberal and Labour parties. In the forties, the Liberals had revived a scheme of non-Labour thought which had been of considerable significance in Australian politics. Their creed was fairly comprehensive and it may be conveniently summarised at this point as a prelude to a survey of the conventional view of the Liberal party and its ideas in the secondary literature and to a detailed discussion of its themes in the main body of the thesis.

Liberal ideas in the 1940s were expressed most eloquently by the founder and federal leader of the Liberal party, R.G. Menzies; but many others were saying similar things. In Liberal journals, and in the literature of other conservative groups, these themes were constantly debated or expounded in editorials and articles. Collectively, as the creed of the party, they were taken by Liberals to be a necessary basis for uniting a number of separate organizations and for appealing to prospective supporters. Their creed was also a standpoint from which Liberals could attack the socialistic ideas that were, as they thought, then in vogue. Not least, the creed was intended to provide the foundation for legislative proposals.

A major theme of the Liberal party's statements and propaganda about itself and its creed in the mid 1940s was that the Liberal Party was 'new' in its organization, 'spirit' and personnel, and 'modern' and 'progressive' in its policies. It had, its proselytizers said, been founded partly upon sections of the community which had not been present in the UAP; it was democratic in its internal workings; and it was interested in the welfare of, and anxious and able to appeal to, all sections of the community. It was progressive because it had disencumbered itself of the unenlightened conservatism of the UAP and had accepted full employment, social security, a more equitable distribution of wealth, and greater equality of opportunity as necessary and even desirable goals for a better post-war world. There could be no return to the conditions of 1939; and post-war

reconstruction would have to be better planned this time if it was not to fail again. In their own eyes Liberals embraced a creed which was 'liberal' in contradistinction to what they thought of as the 'conservatism' of the UAP and the 'socialism' of the ALP. It was a 'middle way' between the excessive individualism of nineteenth-century liberalism and the excessively collectivist ideas of socialists in the twentieth century. This middle way would preserve -- and revive -- the traditional British liberalism which had been the source of great material and social progress in England and Australia, most notably in the nineteenth and early twentieth centuries. In the liberal party's creed individualism was the basic creative source of progress; but it was acknowledged that this had to be curtailed by the state in its economic aspects and, in social fields, enhanced by state action to effect greater equality of opportunity.

To this extent, Liberals conceded, they shared some of the objectives of socialism. What liberalism was opposed to in socialism was its methods: it could not accept state action which would seriously infringe the traditional rights of the individual to engage in his own enterprise or, subject to the equal rights of others and to the requirements of public order, to exercise his traditional liberties. Extensive state action would not only endanger liberty by its tendency towards full-scale planning and eventually 'totalitarianism'; it would also make genuine security impossible. For it was only through increased productivity, sponsored mainly by private enterprise, that the progress on which security ultimately depended could be brought about. Some controls would be necessary in the period of post-war reconstruction; but the complete planning of the economy would be inappropriate -- and disastrous -- for peacetime conditions.

To distinguish it from its predecessors, which had been widely regarded as negative and no more than 'anti-Labour', spokesmen for the Liberal party emphasised the 'new' and 'positive' aspects of their creed and organization. To distinguish it from the Labour party, Liberals also persistently attacked the 'bureaucracy', 'party' government, 'lawlessness' in industry and 'growing influence of communism' which they thought were inevitable concomitants of Labour government. Labour, they said, was always influenced by 'class' and 'sectional' interests. Its organization and ideology were such that it did not, and could not, act in the interests of the whole community. Labour had not preserved Australia's traditions of moral leadership, patriotism, spiritual values and good citizenship. The Liberal party, with its 'timeless and classless' principles, and its concern for non-material values, would restore

these things.

The way in which the Liberal party's acceptance of 'progressive' objectives required it to qualify the traditional non-Labour concern for contributory social insurance, constitutionalism and free enterprise at the same time as it opposed the 'socialistic' implications of the Labour government's proposals takes up the first major part in each of the middle chapters (namely 4-6). These parts describe the ideas in the Liberal creed in the context of the important events, Labour beliefs, and legislation of the period 1944-49. Later parts of these chapters or their sections show the different emphases given to the Liberal creed under the influence of power and responsibility. Throughout I am concerned both with how the Liberal party dealt with Labour arguments and propaganda (what I will call the 'inter-party' debate), and also with the way in which Liberals talked within their own party and to their supporting interest-groups or other sympathetic conservative organizations (what I will call the 'intra-party' debate).

The argument in the descriptive and historical analysis to follow is that the Liberal party possessed a comprehensive body of ideas and that these ideas served important functions both on the public stage of politics and within the party itself. A predominant assumption in the better-known short histories of Australia[1] and textbooks on

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[1] Namely: R.M. Crawford, Australia, (London, 1953); Douglas Pike, Australia: The Quiet Continent, (Second edition, Cambridge, 1970); Russel Ward, Australia,(Sydney, 1965); A.G.L. Shaw, The Story of Australia, (London, 1955); Manning Clark, A Short History of Australia, (New York, 1963); Fred Alexander, Australia Since Federation, (Melbourne and Sydney, 1967). The summary above is only an impression which they give collectively; not all of the short histories subscribe to every single part of it.

Australian politics[1] is that ideas do not count for much. Crudely summarised, the conventional view is that Australian politics is not 'about' ideas or principles: it is, rather, a clash over economic and similar material questions of public policy between non-ideological, pragmatic parties, each more or less class-based and supported by particular interest-groups. Ideas and ideologies have not been examined in any detail in most of these works, if they have been considered at all. It is true of course that with one or two rare exceptions, and those on the Labor side, the Australian parties have never had the set debates and deep divisions on questions of principle at annual party conferences or other similar occasions which have occurred even in the relatively non-ideological British parties. But the comparison with, and difference from, overseas parties is not the chief reason for the neglect of the ideas of Australian parties that we find in the literature. Most writers on Australian politics seem to assume that ideas are worth noticing only if they constitute an ideology in a Marxist sense of that term. That is, the ideas must be explicit and deliberately held; they should constitute an internally consistent and all-embracing scheme of thought; and they should be manifested above all in the inter-party struggle and on occasions of deep conflict both within and between the parties.

But there is an alternative theory of ideology, developed in more recent years after the main lines of writing on Australian parties had been laid down, in which a loosely structured body of beliefs may count

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[1]    See: J.D.B. Miller, Australian Government and Politics, (Third edition, London, 1964); S.R. Davis, ed., The Government of the Australian States, (London, 1960); Louise Overacker, The Australian Party System, (New York, 1952); L.F. Crisp, Australian National Government, (Melbourne, 1965); A.F. Davies, Australian Democracy, (Second edition, Melbourne, 1964); Geoffrey Sawer, Australian Government Today, (Ninth edition, Melbourne, 1967); James Jupp, Australian Party Politics, (Second edition, Melbourne, 1968); John Rorke ed., Aspects of Australian Government, (Second edition, Sydney, 1964). See also: W.G.K. Duncan ed., Trends in Australian Politics, (Sydney, 1935); John Wilkes ed., Forces in Australian Politics (Sydney, 1963); S.R. Davis and others, The Australian Political Party System, (Sydney, 1954); C. Hartley Grattan Ed., Australia, (Berkeley and Los Angeles, 1947); George Caiger ed., The Australian Way of Life, (London, 1953); Gordon Greenwood ed., Australia - A Social and Political History, (Sydney, 1955); and A. Campbell Garnett, Freedom and Planning in Australia, (Madison, 1949). As with the short histories, there are exceptions among these to the propositions contained in this summary of their collective ideas. There are also only incidental references to ideas or attitudes (as distinct from policies) in West's Power in the Liberal Party. Her article 'The Liberal Party' in Henry Mayer ed., Australian Politics - A Reader, (Melbourne and Canberra, 1966), gives relatively more attention to the party's ideology, however.

as an ideology. These beliefs need not be internally consistent, officially promulgated, explicitly articulated or used as a framework within which policies must be set and determined.[1] In this sense it is possible to argue that the LPA has a significant body of ideas that deserves the name ideology. It will then be relevant to consider those things normally overlooked in the literature: the all-pervasive principles, assumptions, and propaganda at the inter-party level and also the innumerable statements about principles which are made within parties. The aim of this thesis is to present the evidence for this conclusion, showing that none of the theories or assumptions about what is the proper role of ideas is adequate to justify a disregard of them.

The most prominent of the convential views is the so-called 'Labour' version of Australian political history, whose popularity partly explains the paucity of writings on non-Labour parties.[2] According to this interpretation, the rise of the labour movement in the late nineteenth century was the most important factor in Australian political history, changing the nature of Australian politics. Labour, representing the working-class, gave an egalitarian tone to politics and tried to further the causes of equality, nationalism and social welfare. Throughout

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1    For a treatment of ideology which elaborates on this viewpoint, see Nigel Harris, Beliefs in Society - The Problem of Ideology, (London, 1968), esp. chs. 1, 11, Vll; and cf.Clifford Geertz, 'Ideology as a Cultural System', in David E. Apter ed., Ideology and Discontent, (New York, 1964). These may be contrasted with the more conventional (and confusing) accounts of Edward Shils, 'The Concept and Function of Ideology', and Harry M. Johnson, 'Ideology and the Social System', in International Encyclopedia of the Social Sciences, David L. Sills ed., (New York, 1968,) vol. 7, pp.66-75, 76-85. The term 'ideology' is used in this thesis only as a convenient label for the collection of ideas held within the Liberal party. It does not imply anything about the 'structure' of Liberal thought.

2    It also seems probable that the lack of attention to the Liberal party's ideas could be an accidental consequence of the development of political science as a discipline in Australia. Political science was not completely separated from the study of history when the Liberal party was formed and in opposition (in the 1940s). By the time political science had become a separate and fairly mature discipline (in the late 1950s), the Liberal party had been in power a long time and, if only in an intuitive way, its ideas were excessively familiar. Since conservative, even more than non-conservative, governments are notoriously pragmatic and 'un-ideological' in office, the Liberal party's ideas might have been thought to be too meagre and familiar to warrant notice. (For a general survey of writings on Australian politics, see S.R. Davis and Colin A. Hughes, 'The Literature of Australian Government and Politics', Australian Journal of Politics and History, Vol. 4, No.1, (August 1958), pp. 107-33, esp. pp. 107-8, 118-20.

subsequent Australian history, this interpretation goes on, it was the labour movement and its parliamentary parties which brought about change and progress. These reforms were resisted, or acceded to only reluctantly and belatedly, by the various 'anti-Labour' groupings which were formed to oppose Labour in defence not of a clear doctrine, but of a miscellany of established interests.

This is what Encel[1] calls the 'romantic' interpretation of Australian political history, wherein 'politics is the expression of a class struggle in which the Labor movement, representing the egalitarian ethos of the working class, has set the pace with its radical and nationalist policies' and the non-Labour parties are simply defensive and negative. One important part of this Labour version of history is the 'initiative-resistance' theme. In this theme the labour movement (and Labour parties) have been 'positive' and 'progressive' in their ideas and have determined the nature and timing of party organization and developments and the 'class' basis of Australian politics after the 1890s (or 1901 or 1910). The non-Labour parties, according to unrefined versions of the theory, were always 'negative'. They had no ideas; they arose only in reaction to the labour movement's establishment of a political wing; they changed their form in 1909, 1916, 1931 and 1944 in order to defeat incumbent Labour governments; they resisted the 'positive' legislative proposals of the Labour party or accepted them only as a result of Labour 'pressure'; and they often succeeded in winning office only when Labour was so badly split that it could no longer provide convincing leadership.

Originally formulated for Australian politics by Bryce[2] and then

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1    S. Encel, Equality and Authority: A Study of Class, Status and Power in Australia, (Melbourne, 1970), pp.197-204. Quotation at p.197.

2    James Bryce, Modern Democracies, (London, 1921), Vol. II, p. 238.

popularised by Hancock in his <u>Australia</u>,[1] the initiative-resistance concept
profoundly influenced subsequent generations of academic and popular
writers. It was fondly held -- and publicised -- by the Labour party
itself, but always disputed by the non-Labour parties. Clearly, ideas
are essential within the terms of the initiative-resistance story. It
holds that there have been ideas in Labour's radicalism and egalitarian
sentiments; and progress has occurred largely because Labour has from time
to time been able to force political life ahead along lines determined by
these ideas. Ideas, however, have been important only for Labour. Non-
Labour parties have had none and needed none, because parties of the
status quo assume a prescriptive right to govern and scarcely feel a need
to justify this right or its fruits.

There have been two main variants of this theory. In the first place
some writers make a partial exception of the 'Deakin' period of 1901-10.
Much of Australia's 'basic' legislation, they agree, was laid down in this
period by the 'radical' or 'liberal' section of the Barton-Deakin
protectionists. Though for a time they were supported by Labour, their
blend of individualism and meliorist reformism was a tradition of their
own, not derived from Labour ideas. While they rejected Labour's
'collectivism' and 'socialism', on the other hand, 'they were', as one
of these writers puts it, 'the parties of advance and were bitterly
opposed by conservatives and by free-traders. Then, towards the end of
the first decade, the Trade Unions and the Labour parties made them sink
their differences to oppose the march of socialism. The party retained
the name of Liberal, but it held within its ranks representatives of

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1    W.K. Hancock, <u>Australia</u>, (London, 1930, reprinted 1961), CH. XI.
     See also R.W. Connell, 'Images of Australia', <u>Quadrant</u>, Vol. XII,
     No. 2, (March-April 1969), pp. 9-19. This article contains a
     powerful and persuasive critique of the initiative-resistance concept
     and other popular theories derived from it. In fact the terms
     'negative', 'resistance' and 'anti-Labour' were wrongly taken to
     mean that the non-Labour parties existed only to oppose Labour, and
     that they had no ideas of their own. By 'resistance' Bryce and
     Hancock had meant that the non-Labour parties sought to obtain some
     of Labour's aims more slowly and by different methods. (See <u>Modern
     Democracies</u>, p. 238; <u>Australia</u>, ch.Xi).

older radical sections and in its policy were woven strands of conservative philosophy.'[1] The modern Liberal party, however, has never been willing to describe itself as 'conservative', and some Liberals and some historians[2] have subscribed to the theory of a permanent liberal-conservative (or 'Deakin-Reid') division in the non-Labour parties. This thesis shows that there are, indeed, 'liberal' and 'conservative' attitudes in the LPA on most questions.

In the second place the initiative-resistance concept re-appeared in a recent theory about the nature of political ideas in colonial societies.

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[1]    F.W. Eggleston, Reflections of an Australian Liberal, (Melbourne, 1953), p. 129. Sir Frederic Eggleston had been a non-Labour minister in Victoria in the 1920s and was later a public official and diplomat. His extreme hostility to the Country Party, businessmen and pressure groups, which shows out in many places through his book, may be partly attributable to his experiences in the difficult three-party politics of Victoria.

[2]    Of the writers cited on p.4, Jupp and Overacker appear to accept the 'Deakin-Reid' interpretation of divisions in the contemporary Liberal Party. (See Australian Party Politics, ch.8; and The Australian Party System, ch.VII, and pp. 240, 260-4.) Cf. L.C. Webb, 'The Australian Party System', in Davis and others, The Australian Political Party System, pp. 115-7; and L.F. Fitzhardinge in [L.F. Fitzhardinge and others], Nation-Building in Australia - The Life and Work of Sir Littleton Ernest Groom, (Sydney, 1941), pp. 83-6. For a critical analysis of this sort of interpretation see Peter Westerway, 'Cliches on Australian Politics', Melbourne Historical Journal, Vol.3, (1963-4), pp. 56-69. Amongst Liberals themselves, this 'liberals versus conservatives' interpretation was put forward vigorously by F.W. Eggleston in his Reflections of an Australian Liberal, (Melbourne 1953), p. 139; by Peter Coleman, 'The Liberal and Country Parties: Platforms, Policies and Performance', in Wilkes ed., Forces in Australian Politics; and by J.A. McCallum, 'How Fares Parliamentary Government in the Federal System?', in Geoffrey Sawer and others, Federalism in Australia, (Melbourne, 1949), p. 130. Coleman was (in 1963) associate editor of the conservatively inclined journal, the Bulletin; he later became an MLA in the NSW parliament. McCallum was Liberal Senator for NSW 1950-1962. Before that he was a school teacher and history lecturer; he was also Director of the Australian Institute of Political Science 1934-50.

This theory, formulated by Louis Hartz[1] and then applied to Australia by Richard Rosecrance,[2] asserts that new societies founded as colonial 'fragments' do not inherit Europe's historic conflicts of class and religion, but rather become set (and eventually immobilised) in a narrower indigenous political tradition which develops out of their founding populations and peculiar circumstances. Australia was like the United States but unlike European countries; it had no lingering feudal order which demanded a socialist challenge and thereby provoked a conservative reaction. But whereas in the United States an implicit Lockeian liberalism which assumed property rights and a restrained state was universally accepted and gave birth to a fully developed liberal tradion,[3] Australia was 'born radical', being settled predominantly by discontented labouring classes, and could not develop a full-blown liberalism. These settlers, who rejected the existing social order, imparted a radical and egalitarian ethos to Australia which overwhelmed the incipient economic liberalism of the squatters. This ethos then 'congealed' in such a way that it became immune to the influence of latecomers and to both the industrial capitalism and doctrinaire socialism of the later nineteenth century. Because the economic forces which might have sustained a liberal ethos were too long delayed, Australia never went through a period of mature liberalism analogous to that of England or the United States. Capitalism, therefore, could not develop into an effective political force against a working-class radicalism enshrined in social values as the national mythology. Thus, Rosecrance concludes of the contemporary non-Labour party,

'... the Australian Liberal party is not primarily a party of business leaders with a distinct liberal middle-class point of view to advance; it is, rather, a "party of resistance" animated by no particular political philosophy save that of opposition to the existent Labor Party program'.[4] This thesis will indicate the senses in which (Hartz to the

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1    See his The Founding of New Societies - Studies in the History of the United States, Latin America, South Africa, Canada, and Australia, (New York, 1964), esp. Part One.

2    'The Radical Culture in Australia', ibid., ch.8. See also his article, 'The Radical Tradition in Australia', The Review of Politics, Vol.XXII, No.1, (January 1960), pp. 115-32.

3    Hartz had expounded this thesis earlier in his The Liberal Tradition in America, (New York, 1955).

4    'The Radical Culture in Australia', loc. cit., p. 306.

contrary) the Liberal party does contain liberal and middle-class elements; is a 'business' party; and has ideas other than those of sheer 'resistance'.

The 'Labour' school of thought has long been under criticism in several respects. It lost some favour after the 1930s, during what one unsympathetic writer called the 'Counter-Revolution' in Australian historiography.[1] This was a reaction against the 'standard radical-leftist' interpretation in terms of the unfolding of social progress and the increasing initiative and creative role of the working class. A newer generation of historians, doubtful whether the Labour movement's motives had been so idealistic or its achievements so striking, gave more attention to the part played in Australian history by the middle class, by 'liberalism', and by business, religious and non-Labour organizations. But it is questionable if Encel's 'romantic' (i.e. Labour) interpretation was ever completely replaced by the 'realistic' interpretation in which 'political activity and the structure of institutions [are regarded] as the outcome of the interplay of competing groups pursuing their immediate interest'.[2] In a now famous article in 1956, and in a similar piece in 1966, Henry Mayer[3] trenchantly exposed the weaknesses of the initiative-resistance concept. His critique made the concept disreputable, at least in its original and explicit form; but it survived in modified and disguised forms.[4]

In a second major interpretation of Australian political history ideas have no important place on either side. Politics is seen instead as a struggle between organised interest-groups for the benefits which can be obtained from an instrumental state, ideas being nothing more than a respectable 'front' for selfish interests. It is implicit in this common view that parties moderate their partisan appeal -- non-Labour becoming more 'positive' -- in an effort to gain the support of the 'swinging' vote in 'the middle'. The theme of the interest-group struggle is also compatible with the 'end of ideology' notion which was fashionable for a decade from the mid-1950s and which probably made more plausible the impression

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1    Peter Coleman, 'Introduction: The New Australia', in his (ed.) Australian Civilization, (Melbourne, 1962). See also John M. Ward, 'Historiography', A.L. McLeod ed., The Pattern of Australian Culture, (Ithaca, 1963).

2    Encel, Equality and Authority, p. 197.

3    'Some Conceptions of the Australian Party system 1910-1950', originally published in 1956, and reprinted in Margot Beever and F.B. Smith (comp.), Historical Studies - Selected Articles, Second Series, (Melbourne, 1967), pp. 217-40; and 'Parties of Initiative and Resistance in his (ed.) Australian Politics, pp. 223-30.

4    Cf. Connell: 'Restated as the Whig interpretation of Australian history, or the syndicate interpretation of Australian politics, or the frontier interpretation of Australian character, the ideas [of Bryce, Hancock and others] have spread, mixed with others, and infused a very large literature.' ('Images of Australia', loc. cit., p. 17.)

that Australian politics was without ideas. According to this notion conservative and socialist parties in industrialised Western countries had renounced the doctrines of capitalism and socialism in their pure forms and implicitly agreed upon the fundamental procedures of a liberal-democractic political system and on the desirability of a mixed-economy, welfare state.[1]

What politics is about (or all that needs to be explained) according to these interpretations, is the actual struggle between parties and groups to determine policy in an arena where the electorate is divided into two unconvertible (Labour and non-Labour) voting blocs. (The Country party, despite the occasional radicalism of some of its sections, is not a genuine third party different in ideological predisposition from the major non-Labour parties.[2]) The nature of this struggle, as the writers of textbooks and general articles see it, is mainly one of conflict over economic questions. Australia's history and its lack of an educated or natural 'ruling' class have produced an essentially 'economic' kind of politics in which matters of grand principle play little or no part and in which parties and their supporting interests strive for that marginal advantage which is all that the balance of political and economic forces in society permits. The inter-party conflict, therefore, is not basically a contest of principles. Labour, despite its ostensibly socialist creed,

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1  For an influential expression of this theory, welcoming the putative 'end', see Daniel Bell, The End of Ideology - On the Exhaustion of Political ideas in the Fifties, (Revised edition, New York, 1965), Epilogue. For some recent essays and comments on this notion see Chaim I. Waxman ed., The End of Ideology Debate, (New York, 1968).

2  This is probably the majority opinion among writers of textbooks and general articles. There has, however, been a considerable dispute over whether the Country party can properly be regarded as a rural 'extension' of the major non-Labour party. For an indication of the dispute, and the affirmative case, see Webb, 'The Australian Party System', loc. cit., pp. 101-3. For a view of the Country party as an historically distinctive grouping see Don Aitkin, 'The Australian Country Party', in Mayer ed., Australian Politics, and his The Country Party in New South Wales: A Study of Organisation and Survival, (Canberra, 1972), chs. 1, 2. See also footnote 1, p. 17.

is really a meliorist and non-doctrinaire party.[1]  And non-Labour, despite
its conservatism, is not in favour of laissez-faire capitalism or opposed
to state action and social welfare; it is really pragmatic and empirical
(or opportunist).  All parties, in fact, are 'parties of government' and
collectivist in practice:  they seek the favours to be gained from that
'positive' state which evolved from the response of groups to the special,
harsh conditions of the Australian environment.[2]

In federal politics, and even more in state politics, the major parties
moderate their appeals in order to win over that middle section of the
electorate which does not have fixed voting habits.[3]  Differences between
the parties are reduced to matters of emphasis, timing and application.[4]
Jupp's comment here admirably synthesises the various parts of an

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1   The exact nature of Labour's socialism (or its 'socialisation'
    objective of 1921) is another much vexed question.  But two textbook
    writers who are also specialists on the Labour party, namely L.F.
    Crisp and James Jupp, seem to agree with the conventional judgement
    that it was a 'socialism without doctrines'.  Crisp says that the
    ALP has stressed 'moderate and gradual reform' (especially since 1950),
    and Jupp writes of the 'cautious reformism' of most ALP parliament-
    arians and officials.  (Australian National Government, p. 147, and
    Australian Party Politics, p. 98)  However, two other Labour writers,
    W.C. Taylor and Lloyd Ross, correctly point out in discussing Labour's
    socialism that 'The story of the Labor Party cannot be understood
    apart from the socialist influence both within and without, but also
    the significance of the role played by Australian Labor can be judged
    only if set against the complete failure of socialist groups to gain
    electoral support or to exercise a major influence except through the
    Labor Party itself.'  ('Contemporary Party Policies:  The Labor Party'
    in Garnett, Freedom and Planning in Australia, p. 309; and see also
    Lloyd Ross, 'The Role of Labour', in Grattan ed., Australia, pp. 251-2.
    Cf. also D.W. Rawson, Labor in Vain? - A Survey of the Australian Labor
    Party, (Croydon, 1966), ch.6.

2   For a description and analysis of this tradition of writing in
    Australian political science and history, see S. Encel, 'The Concept
    of the State in Australian Politics', Australian Journal of Politics
    and History, Vol.6, No.1, (May 1960), pp. 62-76.

3   Webb is one writer who has explicitly formulated this common notion
    into a theory of 'convergence on the centre', (See his 'The Australian
    Party System', loc. cit., pp. 107-17, and for a critique of this notion
    see S.R. Davis, 'Introduction and Comment', ibid., pp. 21-7).  For the
    supposed absence of ideological and policy differences between the
    parties in state politics, see S.R. Davis, 'Diversity in Unity', in
    Davis ed., The Government of the Australian States, pp. 625-52.

4   See, for example, Miller, Australian Government and Politics, esp.
    chs. III, V, X.

interpretation which has come down from Bryce[1] through Hancock[2] to the present and is almost universally accepted by contemporary writers.

> Economic issues [Jupp writes] are the central concern
> of the parties and governments and the major reason
> for existence of the organized interests standing behind
> the parties.  Party struggle is largely a public mani-
> festation of the struggle of interests to allocate a
> nation's resources in their favour....Politics is not a
> battle of ideas....The content of Australian politics is
> determined by pressure, by administrative necessity and
> by inner-party struggles.  None of these contribute to
> politics based on principle, whether the ideology be
> social justice, socialism or liberalism....[3]

Although most of their authors want to deny that political divisions are solely a matter of class,[4] and some want to claim that something more than group interests may exist,[5] the textbooks and short histories almost uniformly present a view in which Australia's politics is based on sectional and class divisions (even if ostensibly less apparent than Britain's) and fought out by the parties representing classes and interest-groups for the narrow benefits left in an arena where 'basic' issues are settled and principles are exhausted of their original import.

Some writers[6] have liked to compare the platforms and policy speeches of the parties.  They have taken their triteness and same-ness, and the absence of subsequent differences in the parties' legislative records, as further evidence for their impression that there is little 'real' difference between the parties and that proclaimed principles are devoid of true significance.  Not only does Australian politics lack principles and

1    Bryce, Modern Democracies, Vol. II, Ch. XLVI (esp. pp. 194-8) and ch. LII.

2    Hancock, Australia, ch. IV.

3    Australian Party Politics, pp. 211-2.  Jupp does, however, recognise the importance of ideas within parties when he elaborates earlier on the theme that 'Political parties may be sources of political ideas.' (p. 208f.)

4    See, for example, Davies, Australian Democracy, pp. 313-9.

5    See, for example, Miller, Australian Government and Politics, pp. 221-2.

6    See, for example, Davies, Australian Democracy, pp. 130-1, and S.R. Davis, 'Unity in Diversity', loc. cit., pp.625-52.

intellectual content, others say. What little it does contain of these is derivative and uninspiring. P.H. Partridge, for example, complains of the period 1929-50 that it

> has not been notable for any important innovation in social belief or ideology. Political and social thinkers...have added little in these more recent years to the definition of Australian life that was achieved in the last decades of the nineteenth century...[and] in the period between the World Wars Australia has produced no original social or moral thinking of any real account.[1]

Neither received line of interpretation is free from confusions and unacceptable assumptions. That the ideas of parties are not deserving of close study because they do not constitute fully coherent and self-consistent systems of thought is, in the first place, an unreasonably rationalistic pre-supposition. The ideas of major (especially non-socialist) political parties normally find expression only in fragmentary, allusive and unofficial ways. Except for the general principles set down in platitudinous style in platforms and policy speeches, a party has no elaborated or logically-argued scheme of thought. Its ideas are a loosely structured assemblage, reflecting its past and present doctrines and coalitions of interest; of its nature, this will contain tensions or seeming inconsistencies. The liberal ideology combines parts of nineteenth and twentieth-century British liberalism with native doctrines and emphases in a way that can only be explained in terms of the place and role of liberal thought in Australian political history. It is probably the peculiarity of this combination, and the fact of its name 'Liberal', which has bemused observers about the Liberal party and its ideas. They have, as a group, decided that the Liberal party is 'really' conservative and neglected to explain how a conservative party in Australia can use the vocabulary of liberalism and how it claims a liberal inheritance and title. Similarly, as we have just noted, they have decided that the ALP is not 'really' socialist and omitted to examine the important role of socialist doctrines in the Labour movement. The Australian variety of liberalism admittedly lacks the complexity, richness and philosophical tradition of its English forbear. But it is no less authentic as a creed, nor important in practical effect, because it is derivative and philosophically jejune. Its recognisable ancestry, it may be conjectured, has diverted attention and interest from its peculiar accents and applications in a colonial setting.

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1    'Depression and War, 1929-50', in Greenwood ed., Australia, pp.409-10-11-14. See also the same writer's article on 'Political Institutions and Aspirations' in Caiger ed., The Australian Way of Life, esp. pp. 89-93.

Another popular misconception about ideas, evident in the academic's favourite pastime of comparing rival parties' platforms and legislative records, is that they should manifest themselves in policy items and legislation. This falsely presumes that an ideology is of such a nature that it can be 'used' in this way. Yet there is much in any party's ideology which is of such a nature that it cannot be translated into policy or legislation. An ideology is in essence a view of the political world which enables its adherents to identify their allies and enemies, define situations, manage or provoke or avoid conflict, adopt stances, and interpret events. Above all other purposes, an ideology is used by social groups and political parties to justify themselves and legitimate their policies, in terms other than those of self-interest, by appealing to principles which they believe are or should be universally recognised. Parties also want to construct a favourable image of themselves and an unfavourable one of their opponents. Certain broad beliefs indicate the general direction for (but do not automatically prescribe) broad policies, and it will be shown and amply illustrated that one cruder part of the inter-party debate and an important part of the intra-party debate centres around the record of 'promise and performance'. But a large part of an ideology merely structures and defines situations and issues for a particular social group: it entails and demands no policies, decisions, action, or 'behaviour' (unless speech-making is considered to be part of political behaviour). Menzies' ideology is noticeably of this kind, as chapter 7 will show. It is a set of ideas which enabled him to understand and interpret events and accommodate (or resist) change, often of an unpleasant kind. This thesis does not assume any direct connection between 'ideas' and 'action'; its pre-occupation throughout is with the kinds of beliefs which exist in the Liberal party and the uses to which they are put -- with a language of justification and its manipulative functions and its symbolic or 'expressive' usages.[1] Only full-scale political histories or biographies could usefully try to disentangle the various influences or factors in the complex of events, ideas, and pressures which 'caused' particular actions or decisions.

Not only are the ideas of a political party not expressed at the level of political theory or philosophy. As already adumbrated at several points, many of them are employed in their most significant ways not in inter-party

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1    See Murray Edelman, _The Symbolic Uses of Politics_, (Urbana, 1964), for the conventional distinction between the 'instrumental' and 'expressive' uses of ideology.

politics but in the party's internal life and in its relations with its supporting interests. Within the party and its 'movement' ideas have a salience which has not gained recognition from those who look for a battle of grand principles between parties in the parliamentary and electoral arenas. Leaders use ideas to justify their own actions and hence their own positions; the extra-parliamentary organization may cite them as a means of obliquely criticising the parliamentary party; the business community may remind an intervening Liberal government of its professed adherence to the doctrine of free enterprise; a state Liberal leader, resenting the attrition of state powers, may condemn practices which he thinks are incompatible with the party's doctrine of federalism; and individual parliamentarian or member or contributor to a party journal may speak out on principles as a way of advancing some cause of his own (or of a pressure group, party faction, or state division); and so on. The 'sincerity' of the speaker or writer, it might be remarked, is usually unknowable and always irrelevant. Whether the Liberals 'actually' believed what they thought and said or were merely 'rationalising' other interests and causes is normally not apposite to an account of their deployment of ideas in particular situations.

My method in this thesis, based upon the conception of the nature and role of political ideas set out above, is to cull and piece together the ideas of the Liberal party in such a way as to display their range, variety, connections and discontinuities. I bring together Liberal statements revealing Liberal attitudes on matters of economic policy, social policy, and the structure and workings of the political system. The major purpose of this task is to elicit, from half-disclosed premises and specific Liberal attitudes, the basic and permanent assumptions about society which underlie the whole Liberal creed. In the final chapter I attempt an interpretative assessment of the nature and role of liberal thought in Australian politics.

The division of chapters on the basis of economic, social, and other attitudes is one partly of convenience. Liberal attitudes do not, of course, all fall ready-classified into these compartments, and the same material is often useful for several chapters or sections within chapters. The attitudes of other conservative groups with similar ideas, and memberships overlapping that of the LPA, are also mentioned at various places. The Liberal party may usefully be thought of as a coalition of conservative interests and groups; and many of the ideas circulating among other conservative groups will contain sentiments to which some sections of the Liberal party will be sympathetic. The terms 'conservatives' or 'conservative movement', therefore, while usually referring to the Liberal

party, are used in appropriate contexts to refer collectively to the
Liberal party, the business community, the press and other conservative
groups.[1] Pending later clarification I use the adjective 'conservative'
to refer to policies or actions or groups whose main purpose is non-radical
and non-socialistic. It is assumed here that the Liberal party, like the
Conservative party in Britain and the Republican party in the United
States, is conservative in that it favours the preservation of free enter-
prise, of 'self-help' in social welfare and of the basic political
institutions and procedures even while, like those parties, it makes
professions to a modernism which accepts state management of the economy,
state provision for minimum standards of social security, and constitutional
reform where time has out-dated old institutions and procedures.

The samples which I select to evoke Liberal thought come predominantly
from the 'élite' of the Liberal party -- Menzies, F.W. Eggleston, federal
presidents, ministers and parliamentarians. Among these, those who are
most important as expositors or transmitters of ideas, and whose leads we
may assume many in the party to follow, receive the greatest amount of
space. Menzies, of course, is pre-eminent here, both for his authority
within the party and for his literary facility. His thought, to which a
special chapter is devoted, adds considerably to our understanding of the

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1    This thesis does not deal in any detail with the ideas of the federal
     Liberal party's coalition partner, the Country party. Normally the
     Country party was conservative, and often given to a crude kind of
     anti-socialism and anti-communism. Occasionally, however, some of
     its sections would strike a fairly radical pose on certain issues.
     For sketches of Country party attitudes and policies see Ulrich Ellis,
     A History of The Australian Country Party, (Melbourne, 1963), part VI;
     J.P. Abbott, 'Contemporary Party Policies: The Country Party', in
     Garnett, Freedom and Planning in Australia; and B.D. Graham, The
     Formation of the Australian Country Parties, (Canberra, 1966), chs. 1,
     8, 9; and Aitkin, The Country Party in New South Wales, esp. ch. 3.
     Of course, there was often tension or rivalry between the Liberal and
     Country parties at both the federal and state levels. (See West,
     Power in the Liberal Party, ch. 7, esp. part III; Louise Overacker,
     Australian Parties in a Changing Society 1945-67, Melbourne and
     Canberra, 1968, ch. 10; Davis ed., The Government of the Australian
     States, pp. 582-5; Encel, Equality and Authority, pp. 347-8; and Alan
     Reid, The Power Struggle, Sydney, 1969, ch.4) But there has been
     little well-substantiated evidence (at least up to 1966) of systematic
     ideological difference between the Liberal and Country parties, even
     where the strong suspicion of it has existed. By and large the
     coalition parties maintained a united front in public, presumably doing
     their battles over tariff, subsidies and the like in Cabinet (or its
     sub-committees) and in the government parties' room.

assumptions behind and connections between the various parts of the Liberal
philosophy. The thesis aims only to show the more typical and important
kinds of attitudes held by Liberals and expounded from different positions
and on certain sorts of occasions in inter-party politics or within the
party. It is in no way either an 'empirical' survey of attitudes, values
and beliefs among Liberal rank-and-file members and voters or a study of
the 'functions' of attitudes for individual or mass psychology. Quanti-
tative data of a social-psychological or sociological kind are drawn upon
only for the chapters which set the general background on the party's
organisation and personnel and at a few other points where they add
relevant or interesting detail to the story.

Besides the books, pamphlets, and statements in parliament or to
various groups of this nominated élite, a variety of sources has been used
for the discovery of Liberal ideas and their attendant uses. Since much of
the public inter-party and some intra-party argument takes place in parlia-
ment, debates in that arena are frequently referred to, summarised or cited.
With some notable exceptions, such as the debate on bank nationalisation in
1947, parliamentary debates do not give rise to a great deal of argument
from or about principles; but they are often the best indicator of the
'tone' of the inter-party argument for a given period. When the Liberal
party is in government, ministerial addresses to groups are one of the
best sources for its ideas. Selections from these addresses are often
printed in newspapers or in the journals of the groups; they provide a
valuable record of the uses to which ideology is put in the relations
between governments and interest-groups. This sort of material is used
especially in chapter 4, where the attitudes of business groups and organ-
izations are noticed on various issues, but also at many other points in
the thesis.

The Liberal party's own 'output' of literature is considerable. The
LPA established federal research and publicity bodies in a deliberate
effort to continuously propagandise its cause. The state parties have also
at various times produced journals or newsletters (usually monthly). These
have seldom lasted very long, and much of their space has always been taken
up with reports of branch meetings and other matters of routine admini-
stration. But, if only infrequently, they contain editorials, contributed
articles, letters to the editor, or material on topical debates whose
ideological content reveals some of the ideas and strands of thinking which
are currently agitating the party. The Federal Secretariat of the LPA
published the federal policy speeches and also, after 1951, the federal

president's address to the annual Council.[1] These are both important, if sometimes rather insipid, sources, and they are quoted or cited extensively. Much of the other literature of the party is of a purely propagandist or informative nature and not of much value except as it indicates the Liberal pre-occupation of the moment or point of view on ephemeral issues. The party's occasional well-produced special pamphlets are another useful source for Liberal beliefs and values.

Finally, four limitations on the scope of the thesis should be noted and explained. Firstly, it is not a history of post-war Australian politics, nor of the Liberal party, nor of the Liberal government since 1949. Events and issues are chosen primarily for the ideological argumentation to which they gave rise, and much that is otherwise interesting and important is omitted. I do not, secondly, deal with foreign policy as a separate topic because characteristic Liberal attitudes can be described almost wholly in domestic terms. At times foreign policy became important for Liberals -- the period was, after all, a transitional one in which policy was being changed and formulated -- but while Menzies was party leader foreign policy was not a subject which they often explored in ideological terms. The fourth section of the chapter on Menzies' ideology (<u>Kinship and Formulas: The Commonwealth and World Politics</u>) can be taken to express most of the broad Liberal attitudes on foreign policy, even though Menzies' overriding interest in the British Commonwealth may not have been shared by all Liberals. Thirdly, Liberal ideas are discussed only up to 1966, although later material is used where it adds significantly to the understanding of the period 1944 to 1966. Since Menzies' retirement there have been many significant changes (even upheavals) in the party; in some cases these have brought to the surface issues and conflicts which had previously been suppressed or largely contained within the party. But anything more than a superficial account of these changes would have taken this thesis too far beyond its present length.

Lastly, I am concerned mainly with the Liberal party in federal politics, for several reasons. There is far more general and wide-ranging

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1    The policy speeches of the Liberal party were written and delivered by Menzies. With the exception of the first (1946), they were 'joint' policy speeches, delivered on behalf of both the Liberal party and the Country party. Policy speeches and presidential addresses were published in Sydney or Canberra and are hereafter cited as the policy speech of a certain year or, in the case of presidential addresses, referred to by cover-title and year. Full details of these, and of the two platforms of 1948 and 1960, are given in the Bibliography.

debate at this level, and state politics, covered more adequately in several of the text-books on Australian politics, add little to the general description.  There is also a general uniformity in Liberal ideas which makes the distinction between state and federal members an artificial one within the Liberal party.  All members belong to state divisions, and there is normally no way of knowing whether a federal MP or official speaks as a member of his state division or 'nationally'.  At several points, however, state politics or attitudes are referred to -- in the account of the formation of the party, of its organization, and in the discussion of federalism.  Material from state Liberal journals is, of course, used constantly.

CHAPTER 2

THE LIBERAL HERITAGE:   The Background of Liberal Thought and
non-Labour Party Organization in Australia

(1) Introduction

　　The contemporary Liberal party is the fourth major party grouping of its
kind in Australian federal history; and its federal predecessors had their
own origins in colonial factions or parties calling themselves (or their
policies) 'Liberal'.  This chapter outlines the background of political
history and thought from which the LPA emerged, and to which it was, in part,
reacting in 1944.  It attempts to summarise 'liberalism' as it was between
1850 and 1900 and to sketch its place in the history of the modern Liberal
party's predecessors -- the early Liberal party (1901-17), the Nationalist
party (1917-31), and the United Australia party (1931-44).  (For the period
1900 to 1944 it relies largely on interpretations in Sawer's Australian
Federal Politics and Law and in Greenwood's Australia as a framework for
analysis.)  It shows in advance that the Liberal party was drawing on a
permanent and prominent -- though diverse and rather ambiguous -- tradition
on the non-Labour side.

　　It will become evident through chapters 4-6 that the modern Liberal
party carried on many of its predecessors' ideas and fought its ideological
battles with Labour in broadly the same terms as they did.  As shown in
this chapter, the persistently recurring party-political conflicts in the
period to 1944 took the forms, with variations in different contexts, of
non-Labour's free enterprise versus Labour's socialism and nationalization;
of non-Labour's contributory and voluntary social welfare programmes versus
Labour's compulsory, tax-financed programmes; of non-Labour's belief in
federalism and 'constitutionalism' versus Labour's centralism and impatience
with traditional forms; of non-Labour's imperial loyalty and concern for
strong defence versus Labour's Australian nationalism and faith in inter-
national organizations; and of non-Labour's claims to a 'national' character
versus Labour's supposedly union-based organization and 'sectional'
ideology.  Necessarily, this chapter can only give a broad sketch of
liberalism's role within Australian political history, forgoing both an
account of the subtleties of the doctrine and any detailed narration of
events and parliamentary legislation.  It adumbrates, however, a general
conclusion of the thesis:  that what was denoted by the label 'liberalism'
in Australia was similar in some basic respects to nineteenth century
English liberalism, but that local differences made the present Australian

Liberal party reluctant to admit to the overall conservative character
of modern liberalism and enabled it to see itself as a genuinely
progressive and non-sectional party.

## (2) British and Australian liberalism

The political ideas to which the name 'liberalism'[1] was attached were
a European inheritance which inevitably found some echo among 'independent
Australian Britons'.[2] Australia adopted many of the strands in English
liberalism, and, from the nineteenth century, its own liberalism followed
the same general course. Australian liberalism inherited directly those
beliefs in the consent of the governed (as the basis of legitimate govern-
ment), the rule of law, ordered liberty, and low taxation -- which were
characteristic beliefs of English liberalism. Nineteenth century liberalism
in Australia, as in England, was a creed particularly appropriate to those
commercial classes which were becoming the dominant political force.
English Whig liberalism, emphasising the ideas of parliamentary supremacy
and the freedom of the individual, had absorbed in turn the Benthamite
conception of utility as the criterion of political good, and the theory
of laissez-faire, which assumed that individual economic interests were
harmonised by an 'invisible hand'. In the third quarter of the nineteenth
century liberalism in England took on an ethical component as Mill, Acton
and Morley argued for intellectual and moral freedom and stressed the
dangers inherent in state laws and social conformity. In the last quarter
of the century English Liberals questioned the idea of the Manchester school
of political economists that a self-regulating economy produced the greatest
good for a given number. It had now become plain that laissez-faire gave
rise to an economic system in which the absence of restraints brought power,
wealth and freedom for the few but poverty and hardship for the majority.

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1. For general works on liberalism (mainly English liberalism of the
   nineteenth century) see: Allan Bullock and Maurice Shock, The Liberal
   Tradition - From Fox to Keynes, (Oxford, 1967); J. Salwyn Schapiro,
   Liberalism: Its Meaning and History, (London, Toronto and New York,
   1958); K.R. Minogue, The Liberal Mind, (London, 1963); Guido de
   Ruggiero, 'Liberalism', in Encyclopaedia of the Social Sciences, (New
   York, 1933), vol. 9, pp. 435-41, and The History of European Liberalism,
   translated R.G. Collingwood, (London, 1927); and David G. Smith,
   'Liberalism', in International Encyclopaedia of the Social Sciences,
   Vol. 9, pp. 276-82.

2. Hancock's phrase in his Australia, ch.III.

The conscience of the next generation of Liberal thinkers in Britain was aroused to re-examine and reject the basic premises of individualistic liberalism. Theorists like T.H. Green and L.T. Hobhouse defined liberalism in new 'positive' and socially-oriented ways which assimilated the criticism coming from the competing democratic, socialist, and idealist creeds of the time. In trying to adapt to industrialisation, the British Liberal party found itself in the dilemma of having exhausted its 'social' and 'positive' purpose by new welfare and reform legisltation in the administrations of Campbell-Bannerman and Asquith (1906-16). Once liberalism had achieved its aims of franchise reform, economic liberty, social welfare and industrial regulation, its defensive middle-class bias against trade unions, the labour movement and doctrinaire socialism came to the fore. Although the Liberal party declined, its liberal spirit and traditions were carried on in the British Conservative and Labour parties. Liberalism, had indeed, become an interest to be defended, not extended. The new Labour party could now claim to have taken over some of the liberal causes of welfare, inter-nationalism and even civil liberties from the Liberal and Conservative parties.

The British colonies in Australia had, of course, provided relatively poor soil for liberal ideas to flourish in.[1] Most of the colonies began as military autocracies and convict prisons. Governments played a leading part in development, providing at least half of the capital investment in the economic infrastructure. Many economic interests were heavily dependent on government to overcome the difficulties of pioneering -- an inhospitable soil and climate; the vagaries of the market and competition from cheaply produced imports; and inequalities of property, education and opportunity. In addition, there was little or no leisured, educated class capable of formulating and developing such intellectual doctrines.

We do not have any full account of liberalism in Australia, although

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1    This paragraph is based on general histories like Hancock's
     Australia; economic histories like A.G.L. Shaw's The Economic
     Development of Australia, (Fifth edition, Melbourne, 1970); and
     the chapters 'The Foundation Years, 1788-1821' by F.K. Crowley and
     'The Pastoral Ascendancy' by R.M. Hartwell in Greenwood ed.,
     Australia. Much of this and similar material is well summarised
     in J.W. McCarty's 'The Economic Foundation of Australian Politics'
     in Mayer ed., Australian Politics, first edition, ch.2.

a fragmentary impression of the liberal creed may be formed from various
sources.[1] Liberalism varied from state to state, and from time to time,
and in any case it was not a single, clear and consistent doctrine or
political movement of fixed membership.  Nor, indeed, was it always clearly
distinguishable from the conservatism of the period.  In general, however,
liberalism usually included the beliefs that the end of politics was
'good government' and the welfare of the whole community rather than any
section of it; that the member of parliament should be independent of
faction and constituency as a condition of efficient and honest govern-
ment; that harmonious relations between classes were possible; and
especially towards the turn of the century, the belief that the state
should intervene in economic life for the purpose of social amelioration
and in order to help the under-privileged and to secure minimum standards
of social welfare.  Liberals also believed in self-government, asserted
equality in political rights against inherited legal or social privileges,
and sponsored developmental measures which helped to 'open up' the country.
Through its various changes and conflicting strands in the nineteenth
century, liberalism's consistent tenets of faith were belief in 'the
people'; in stable, constitutional government; and in the need to develop

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1    See: Greenwood ed., Australia; C.M.H. Clark, ed., Select Documents
     in Australian History 1851-1900, (Sydney, 1955); P. Loveday and
     A.W. Martin, Parliament, Factions and Parties - The First Thirty
     Years of Responsible Government in New South Wales, 1856-1889,
     (Melbourne, 1966);  Robin Gollan, Radical and Working Class Politics -
     A Study of Eastern Australia, 1850-1910, (Melbourne, 1960); Geoffrey
     Serle, The Golden Age - A History of the Colony of Victoria, 1851-1861,
     (Melbourne, 1963), and The Rush to be Rich - A History of the Colony
     of Victoria, 1883-1889, (Melbourne, 1971); Brian Dickey ed., Politics
     in New South Wales 1856-1900, (Melbourne, 1969); A.W. Martin, 'The
     Legislative Assembly of New South Wales, 1856-1900', Australian
     Journal of Politics and History, Vol. II, No. 1, (November 1956),
     pp. 46-67; and S.M. Ingham, 'Political Parties in the Victorian
     Legislative Assembly 1880-1900', in Beever and Smith (comp.),
     Historical Studies - Second Series, pp. 91-107.

the colonies.[1]

Some English liberal ideas were either not adopted or did not receive the same emphasis in the antipodean context. Laissez-faire, for example, was never fully appropriate to an undeveloped country; though occasionally heard,[2] it never became a powerful ideology in the nineteenth century. Instead the notions of 'development' and 'state socialism' were the prevailing economic doctrines, although some of the ideas and rhetoric of free trade were translated to the controversy over the compatibility of protection with liberalism.[3]

The principles of European conservatism[4] were not easily transmitted to Australia, either. For obvious reasons Britons in Australia could not adopt the belief that society was the natural, organic product of long historical growth; nor, given the belief of nineteenth-century liberals in

1    For definition of, and comments on, 'liberalism' in this period see
     Martin, op. cit., pp. 57-60 and Loveday and Martin, op. cit., pp. 31,
     56-7. For particular comments on the relation between the doctrine
     of liberalism and the issues, events and legislation of the period
     see Clark ed., op. cit., pp. 316-7; Loveday and Martin, op. cit.,
     pp. 9, 22-3, 56: I.D. McNaughtan, 'Colonial Liberalism, 1851-92', in
     Greenwood ed., op. cit., pp. 122-31; George Nadel, Australia's
     Colonial Culture: Ideas, Men and Institutions in Mid-Nineteenth
     Century Australia, (Melbourne, 1957), pp. 53-7, 271-5; and R.A. Gollan,
     'Nationalism, The Labour Movement and the Commonwealth, 1880-1900', in
     Greenwood ed., op. cit., p.171 (Cf. Robin Gollan, Radical and Working
     Class Politics: A Study of Eastern Australia, 1850-1910, (Melbourne,
     1960), esp. chs. 5-11).

2    See, for example, Clark, Select Documents, Section 3, ch. VII,
     Introductory note; and Serle, The Rush to be Rich, ch. 1 esp. pp. 22-3.

3    See, for example, Martin, 'The Legislative Assembly of New South
     Wales, 1856-1900', pp. 63-6; and Loveday and Martin, Parliament,
     Factions and Parties, pp. 122, 141, 147-8.

4    For general works on conservatism see: Russell Kirk, The Conservative
     Mind - From Burke to Santayana, (Chicago, 1953); Peter Viereck,
     Conservatism - From John Adams to Churchill, (London, Toronto and New
     York, 1956); R.J. White ed., The Conservative Tradition, (Second
     edition, London, 1964); Michael Oakeshott, Rationalism in Politics and
     Other Essays, (London, 1963); Quintin Hogg, The Case for Conservatism,
     (West Drayton, Middlesex, 1947); Samuel P. Huntington, 'Conservatism
     as an Ideology', American Political Science Review, Vol. 51, No. 2,
     (June 1957), pp. 457-73; W.L. Burn, 'The Conservative Tradition and
     its Reformulations', in Morris Ginsberg ed., Law and Opinion in
     England in the 20th Century, (London, 1959); and Klaus Epstein,
     The Genesis of German Conservatism, (Princeton, 1966), Introduction.

progress and the improvability of man, could they accept the ideas that
hierarchy in society was inevitable or that attempts to re-order society
artificially would fail because of man's sinful human nature. There was
no regionalism, philosophic tradition, historic cause or line of great
leaders from which, then or later, a fully fledged conservatism could
develop and flourish. Conservatives (mainly pastoralists) had argued in
the mid-fifties in New South Wales for a 'balance' of mutually dependent
classes and interests.[1] They wanted an aristocratic upper house to check
a democratic lower house because human nature, as they thought, was
basically greedy and given to corruption, and could not necessarily be
checked by constitutional devices.[2] But these arguments were of little
avail. Never having had an hereditary aristocracy, Australians could not
easily justify notions of a natural ruling class and non-elective upper
chambers. Instead, the task of leadership fell to the 'middle class'
and the 'best men'. Although privilege remained in the form of plural
voting, the distribution of electorates, and legislative Councils, most
of the democratic reforms which the conservatives had feared were insti-
tuted in the later 1850s and early 1860s. They were powerless to resist
a democratic movement led, not by the 'levelling' democrats conjured up
by Wentworth's imagination, but by the urban mercantile and professional
members of the old Councils.[3] Control of government was with the centres
of population rather than the great pastoral interest.

In Victoria 'Conservatives', who mainly represented pastoral,
banking and larger mercantile interests, were not distinguished from
'Liberals' by any fundamental differences of opinion.[4] Conservatives
had accepted most of the old Chartist planks: manhood suffrage, abolition
of property qualifications for members of the Assembly, the secret ballot,

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1    See Loveday and Martin, op. cit., pp. 10-17; cf. Clark ed., op. cit.,
     Section 3, I, Introductory Note and selected readings.

2    Again, this theme, though a minor one, was far from being unknown in
     Australia. See, for example, Clark ed., Select Documents, Section 3,
     Introduction; Serle, The Rush to be Rich, p. 23; and John Tregenza,
     Professor of Democracy - The Life of Charles Henry Pearson, 1830-1894,
     (Melbourne, 1968), pp. 71-2.

3    See Loveday and Martin, op. cit., pp. 10, 11, 15, 17; Clark ed.,
     op. cit., Section 3, I, 5; cf. Dickey ed., op. cit., ch. 1, and
     McNaughtan, 'Colonial Liberalism, 1851-92', loc. cit., pp. 99-111.

4    This paragraph is based mainly on S.M. Ingham, loc. cit. Some
     enlightening comments on liberalism in Victoria are also made in
     Tregenza, Professor of Democracy, esp. ;;. 71-2. Cf. Serle,
     The Rush to be Rich, pp. 7-8 and ch. 1 generally.

and payment for members of the Lower House. Only on the issues of reform of the Legislative Council, the abolition of plural voting, and women's suffrage were there differences between Conservatives and Liberals. And even these mostly disappeared in time. Both groups recognized that it was the state's duty to help the under-privileged, although middle-class Liberals were later more amenable to Labour demands for further state interference to help the individual worker; and all groups, including the squatters, invoked the aid of the state to prosper their own interests. The only difference between the more progressive Liberals of the late nineteenth century and the early Labour party was that Labour wanted to go faster, and probably further, along the road of social legislation.

In the Australian setting the only real media for individualistic liberal principles in politics and economics up to the last quarter of the century lay in the struggle of the earlier period for emancipation and responsible government and the struggles of the later period to broaden the parliamentary franchise. However, having gained responsible government and a broader franchise, the groups who won them naturally sought to use the machinery of the state to further their own interests by weighting economic forces in their favour or by trying to insulate themselves from their effects. Manufacturers sought protection, trade unions better conditions, rural industries better transport facilities, and so on, even when they were opposed in principle to extensive government intervention in the economy. These developments in the last quarter of the century were rationalised, and partly justified, by the development of a set of political ideas which drew partly upon the earlier liberal notions of freedom, individualism and equality but more heavily upon the social, interventionist aspect of liberalism which had already gained currency in Britain. In the Australian context, this produced the particular amalgam of policies and attitudes which Deakin expounded as liberalism: one weighted heavily toward the 'ameliorative' aspects of liberalism, but including other elements, such as nationalism and active governmental participation in 'development', which were not strictly constituents of 'liberalism' in its original form.

Aspolitical parties consolidated toward the end of the century, and early in the next, with Labour coming into the picture, all parties espoused a substantial part of this doctrine, though with different emphases: the doctrine itself was seen by Deakin and others as a 'middle way'; the more conservative Freetraders were anxious that it should not trench unduly on the interests of the growing farmer and business classes; the less radical Protectionists retained a stress on 'individualism' and

'constitutionalism'; Labour leaned heavily toward 'liberality' and 'equality'; and both the middle and the right drew the line at the 'socialist' implications of some of Labour's talk. But subject to this, there were few misgivings on any side in seeing the state as an instrument of 'liberalism', despite a certain contradiction in this. Further, all parties were more interested in concrete programmes than in political principles per se. A considerable proportion of their programmes was concerned with 'development' and other economic and sectional objectives having only a tenuous connection with political 'principles'.

It is an important feature of the party-political thought of the period, however, that those who called themselves 'Liberal' were inclined to justify their actions retrospectively by referring to 'liberalism' or to attribute progress to 'Liberal' administrations, even when there was no apparent connection between the doctrine and the action or event in question. By 1900 Liberals had constructed a mythology in which 'liberalism' had played the leading part in all the great 'progressive' achievements of the nineteenth century: the abolition of transportation and the introduction of free immigration; the winning of responsible and representative government; the 'opening-up' of the continent; and the introduction of protection for the benefit of local industry and the working-class, of schemes of national education, and of innovative social welfare and industrial legislation. This list of achievements of those whom they claimed as their political ancestors was to become part of the collective memory of non-Labour parties in the twentieth century.

This story,[1] combining the 'liberal' and 'private enterprise' interpretations of Australian political history and society, was essentially one dramatised and glorified as a continuation of English Whig history and then made into a saga, like the story of the American 'frontier', of a harsh continent tamed and developed by the courage and initiative of dauntless pioneers. Australia was a 'British' country by foundation and inheritance, taking its 'liberal' political ideals from Britain. In the romantic, triumphalist Whig picture that they often presented when opposing socialism or an increase in commonwealth powers, the gradual achievement of responsible and representative government was in the tradition of Runnymede, 1688, and the nineteenth-century extensions of the

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1    For the story as told by the early Liberal party, see the various issues of the Liberal (1911-13), published under the auspices of the Commonwealth Liberal Party (i.e. the 'fusion' Liberal party).

franchise in Britain. The foundation of the country was laid, state enterprise begun, and social services and acts for the regulation of industry and improvement of factory conditions brought down, either before the Labour party was born or when it was only a small group allied with the progressive Liberals. The sketch of liberalism above has already shown the dubious historical accuracy of the non-Labour story and the severe qualifications that historians would make to it.

(3) <u>Liberalism and the early Liberal Party: 1900-17</u>[1]

The heyday of liberalism before World War II was between 1890 and 1915, with Deakinite non-Labour championing it, supported by Labour, against the propertied Establishment. For a time Deakin and Labour collaborated in a liberal programme at the federal level.

In the first decade of federation,[2] traditional divisions between liberals and conservatives were complicated by cross-division on tariffs, education, land settlement policy, and other issues. Much of the fundamental legislation for nation-building and construction of the machinery of government was introduced by the Liberal-Protectionist governments of Barton and Deakin, which were aided by a Labour party bargaining its 'support in return for concessions'. Only after protection was accepted as an unalterable fact by Reid's Freetraders did they and the Protectionists join together as the Liberal party in outright opposition to the Labour party. From 1910 to 1916 there was a fairly clear-cut Liberal-Labour conflict. This centred mainly on the Labour party's supposed aims of socialism and unification, its desire to establish commonwealth banking and insurance facilities, and its quest for more federal power over the economy and for more extensive and compulsory social service schemes.

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1    This account of the early Liberal party (1900-17) draws heavily on the following: Greenwood's chapter, 'National Development and Social Experimentation, 1901-14', in Greenwood ed., <u>op. cit.</u>; and Geoffrey Sawer, <u>Australian Federal Politics and Law - 1901-1929</u>, (Melbourne, 1956), chs. 1-9. The accounts of policy speeches, inter-party debates and pieces of legislation are, unless otherwise cited, summarised from Sawer.

2    The commonwealth ministries from 1901 to 1914 were as follows: 1901-3 Liberal Protectionist (Edmund Barton, prime minister); 1903-4 Liberal Protectionist (Alfred Deakin); 1904 Labour (J.C. Watson); 1904-5 Liberal Freetrade-Protectionist Coalition (George H. Reid); 1905-8 Liberal Protectionist (Alfred Deakin); 1908-9 Labor (Andrew Fisher); 1909-10 Fusion Liberal (Alfred Deakin); 1910-13 Labor (Andrew Fisher); 1913-14 Liberal (Joseph Cook); 1914-15 Labour (Andrew Fisher).

We can get an indication of the meaning of liberalism in the first
decade, and the tension between the individualistic and ameliorative
strands, from the debate on 'liberalism' and 'socialism' which occurred
prior to and during Deakin's second administration (1905-8). Deakin
himself had seen the destruction of privilege and the erection of equality
of opportunity and political rights as the most characteristic themes of
liberalism in Britain and Australia; but he had increasingly held that the
aims of liberalism must include 'positive protection for members of society
for whom an abstract equality of opportunity did not in fact secure equal
opportunities of living'.[1] Reid, on the more conservative side, had
baulked at the socialistic implications of pursuing these new aims too far.
Despite the larger matters at stake at the federal level, the definitions
given to liberalism in this period still tended to be fairly pedestrian,
making a virtue of being 'practical', gradual and non-doctrinaire in a
raw country, and of not merely copying English liberal doctrines.

Deakin, after an abortive attempt to arrange a fiscal 'truce' with
Reid in 1903, was at pains to define his own liberalism. He condemned the
'anti-liberalism' of the Reid party and tried to justify his parliamentary
alliance of convenience with the Labour party. Addressing his constituents
at Ballarat[2] when Reid was still prime minister, Deakin denied that the
real political issue was that of 'socialism versus anti-socialism', as Reid
had been arguing. These terms, he said, were vague and nebulous; they
lacked concrete meaning and practical application. All could agree with
Reid's statement that he would be 'in favour of any form of state action
which assisted private enterprise and gave it better opportunities of
development'. He, Deakin, was not a socialist in Reid's sense: 'The
proposition to destroy private enterprise -- the energies which make modern
life, that have built up our ... great civilization ... in favour of some
mechanical government management of every human activity, is a vision too
idle, too remote, too intangible, to be dealt with for a moment as practical
politics'. But the term 'anti-socialist' itself was as yet so ill-defined

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1    See J.A. La Nauze, <u>Alfred Deakin - A Biography</u>, (Melbourne, 1965),
     pp. 105-6.

2    Alfred Deakin, Presessional Speech to his Constituents, Ballarat,
     24 June 1905. The direct quotations which follow are from pp. 4-5,
     5, 6, 8-9. During his second administration the three parties had
     about equal numbers in the House of Representatives. (This speech,
     together with others of Deakin subsequently cited in this section,
     is bound in a collection entitled <u>Deakin's Speeches 1905-1909</u> held in
     the Australian National Library.)

as to be indistinct from state action or state socialism. The socialists, however, were equally guilty of vagueness in their 'ultimate objectives'. He, therefore, held no brief for either side: 'I stand here as a Liberal, and am endeavouring to show that neither Socialists nor anti-Socialists are complying with the needs of the electors'. Between unrestricted competition and nationalisation, he argued later in his speech, there was 'all the range of regulation'; his position was that 'every proposal must be dealt with as a plain business proposition'.

Deakin frequently explained himself in this way.[1] Socialism was too visionary and impractical; anti-socialism was too vague and negative; and, by implication, his own blend of liberalism was an intermediate position peculiarly appropriate to Australian conditions. 'Anti-socialism', he said as prime minister in March 1906,[2] '... means antagonism to socialism in all its forms, otherwise that title is unsound and improperly applied.' As Reid held the doctrine, anti-socialism was 'a necklace of negatives -- no tariff reform, no relief for injured industries, no assistance to rural producers, no more protection in any circumstances for anybody'. The ministerial policy, by contrast, was that of the defence and protection of all Australian interests. He would judge every proposal according to its usefulness and reasonableness, without worrying about whether it was 'socialist' or 'anti-socialist'. Deakin went on to speak of the nature of his party's creed:

> Our Liberalism is active, progressive and genuine... It
> is practical, practicable and immediate... [Our] policy
> and programme... are such as meets the needs of this
> country. We are not depedent upon theories or doctrines
> brought from abroad. It is the fruit of our experience.
> Its origin and character are both Australian... [and] those
> characteristics which make the policy we present [are] the
> necessary outgrowth of our circumstances. We believe that
> neither socialism nor anti-socialism can satisfy Australia
> today... [and that] development requires far more than
> either mere theories or vague doctrines can give us...

Referring to the three-party situation in his address on the The Liberal Party and its Liberal Programme,[3] Deakin recalled his past as a radical Liberal in Victoria. 'Before there was a Labour organization', he said, 'I had the honour of being associated with a party in my own State,

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1   See also his speech of March 29, 1906 as prime minister, The Liberal
    Party and its LiberalProgramme, [Adelaide, 1906]

2   Protection and Practical Legislation or Anti-Socialism, Ballarat,
    24 March 1906. The direct quotations which follow are from pp. 12,
    14, 27, 28-9.

3   Cited above. The quotations which follow are from pp. 5-6, 6-7, 15.

which had placed upon its programme the great watchwords still echoing today. We sought and seek to unlock the lands, develop national industries, and to safeguard the rights of those engaged in them. Before there was a Labour party these were Liberal aims, and they are Liberal aims today... and before their organization appeared [we had] already taken up those great movements on behalf of the masses.' Defining the position of the three parties, Deakin said that the Liberal party was distinguished by its belief in a social justice attained by means of progressive measures, by its trust in the people to exercise full powers of self-government, and by its free use of the agencies of the state to achieve those ends. Against it, the party of 'anti-Liberalism' had no positive programme of its own. It merely blocked or retarded all proposals of a progressive character. The Labour party was not divided from the Liberals in its principles, Deakin went on. But it had associated with it 'those who desire to press on at once with an extension of the powers of the state which would threaten to absorb many of the great industrial functions of the community. They go further and faster than we do, though the bulk of their party blends with our own'.

The idea that sound progress must be slow and 'evolutionary' was conceived of as being an essential part of British and Australian liberalism. 'Why evoke visions too serious to be ignored, yet too unsubstantial to be grappled with?' Deakin asked in his presessional speech. Earlier he had condemned

> ...the crude and hasty notions and the vain, visionary
> imaginings of those [Labour] who wished to rush the
> people over a precipice, [which] were the fatal enemies
> of the true progress of Labour interests...[1]

On this same point, he argued in his Liberal Programme that only 'piecemeal progress' was possible in a country where political opinion turned against a party exceeding the bounds of fair legislation; the Labour party was therefore handicapping itself when it put forward plans for the remote future. The Labour party's methods, he said, had 'no essential connection with Labour principles' and were 'in general much the same methods that every party has used, but they are applied in a more stringent and rigid fashion, which makes them dangerous'. At the time of the 'Fusion' Deakin was to emphasise what was here just a qualification.

Reid, for his part, denied the charge of negativism. He argued that opposition to socialism did not mean opposition to progressive liberal

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1    Age, 2 August 1904.

measures. He saw a danger that Deakin might compromise his liberalism too far in associating with Labour. In his <u>Manifesto</u> of 1906,[1] Reid described his own party as 'liberal and democratic'. 'Our policy', he said, referring to liberalism from the time of his premiership of New South Wales,[2] 'has always been directed against monopoly and privilege in every shape or form. The greatest victory ever won in the Southern Hemisphere for the just rights of the people, in the way of lessening the burdens of the poor, and in the direction of making the wealthier classes contribute more fairly to the cost of Governments was won by our efforts in New South Wales'. Reid portrayed Deakin as an opportunist and as a defender, through protection, of the wealthy against farmers and labourers; he said that Deakin had been subservient to the Labour caucus and the socialist 'machine'. For Reid the key issue at stake was that of socialism:

> The issue which rises above all others...is that
> involved in the socialistic 'objective' of the Labour
> party. Is that to be the 'beacon light' of the political
> destinies of Australia, or is it not?... That great
> question divides [our] two great parties. What says the
> party hanging on our flanks? If it is against Socialism,
> why is it fighting us? If it is for Socialism, why is it
> fighting the Socialists?

There was, however, no question that the powers of the government should be used freely to redress wrongs or advance the general welfare. 'That policy', Reid said, 'began and flourished in Australia long before the Socialists were ever heard of, and will continue long after they have disappeared'. What he would fight against was 'an attempt to enable the State to usurp the function of private enterprise and to destroy the industrial freedom of the masses in order to make them become servants of the State', as the socialist platform demanded. Socialised industries would bring industrial despotism in which private enterprise would be suppressed.

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1    Delivered at Sydney on 23 October 1906. [Australian Democratic
     Union, Sydney.] The quotations which follow are from pp. 3, 9-10,
     13, 15. See also R.B. Scotton, <u>The Anti-Socialist Campaigns 1905-1906</u>,
     unpublished Government Honours thesis, Department of Government,
     University of Sydney, 1955. This contains a list of anti-socialist
     organizations of this period. For an account of the story of Reid's
     campaign against the 'socialist tiger' in 1906 see H.V. Evatt,
     <u>Australian Labour Leader - The Story of W.A. Holman and the Labour
     Movement</u>, (Sydney, 1940), ch. XXVI.

2    Reid had been the (Liberal) Freetrade premier of NSW 1894-99.

In 1909 Deakin's party joined in a 'fusion'[1] with the Freetraders
of Joseph Cook, Reid's successor. The Fusion party governed only a short
time before Labour won a clear majority in the election of April 1910.
By the time of the 1913 election the Fusion party had become known as the
'Liberal' party. Cook's election speech of that year[2] is an example of
the use by Liberals of the doctrine of liberalism not so much for the
defence or the prescribing of policies but for the purpose of distinguishing
Liberals from doctrinaire socialists and conservatives. Cook began by
pointing out that socialism was the real goal of the Labour party and
unification the means by which they intended to reach it. He reminded his
audience of the broader meaning and purpose of their own creed:

> Liberalism [Cook said] is more than a theory of Government,
> or even a programme.... It is a state of mind, an attitude,
> an outlook, which is as wide and comprehensive as the needs
> of the community. It determines its principles of action,
> not with reference to the programme of a party, but with
> regard to the actual facts of life. It is a living, growing,
> self-perpetuating organism, greater than all machinery....
> It looks upon the nation as a making place for man, and is
> in favour of any law safe-guarding the interests of all who
> labour, developing their energy and spirit, and ministering
> to their happiness and welfare.

It was the habit of Liberals, when reciting the history of liberalism,
to place Australia within the English liberal tradition. They would credit
Australia's achievements to its liberalism and authorize their arguments
or proposals by appealing to the doctrine. Cook, in a speech mainly devoted
to the subject of liberalism,[3] found that 'the history of Liberalism' was
'written deep into the very texture of human progress'. It had 'always been

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1  For some interpretations of Deakin's political outlook, and comments
   on the dilemmas of doctrine and strategy in which it placed him, see
   Sawer, Australian Federal Politics and Law 1901-1929, pp. 37n, 327;
   Greenwood, 'National Development and Social Experimentation, 1901-14',
   p. 210; and La Nauze, Alfred Deakin, Vol. 2, ch. 24. See also J.R.M.
   Murdoch, Liberalism in Australian Federal Politics 1906-1914,
   unpublished M.A. thesis, Department of History, University of Western
   Australia. Greenwood, in his chapter, notes that the dilemma of
   Deakin and his followers here 'was in a broad sense the same as that
   bedevilling the British Liberal party'. (p. 224)

2  The Policy of Liberalism. This was Cook's speech (as leader of the
   Opposition) laying down the policy of the Federal Liberal Party for
   the Elections and Referenda Campaign of 1913. [Sydney, 1913].

3  'Liberalism - Its place and Responsibilities', The Fighting Line,
   18 February, 1915, pp. 10-11. Quotation at p.10. (The Fighting Line
   was published by the Liberal Association of N.S.W. (1913-17) and
   then by the National Association of N.S.W. (1917-21).

at war with injustice and privilege and domination, whether of Kings, priests
of people'. Liberalism, he said,

> ...stands today for justice in the economic sphere;
> for peace and welfare in social relations; for
> efficiency, strength and safety in the[national] and
> international arena; for fairness, freedom, faith,
> and fealty in all the relations of life.

On another occasion Cook reminded his listeners that 'liberalism is not a
thing of yesterday'; rather, it had 'formed the basis of a whole code of
generic and fundamental laws which today are in turn the base of the
liberties and privileges which we enjoy'. He saw the origins of liberalism
-- and liberty -- in the Magna Carta, which had established the supremacy
of the law.[1] The Liberal thought that it was the realisation of Gladstone's
definition of liberalism -- 'trust in the people, modified by prudence' --
which had given Australia prosperity and contentment.[2]

Considerable emphasis was also given at this time to liberalism as a
force for moral improvement in history and to moral self-development as one
of the aims of modern liberalism. Joseph Cook, in his address on 'Liberalism
- Its Place and Responsibilities' (already quoted), went on to say:
'Liberalism thus stands for principles, which rise far above the economic
spheres in which men work and strive. It companies [sic] with those whose
moral, ethical, and spiritual impulses have moved our western civilization
forward'.[3] Liberalism was sometimes defined in terms connoting moral self-
development. The motto of the Liberal, for example, was -

> To a Liberal the chief end of Government is liberty
> for each and all of its citizens. Liberalism makes
> men most completely masters of their faculties, and
> opens to them the largest sphere of independent action.
> Co-operation in all its forms is fostered under
> Liberalism when consistent with the individual liberty
> essential to the manhood and womanhood of a free people.[4]

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1    ibid., 15 July 1915, p. 15.

2    22 July 1915, p.5. This particular phrase of Gladstone's was a
     favourite one of the early Liberals. For another example of
     Liberals' sense of their own liberalism, see the Liberal, 26 August
     1911, p. 29. Cf. ibid., 22 July 1915, pp. 6-7, and 27 April 1912,
     pp. 231-2; and Bruce Smith, Paralysis of a Nation, passim.

3    loc. cit., p. 11.

4    See the first issue, 22 July 1911, p. 1.

Liberalism, other definitions suggested, fostered the individuality and
spontaneity upon which human progress relied. At the same time an individ-
ualistic liberalism could be reconciled through reason and justice to the
common good of all. Cook's definition of liberalism as 'more than a theory
of government...' was in the same vein. Although the term 'moral develop-
ment' dropped out of common usage, later definitions of liberalism were
similar in substance, if slightly less fulsome in tone. They all suggested
that the ideals of liberalism were those of political liberty, a socially-
conscious individuality, and community welfare; and that their common
factor was a 'spirit' of reason, tolerance, freedom and social justice.

Greenwood's account of 'National Development and Social Experimentation
1901-1914' assigns a crucial role to a Deakinite liberalism shared by the
Liberal and Labour parties. Greenwood sees the attitudes and aspirations
of the formative period of the late nineteenth century as having carried
over into the commonwealth period and into the Labour party as well as the
Liberal parties. What was crucial about the Labour party was not its
'machine' organization and caucus system but its decision to play the
parliamentary game and to 'utilise the mechanism of the State for the social
purposes for which the party stood'.[1]

In the Labour party's rise to pre-eminence in national politics,
Greenwood says, the decisive factor was 'the tacit alliance which developed
between Labour and the more socially conscious and liberal sections of the
middle class, an alliance made possible by a considerable community of
outlook and interest'.[2] Advanced Liberals shared with Labour a belief in
experimentation, a sense of Australianism, and a recognition of the
necessity for remedying social injustice by political action. Where they
diverged from Labour was on the latter's centralisation, doctrinaire
socialism (such as nationalised banking and insurance), and compulsory
social insurance schemes.

Nevertheless, in that first decade of federation when nation-building
and the exploitation of the continent were so vital, the unity of purpose
of Liberal and Labour opinion on national objectives, particularly those
of a social nature, was decisive. For in this period the political and
cultural values of Australian society were being defined. And central to

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1   Greenwood in Greenwood ed., op. cit., pp. 201-2.

2   ibid., p. 202.

all else here, as before and later, was 'the persistent attempt [by all governments] to use political action to achieve certain social and economic ends'.[1] But, for the Liberals, this 'meant the extinction of their separate political identity, though much of the essential liberal spirit lived on in other parties'. 'Humanitarian liberalism' was in the ascendant until 1914, when Liberal and Labour governments 'testified in action to their belief in the efficacy of State enterprise'.[2] Their social and economic principles were worked out in the field of public policy. By experimentation they endeavoured to forge new instruments of social and economic justice, of which arbitration, the basic wage and 'new protection' were perhaps the most striking. 'The decisive partnership of Liberal and Labour forces made possible many experiments in the redistribution of national wealth, the greater equalisation of opportunity, the passage of humanitarian welfare legislation and the regulation of industrial life by processes of law'.[3] Social aims, however, touched almost all legislation, as could be seen in the fields of immigration, taxation, social services and defence. The second Deakin administration, Greenwood claims, laid the foundations of a new society and reflected Deakin's insight into the aspirations of the nationalist movement. 'Broad and deep, the pattern set by Deakin continues discernible in the Australian way of life', he enthuses.[4]

Greenwood's assessment of early twentieth-century liberalism is that it was an innovative force of the centre, neither conservative nor radical, but deriving from and moulded to the special conditions of Australian society. He lends qualified support to the claims made by Deakinite Liberals themselves. In the declarations quoted above, the early Liberals saw themselves as being 'liberal' not just in the traditional sense of the term -- as believing in the liberty of the individual and in representative and constitutional government -- but also in that they were sufficiently flexible to adopt the principles of state regulation of industry, equalisation of opportunities, and governmental instrumentalities or aid to private enterprise for national development, which were all required in Australia's unique conditions. Even the more conservative Reid, while adopting a harsher tone against 'socialism', did not deny the merits of these as objectives. Parliamentary

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1    ibid., pp. 208-9.

2    ibid., pp. 210-11.

3    ibid., pp. 254.

4    ibid., p. 215.

debates likewise showed that the protectionist Liberals were in agreement with Labour's objectives short of the point of 'socialism' or 'centralisation'. Later non-Labour governments were to add Deakin's 'liberal' record to the historic achievements of nineteenth-century liberals when they were claiming the mantle of the earlier reformist parties of the centre.

As with the claims of Liberals for 'liberalism' in the nineteenth century, the historian would make some corrections here. Liberals, it is true, could legitimately claim to have gone beyond liberty, representation and constitutionalism; and they could still be called liberal in respect of ameliorative objectives like social services, the protection of workers, the equalising of opportunity and so on. But not all Liberals supported all of the ameliorative objectives; and again, not all of the policies of the early Liberal parties could rightly be deemed 'liberal'. Policies for nation-building and national development, and for state enterprise and protection, either had no connection with liberalism at all or only in so far as those of a 'liberal' disposition are more likely to favour them than those of 'conservative' (or even 'socialist') dispositions. On some matters, such as the commercial and financial responsibilities of the commonwealth, it was not a question of Liberals of the right resisting change advocated by Labour on the left but, in Sawer's terms, of Protectionist and Liberal 'responsibility' versus Labour's 'indifference'.[1] Greenwood and Sawer make plain that liberalism did not reside exclusively in any single party: the credit for most 'liberal' and 'nation-building' achievements has to be given to the 'decisive partnership' of Liberal and Labour forces. The Greenwood-Sawer interpretation, of course, equally deflates the exaggerated claims made by Labour for the period. The legislative policy of the Fisher government of 1910-13, Sawer writes, 'was in substance merely a completion of the Barton-Deakin programme'.[2] Labour's own achievements, then, were the result of 'liberalism' as much as socialism.

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1    'Epilogue', op. cit., p. 322. Sawer is here assessing the whole period 1901-29 covered in his book, but his comments would fairly apply just to the years 1901-17.

2    op. cit., pp. 91-2; cf. Greenwood, loc. cit., pp. 227-8.

## (4) Liberalism and the National party: 1917-29

The 'Nationalist' party, [1] which governed Australia from 1917 to 1929, was a merger of the old Liberal party with W.M. Hughes[2] and some 'National Labour' followers who had been expelled from the Labour party with him for their advocacy of conscription. The presence of Hughes and his National Labour group in the new party enabled Nationalists to claim that their party represented the interests of 'all classes and sections' of the nation. The Nationalist party's efforts on behalf of 'national development' also gave it claim to be the inheritor of one of the more salient Deakinite policies. However, post-war depression and associated industrial strife offered severe challenges to the Nationalist party's heritage of pre-war liberalism, despite the infusion of Labour blood, which was progressively absorbed into the largely conservative mould of this party. The National-ists were heavily pre-occupied with trying to sort out the respective roles of the commonwealth and states in turbulent industrial affairs and in finance and with trying to meet Labour's challenges of 'socialism' and anti-imperialism.

In the election of May 1917 Hughes made 'winning the war first' the major policy of the Nationalist party, stressing loyalty to the British Empire. He accused Labour leagues and trade unions of 'improper dictation' to MP's. Inter-party debtate in the parliament of 1919-22 centred around several acts relating to sedition, deportation, and nationalisation. The War Precautions Act of 1920, which added the offence of sedition to the Crimes Act, revived old resentments against Hughes' use of War Precautions regulations for political purposes. Labour feeling against the bill was increased by the suspicion that the new offence was intended to deal with left-wing socialist opinion. The Immigration Act of 1920 aroused similar Labour fears and resentments, particularly a provision for the deportation of anarchists. In a similar vein Labour

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1  For some details of the formation of the National (usually called 'Nationalist') Party, see Sawer, op. cit., p. 130; Overacker, The Australian Party System, pp. 208-9; and [L.F. Fitzhardinge and others], Nation-Building in Australia: The Life and Work of Sir Littleton Ernest Groom, (Sydney, 1941), pp. 123-4. The structure and formal workings of the Nationalist party are described in John R. Williams, 'The Organization of the Australian National Party', Australian Quarterly, Vol. 41, No.2, (June 1969), pp. 41-51. This section draws throughout on the chapter by Greenwood, 'Development in the Twenties' in Greenwood ed., op. cit., and Sawer, op. cit., chs.8-14. The latter is used in the same way as in the previous section.

2  William Morris Hughes, Labour prime minister 1914-6, non-Labour (Nationalist) prime minister 1917-23, thereafter usually a minister in non-Labour governments.

opposed or tried to liberalize the Aliens Registration, Passport and
Nationality Acts of 1920, which placed immigrants under strict supervision
and made the process of naturalization more difficult. Labour believed
that many of these provisions were excessively harsh. It thought that
they were motivated by an hysterical fear of 'Bolsheviks' and of radical
and socialist ideas and also by political hostility to the labour movement.
In debates on Australia's status as an independent member of the League of
Nations, and on matters connected with imperial conferences, Labour began
to canvass seriously the desirability and possibility of Australia
following an independent line in foreign affairs.

Hughes' leadership of the Nationalist party, which had brought the
non-Labour forces back into power, had by now begun to dissatisfy some of
the more traditional members of the old Liberal section of the party.[1]
From January  1918 a group of ex-Liberal Nationalists had made themselves
into the beginning of a 'corner' party. Some ex-Liberal Nationalists, like
the Labour party, had been critical of Hughes for his autocratic use of the
War Precautions Act. Some again were unhappy about Hughes' sponsorship of
two constitutional referenda which the government initiated in 1919; the
amendments sought would have extended the wartime economic and industrial
powers of the government for three years and given the commonwealth new
power over trusts and monopolies.[2] (The referenda narrowly failed.)
In the Representatives a group of Nationalists was still opposed to Hughes'
leadership, but the support of the Country party[3] ensured that Hughes
could control the Parliament.

Before the next election of 1922, opposition to Hughes began to take
a more organized form. A group calling itself the 'Liberal Union' was
formed in Victoria; it supported a number of candidates for metropolitan
constituencies. In South Australia, the Liberal Party, an affiliate of
the Nationalist Federation, put up candidates against sitting Nationalist
members, also for the purpose of removing Hughes from the leadership. In
a manifesto of October 1922, the Liberal Union stated that the Nationalist

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1    For some details of Hughes' difficulties with the ex-Liberal
     Nationalists, see Sawer, op. cit., pp. 158 and n21, 221 and n2;
     and Greenwood, loc. cit., p. 296.

2    See Baiba Berzins, 'Symbolic Legislation: The Nationalists and
     Anti-Profiteering in 1919', Politics, Vol. VI, No. 1, (May 1971),
     pp. 44-52, for an account of Nationalist attitudes to, and
     legislation against, 'profiteering'.

3    The Country party had developed after 1919 from a group of candi-
     dates of farmers' organizations.

party was a wartime coalition which had outlived its purpose, and that the pro-socialist group in the coalition should now be discarded. The manifesto placed stress on the need for economy in government and for the elimination of all forms of governmental industrial and trading activity. Earle Page, leader of the Country party, now said before the election that his party was not prepared to support a government led by Hughes. Hughes' policy for this election stressed the need for the utmost economy in commonwealth administration. This, according to Sawer, 'suggested plainly the pressure of his conservative colleagues, and the necessity for cultivating support from the Country Party'.[1] The result of the election left the Country party holding the balance of power in the Representatives. It was able to force Hughes to resign his leadership, whereupon it joined with the Nationalist party itself in a coalition government that was to last until 1929.

The most intense party conflict of the parliament of 1922-25 took place over measures introduced by the Bruce-Page government to deal with a shipping strike in 1925. An Immigration bill brought down in June 1925 contained a provision enabling the government to prohibit immigration by express reference to race and nationality. This would have enabled the government to take steps to deport individual union leaders who had been responsible for the militant policy of the maritime workers. Labour fought this, partly because of the threat that it posed to union organization, partly on the broader issue of civil liberties. A Navigation Act of July 1925 gave the government power to break strikes in the coastal trade by permitting the introduction of British and foreign shipping on which Australian wages and conditions of employment did not apply. This was similarly, and unsuccessfully, opposed.

Bruce's policy speech for the general election of January 1926 gave first place to the problem of industrial strife. He promised to defend and uphold the arbitration system and to eradicate any attempts to revolutionize the economic and political system. The hardest-fought political battles of the parliament of 1926-28 took place over the government's policy in relation to industrial disputes and revolutionary associations. The Crimes Act of 1926, declaring revolutionary and seditious associations to be unlawful, was aimed chiefly at the Communist party, but sections of it were capable of restricting the ability of trade unions to use the strike weapon. The amended Conciliation and Arbitration Acts of 1926 and 1928 also included provisions designed to discipline and penalize

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1    _Australian Federal Politics and Law_ 1901-1929, p. 222.

unions which resorted to strikes. These acts were resisted by Labour and trade union leaders. Another measure, the Transport Workers Act of 1928, gave the government powers to make regulations with respect to the employment, licensing, service and discharge of waterside workers. The Labour party bitterly resented what it saw as attempts to brand the whole trade union movement as politically criminal because of the activities of a few militants.

In the parliament of 1929 the Bruce-Page government miscalculated in its efforts to solve the industrial problem. A referendum in 1926 had sought to have all industrial powers transferred to the Commonwealth and to give the federal government power to '[protect] the interests of the public in case of actual or probable interruption of any essential service'.[1] It was hoped that this might overcome the obstacles that federalism posed to the curbing of industrial disputes. But this had failed. The government's Arbitration (Public Service) and Maritime Industries bills would now have abandoned most of the field of industrial regulation to the states. Hughes and three other Nationalists voted against this and brought down the government. In the ensuing elections in October 1929[2] Labour under James Scullin won a large majority in the House of Representatives, although the Nationalist and Country parties remained in control of the Senate.

The circumstances of the Nationalists' downfall as a parliamentary party, leading to its subsequent heavy defeat at the polls, left them with a reputation as a party whose conservative (and even moderate) elements had come to predominate over its more liberal elements. Sawer's account implies that this is what happened. 'Industrial arbitration in general was a Deakin Protectionist as well as Labour enthusiasm', he writes, '...and the pressure of Labour, both in and out of Parliament, to make the federal system dominant was resented by the [Protectionist] political centre as well as the conservatives, until Bruce and Latham realized the disciplinary possibilities of federal power'. When the Bruce-Page government committed suicide on this issue in 1929, Sawer goes on, it 'was returning

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1   . Sawer, op. cit., p. 281. Partly as a result of the failure of this, the government set up a Royal Commission on the Constitution in August 1927. (This did not report until September 1929).

2   A detailed account of this whole period in 1929, including the elections, is given in Dagmar Carboch, 'The Fall of the Bruce-Page Government' in Aaron Wildavsky and Dagmar Carboch, Studies in Australian Politics, (Melbourne, 1958).

to the vision of its political progenitors, while Labour...stayed true to its instinctive preference for federal control of basic employment standards'.[1] The seemingly cold personality and aloof manner of the English-educated Bruce,[2] a wealthy businessman in private life, was another factor which contributed to the legend of the Nationalists' conservatism. The Nationalists themselves, especially in their later years, often sounded staunchly conservative when they identified their policies with such traditional values as loyalty to the throne and the maintenance of the Empire, the continuance of 'our constitutional form of government', and observance of the laws of the land.

But judgements of the Nationalist party based on these incidents and on the tone of its rhetoric do less than full justice to the other side of its ideology and record. These were more genuinely in accord with the Deakinite Australian tradition of using the machinery of government to further certain broad-based national and social purposes and of adopting Sawer's 'responsible' attitude to the commercial and financial responsibilities of the federal government. This tradition, as already noted, emphasised development, the creative use of federal powers, and social welfare. Greenwood admits that the Nationalist party's plans were more impressive than their results[3] and, like Sawer,[4] implies that it was Country party pressure which forced the Nationalists into a fairly comprehensive programme of assistance for private industry. But he still applauds its application of science to industry, such as the Science and Industry Research Act of 1926, which put government research under the Commonwealth Council of Scientific and Industrial Research, and its 'closely integrated' programme. He sees two of their positive achievements as being the 'development of maturer financial institutions' and the 'settlement of the problem of

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1    Sawer, op. cit., pp. 323-4-6.  Cf. D.R. Hall, 'Historical Development of Australian Political Parties since 1920', in W.G.K. Duncan ed., Trends in Australian Politics, (Sydney, 1935), pp.17-18, and Overacker, The Australian Party System, pp. 211, 213.

2    For a portrait of Bruce at the time of these events see the biography by the journalist Cecil Edwards, Bruce of Melbourne: Man of Two Worlds, (London, 1965), chs. 15-19.  Greenwood sees the general policy of the Bruce-Page governments as having been largely that of Bruce himself (loc. cit., p. 305).

3    The following summary, with quotations, of Greenwood's judgement is taken from his chapter at pp. 338, 339, 297, 289, 292, 304.

4    Sawer, op. cit., pp. 323-4, 326.

financial relations with the states'. (Greenwood is referring here to the Financial Agreement Act of 1928, which ratified an agreement between the commonwealth and states that the states accept a cessation of per capita payments in return for the commonwealth taking over states' debts. The Agreement set up a Loan Council possessing exclusive power to raise and distribute future loans for states and commonwealth.)

The cornerstone of the Bruce-Page government's developmental policies was probably the Development and Migration Act of 1926. This set up a Commission which, in practice, planned development and migration generally. On social welfare, however, it would have to be said that Nationalist legislation was fairly meagre. A commonwealth Department of Health had been set up in 1921; invalid and old-age pensions had been raised in 1925 and the means test liberalized; and Housing Acts of 1927-8 provided more money for states to lend for low-cost homes. A Royal Commission on national insurance was set up, and a bill introduced in 1928 to give effect to some of its recommendations for extended social services, but the bill lapsed. Greenwood, praising the Nationalist government's stress upon a scientific approach to industry, production and government administration, interprets much of its programme as 'an extension of the policies commenced by the Hughes Nationalist administration' and as generally 'adhering to broad-based national ideals' at a time when Labour had adopted a socialist objective and was leaning towards a more doctrinaire and semi-revolutionary outlook.

Greenwood's diagnosis of the Nationalists' 'liberalism' in relation to its supporting interests is also enlightening. After the eclipse of the Deakinite Liberal party, he argues, those who had formerly given their votes to the Liberals divided each way according to whether they had more in common with Labour or non-Labour. 'It is clear', Greenwood says, 'that much liberal thought and many liberal values survived in the Nationalist-Country party coalition...Conservative interests, including big business, were powerful within the party, but despite this there were other things [such as the floating vote] which...gave them little enthusiasm for reactionary policies...and prevented the Nationalists from moving too far away from the traditions established by Deakin and Fisher.' In the pursuit

of its policy, Greenwod goes on, the Bruce-Page government 'was by no means wholly illiberal,[1] though in dealing with strikes, industrial unrest, unemployment and arbitration, it 'took up attitudes which Labour felt were hostile, harsh, and perhaps even reactionary'. Support for the Nationalist party, he estimates, 'came in the main from the urban centres, where it had the backing of important business interests, the vast majority of the middle class, and the greater part of the floating vote until the deteriorating economic situation and the arbitration issue shook their confidence'.

We may conclude that the Nationalist party had some claim to have absorbed Deakin's beliefs in national development, social welfare, and the creative use of federal powers. But the strictly 'liberal' component in the total Nationalist record was small. Three decades after federation, Deakin's experimentalism had become encrusted with vested interests, accompanied by conservative attitudes, in respect of 'constitutional government', 'sound finance', 'loyalty to the Empire', and 'stability' and 'peace' in industry.

### (5) Liberalism and the United Australia party: 1929-41

The Nationalist party's defeat in 1929 spelled its end as a political organization of that name. Among other reasons the defeat was blamed on the ineffectiveness of its organization and on the arrogance of Bruce. The party now had to choose a new leader: Bruce himself had suffered a humiliating defeat in his own constituency. J.G. Latham,[2] deputy-leader of the party and former Attorney-General, was chosen. The triumph of Labour's return to power after thirteen years was short-lived, however. Australia's economic position had been deteriorating steadily in the late twenties and the inexperienced government soon found itself divided over the proper way in which to deal with the depression. Handicapped further by factional and

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1    For a view from a partisan conservative which supports Greenwood's opinion, though in a curious way, see Hon. F.W. Eggleston, 'Australian Politics and the Federal Elections', Australian Quarterly, Vol, 1. No. 1, (March 1929), pp. 7-20, and 'Political Parties and their Economic Policies', Annals of the American Academy of Political and Social Science, Vol. 158, (November 1931), pp. 243-50. Eggleston argues in these articles that the intolerance of the Australian electorate for conservative policies and the presence of the ex-Labour element gave a 'radical character' and 'socialist colour' to the Nationalist party's policies, thereby creating discontent among conservative Nationalist supporters and the wealthy sections of the community.

2    See John R. Williams, John Latham and the Conservative Recovery from Defeat, 1929-1931, APSA Monograph No. 10, Sydney, 1969, p. 3, and pp. 5-9 for remarks on Latham and his political creed. (It was Latham whom Menzies succeeded in the seat of Kooyong in 1934 on the former's retirement to become Chief Justice.)

ideological troubles in its ranks, and by a hostile Senate, the Labour
government collapsed in late 1931 and was heavily defeated at the polls.
The 'United Australia' party, formed from the old Nationalist party and
the new 'All-for-Australia League',[1] then took office in January 1932.[2]
It was led by J.A. Lyons,[3] formerly Postmaster-General and acting Treasurer
in the Scullin cabinet.  Lyons had defected with several others from the
FPLP over the issue of the 'unorthodox' inflationary policies of the
government.

The later years of the UAP will be covered more fully in the next
chapter as a prelude to the account of the formation of the Liberal party.
Here, a very brief sketch of its years to 1941 will suffice.

The main issues dividing the parties between 1932 and 1941 were
those of banking and finance, the organization of primary industry, and
foreign policy.  Labour wanted   stricter governmental control of the
first two, to which the UAP was opposed, and it preferred to rest its
defence hopes on local territorial security and the League of Nations
rather than follow the UAP's policy of full support, after consultation,
for Britain and the Empire.  Lyons' creed was one of strict financial
orthodoxy.  After leaving the Labour party, he appealed publicly for
national unity in support of the three objectives of the restoration of
public credit, balanced budgets, and economy in public expenditure.[4]
Lyons'policy seech of December 1931[5] presented the public with 'the choice

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1    For an account of this group and its 'non-party' ideology see Trevor
     Matthews, 'The All for Australia League', in Robert Cooksey, ed.
     The Great Depression in Australia, Labour History, Vol. 17, (Canberra,
     1970), pp. 136-47.  Cf. Peter Loveday, 'Anti-Political Political
     Thought', ibid. pp. 121-35; and Phyllis Peter, Social Aspects of the
     Depression in New South Wales, unpublished Ph.D. thesis, ANU, 1964,
     pp. 270-99.

2    This now draws on, throughout, the chapter by P.H. Partridge,
     'Depression and War, 1929-50' in Greenwood ed., op. cit., and Sawer,
     Australian Federal Politics and Law 1929-49, chs. 1-4, 8.  The latter
     volume is used in the same way described for its predecessor.

3    For an account of Lyons' role in the UAP, and of the UAP generally,
     see Philip R. Hart, J.A. Lyons: A Political Biography, unpublished
     Ph.D., thesis, Australian National University, 1967.

4    Partridge, 'Depression and War, 1929-50', p. 360.  See also P.R. Hart,
     'Lyons: Labour Minister - Leader of the U.A.P.', in Cooksey ed., The
     Great Depression in Australia, pp. 37-51.

5    A Way to Prosperity, text of the policy speech delivered by the
     Hon. J.A. Lyons, M.P., Sydney, 2 December 1931. [Melbourne, 1931].
     Quotations from pp. 3-4.

between sound honest finance and government as against fantastic schemes
of inflation and political control of currency and credit'. There had to
be a 'complete restoration of confidence' in government methods of finance,
Lyons said. Australia could only regain this by adhering to proven
British principles and practices in finance and banking.

The assessment of the UAP and its record in relation to liberalism
and conservatism presents some of the same difficulties as did that of the
Nationalist party. Both parties were alliances of a former non-Labour
party with a section of the Labour party which had defected because the
FPLP was allegedly pursuing partisan objectives at the expense of the
national interest. In both cases the leader of the Labour group became
the leader of the new party. Hughes was the symbol of the Nationalist
party's determination to 'win the war first'; Lyons became the UAP's
symbol of non-partisan integrity, soundness and security'.[1]

The peculiar circumstances of the UAP's formation, however, always
made it sound a defensively conservative party. It was to re-establish
'British' traditions of 'sound' and 'sane' government, especially in
matters of financial policy; it would uphold the 'sanctity of contracts'
against 'dishonest' proposals for repudiation and inflation; and it would
fight against the 'extremism' coming from some sections of the Labour
movement. In this sense it was true, as J.A. McCallum wrote,[2] that 'the
main purpose of the United Australia Party [was] to keep the Labour party
out of office....[It was]...Conservative in its opposition to collectivism
and monetary reform'. It was, McCallum goes on, 'a determination to defend
the rights of property' which produced the anti-Labour reaction of the
majority of voters in these years. Nevertheless, although big property-
owners and businessmen formed the 'Conservative core' of the UAP, small
property-owners and others who thought that the UAP stood for great
traditions and sound government had been the vital 'marginal supporters'
of the UAP.[3]

It is clear from its electoral record that the UAP must have been
supported by a large section of the middle class and probably also, as
McCallum suggests, by wage earners and poor people who simply believed
in 'sound' government. The UAP's propaganda constantly claimed that it was

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1   Partridge, 'Depression and War, 1929-50', p. 360.

2   In his AIPS paper, 'The Economic Bases of Australian Politics',
    in Duncan ed., Trends in Australian Politics, pp. 62-3.

3   ibid., pp. 66-7. Original emphasis.

the party of and for all sections and classes of the people. As conditions improved during the thirties, and the level of unemployment dropped, the UAP could claim that all classes and sections of the population had benefited under its administration. It had, by its own reckoning, brought order out of chaos, removed the threat of civil strife, and set Australia on the road back to prosperity. Its policies had been 'constructive' and 'progressive' in restoring pension cuts (1935), setting up a Royal Commission on Monetary and Banking Systems (1935), reducing taxes (1936), guaranteeing wheat prices for farmers (1935-6), setting up a Commonwealth Grants Commission in 1933, and helping private enterprise and lowering the level of unemployment to about 10 per cent by 1939. The UAP was here laying claim to the self-proclaimed virtues of the Liberal and Nationalist parties: that it represented all classes and embodied the public interest in its policies. It usually accompanied such claims with a more conservative-sounding rhetoric which suggested that Labour's intentions were radical, and that 'moderate' leaders like Scullin and John Curtin, his successor from 1935, were really only 'front' men for the radicals and doctrinaire socialists in the FPLP and trade union movement.[1]

Nevertheless, the UAP appeared by the late 1930's to be an emergency government which 'showed signs of having outlived the reasons for its creation'.[2] Having 'saved Australia from ruin', as its propaganda put it, the UAP had no clear purpose beyond that of providing 'sound' administration. It had never set down a federal platform, and its organization was little more than a re-named Nationalist structure. Lyons, who had never discarded a mildly reformist Labour outlook, remained useful to the UAP as the figurehead 'Honest Joe'. But once the worst of the depression was over, it was the conservative section of the party which was most influential in the framing of policy, just as it had been in the Nationalist

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1    One particular 'bogey' figure in UAP propaganda was J.T. Lang, Labour premier of NSW 1925-27 and 1930-32. Lang, who had advocated suspension of interest payments during the depression, had been dismissed in 1932 for failing to hand over certain revenues to the commonwealth. But he continued to enjoy fervent support in the state Labour party and had his own 'Lang-Labour' supporters in the FPLP.

2    Paul Hasluck, The Government and the People 1939-1941, (Canberra, 1952), p. 109.

party after the war had ended.[1] By 1939 the UAP had long ceased to be the more moderate kind of 'centre' party which Lyons himself had wanted in 1931. War, the accession of Menzies to the leadership on Lyons' death in April 1939, its difficulties in maintaining good relations with the Country party, and its loss of office in 1941, then released the dissent and factionalism in the UAP which Lyons' benign personality had contained. This put an end to any remaining possibility of a re-vitalization of spirit and policy in the party.

## (6) Conclusion

Notwithstanding their difficulties, the Nationalist and United Australia parties still claimed to have enhanced the 'liberal' non-Labour record in Australian politics. The Liberal party, despite the temporary embarrassment of their memory, incorporated these claims and the record of its ill-fated predecessors in its own subsequent accounts of Australian political history.

In the twentieth century, the next part of the non-Labour story went,[2] many of the major advances since Deakin, including some again in social services, had taken place under non-Labour governments. It was also non-Labour governments which had saved Australia in times of crisis when Labour was either divided, disloyal, too radical, or simply uncertain. Here the non-Labour story mentioned the prosecution of the war effort after 1917; the UAP's restoration of the country to economic stability after the depression; the alerting of the country for war in the late thirties; and

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1    See Hart, J.A. Lyons, esp. ch. 6. Cf. Sawer, Australian Federal Politics and Law 1901-29, p. 222, explaining Hughes' more conservative tone in his policy speech of 1922.

2    This is derived mainly from general reading of the following non-Labour journals: The Fighting Line; Australian National Review (1921-32), published by the National Association of NSW; United Australia Review (1932-42), incorporating the Australian National Review, published by the United Party - NSW Branch; Australian Statesman (1931-44), originally called the Young Nationalist, published as a monthly journal by the Young Nationalist Organization; and the Nationalist (1936-1945), the official organ of the National party of Western Australia and the United Australia party (Federal). The sequence of overlapping titles and years provides incidental evidence of the literary and organizational continuity of the non-Labour parties.

the 'laying of the foundations' of the total war effort between 1939 and 1941.[1] Throughout, it added, non-Labour governments had provided 'good government' through sound policies which built on and consolidated the previous structure and which accorded with majority Australian opinion. Labour's charge that they had been the governments of the middle and upper classes was nonsense. Talk of 'classes' and exploitation in the twentieth century was unreal, something imported into Australia from overseas and purveyed by Communists, by Labour radicals who accepted Marxist theories of the social structure, or by Labour men embittered by the depression. The Nationalists and UAP had emulated Deakin in following the 'middle way' between socialism on the left and conservatism on the right. They represented all classes and sections and, properly considered, were even the 'true' Labour party.

The detached historian would again find a lot of this unconvincing. He would probably make a harsh judgement of the Nationalists and UAP and question whether their records had much to do with 'liberalism' at all. By 1939, liberalism on the non-Labour side had, indeed, become largely inactive, even moribund. The individualistic-libertarian strand had been used mainly to defend rights of property, the virtues of 'British' institutions and parliamentary practices, and to condemn all ideas and practice at apparent odds with nineteenth-century liberalism, whether 'radicalism', 'socialism' or 'Bolshevism', or inflationary fiscal policies. The ameliorative strand of liberalism was never entirely absent; but it was employed only spasmodically, often in an apparent desperate bid for popularity or in order to pre-empt Labour ideas.

Of course, the Liberal party's predecessors had their excuses. Born of crisis, they had then had to cope with unusually difficult circumstances. The Nationalist party, formed in wartime, had been brought down to defeat by industrial strife and by the difficulties that the federal system made for dealing with it. The UAP was hampered by the legacy of the Great Depression at one end of its period and by the shadow of war at the other end. But it was their very composition, referred to so often in their claims to being 'national' and 'non-sectional', which was one of the main causes of their

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1    This was a very sensitive point with Menzies, who wanted the credit for having 'laid the foundations'. Paul Hasluck's 'Retrospect' in The Government and the People 1939-1941 and the 'Epilogue' in his The Government and the People 1942-1945, (Canberra, 1970), esp. p. 633, would seem to offer strong evidence and support for Menzies' claim.

undoing. The Labour infusions had carried something of the Deakin-type heritage into the Nationalists and UAP in turn; but together with the Nationalist-UAP's own inheritance of liberal ideas, this had created tension with their loyalties to and dependence on primarily conservative supporters and on highly organized and conservative financial bankers. These handicaps and inhibitions on liberalism between the wars provide the background for the attempts of the post-war Liberal party to escape from the domination of conservative interests and to resuscitate and re-define 'liberalism' in a fresh way-- as an amalgam of individualistic and ameliorative liberalism, but stopping well short of anything 'socialistic'.

CHAPTER 3

THE FORMATION, AND ORGANIZATION, OF THE
LIBERAL PARTY OF AUSTRALIA

(1) Introduction

Little is known with authority or in detail about the origins of the
Liberal party and the workings of its organization at the federal level.
The historian or observer has to rely on press reports, sketchy accounts
given in the party's journals, the general literature mentioned in
Chapter 1, and a few retrospective pieces by prominent Liberals.[1] This
first section on the formation of the party draws mainly on contemporary
press reports and party journals, but also uses 'memoirs' where they
record Liberal opinion or activities in a way faithful to the other
reports of the time. For general information about the decline of the
UAP and the events and issues of the mid-1940s, it draws upon Hasluck's
two volumes in the 'Civil' series of the official war history[2] and upon
Sawer's second volume in his series Australian Federal Politics and Law.
In the narrative which follows of the formation of the Liberal party, the
greatest emphasis is given, in accordance with the topic of the thesis,
to the ideas which were being mooted among conservatives at the time. The
building of an organization, though a very important task for the party,
is given relatively less attention.

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1  Notably, Sir Robert Gordon Menzies, Afternoon Light - Memories of
   Men and Events, (Melbourne, 1967), ch. 12 ('The Revival of
   Liberalism in Australia'); and the pamphlets by W.H. Anderson:
   The Liberal Party of Australia - Its Origin, Organisation and Purpose,
   (Melbourne , 1948), and Times to Remember - The Fight against
   Socialism, (Melbourne, 1962).

2  Cited above.

Formation

(2) <u>Decline of the UAP</u>

The election of R.G. Menzies[1] as leader of the United Australia party
was the beginning of a long sequence of events which eventually brought
about its collapse.[2] The Country party, not willing to serve with Menzies,
sat on the cross-benches for a time.[3] Sections of the UAP itself became
increasingly dissatisfied with Menzies' leadership and his cabinet's weak
and uncertain war administration. In August 1941 Menzies was forced to
resign when his cabinet declared its lack of confidence in his leadership.
A new government under A.W. Fadden, leader of the Country party, lasted
for only two months before a Labour government under John Curtin as prime
minister took office in early October 1941.

It seems likely that Menzies' experiences in these years partially
formed -- or at least hardened -- his ideas, especially those on leadership.[4]
The lesson he learned of the difficulties of governing without the sure
support of his party and coalition partner probably made him determined

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1  For an account of the election, in which Menzies only narrowly
   defeated W.M. Hughes, see George Fairbanks, 'Menzies becomes Prime
   Minister, 1939', <u>Australian Quarterly</u>, Vol. 40, No.2, (June 1968),
   pp. 18-30. Robert Gordon Menzies, prime minister of Australia
   1939-41 and 1949-66, was born in Victoria in 1894. He had been a
   member of the Victorian parliament from 1928 to 1934, before he
   entered federal politics in 1934 as the member for Kooyong. He had
   almost immediately become Attorney-General in the Lyons government
   and then, in 1935, deputy-leader of the UAP. In private life he
   had been a highly successful lawyer, specialising in industrial and
   constitutional law. It was to be frequently said of him later that
   he failed in his first prime ministership because he carried over
   his legal habits and manners into the rougher and more illogical
   world of politics, and because, having risen to the top so fast, he
   had not learnt the art of tactfully managing his less talented
   colleagues. (Menzies himself appears to admit the truth of this
   judgement in <u>Afternoon Light</u>, ch. 3, which deals with the events of
   1939-41). He was knighted in 1963.

2  See Hasluck, <u>The Government and the People 1939-1941</u>, ch. 4-6, 9-12.
   See also Carol Jean Morgan, <u>The First Minister in Australia: Studies
   of the Office in crisis situations, 1920-41</u>, unpublished Ph.D. thesis,
   ANU, 1968, pp. 367-404.

3  See Hasluck, <u>The Government and the People, 1939-1941</u>, ch. 3, for
   an account of the relations between the UAP and Country party at
   this time and of the hostility of Page, the Country party leader, to
   Menzies.

4  See pp.    for an account of Menzies' views on leadership.

later to rule more firmly and to cultivate and maintain good relations with the Country party. But Menzies' ineffective and unpopular leadership was not the sole, or even the main, cause of the decline of the UAP.[1] The party's record in its later years was unimpressive, one in which 'words outstripped deeds'.[2] War had only aggravated the strains within the party. And both during and after Menzies' prime ministership the party appeared to have no clear set of ideas to guide it or to provide it with a basis for unity.

The UAP was never able to shake off the opprobium which attached to its record and to Menzies' leadership from these years, and it was too demoralised thereafter to be an effective opposition. W.M. Hughes had taken over the leadership of the UAP after Menzies had resigned, while Fadden became the official leader of the opposition. Hughes, considered by many to be only a 'stop-gap' leader, made little effort to invigorate the UAP and some abortive attempts were made to reorganize the party under new and vigorous leadership.[3]

The fate of the UAP was finally sealed in the general election of August 1943, in which Labour won large majorities in both houses.[4] From that point it was evident that the UAP was moribund and could never seriously challenge Labour again. Moreover, another unseemly clash had taken place in the ranks of the UAP-CP in the course of the campaign; this further hurt Menzies' reputation and again damaged relations between the UAP and the Country party.[5] The dedicated leadership of Curtin himself was probably the biggest single factor in Labour's favour in the campaign. Whatever the merits of the opposition parties' claim to have 'laid the foundation' of the war effort, they could make little headway in their efforts to regain public esteem against the reputation of the Labour government for strong and effective leadership in Australia's hour of peril.

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1    This is the clear implication of Hasluck's analysis of Menzies' downfall in his first volume (esp. ch.3, 12, and 14), and his later comments on the UAP in The Government and the People 1942-1945, esp. ch.6.

2    Hasluck, The Government and the People 1939-1941, p.492.

3    See Hasluck, The Government and the People 1942-1945, p.357, and the Argus, 6 April 1943. Hasluck gives a general account of the state of the UAP at this time in ch. 6 of his second volume.

4    Sawer, Australian Federal Politics and Law 1929-1949, pp. 155-8; Hasluck, pp. 365-70.

5    Sawer, p. 156.

Riddled with internal dissension and now assailed even by the
conservative press,[1] the UAP fell into a state of virtual disintegration
after the 1943 elections.[2] Menzies became leader again and also leader of
the opposition[3], but the coalition with the Country party was now
officially terminated. Menzies declared[4] that he would seek to bring
together all the anti-Labour groups which had sprung up in the past few
years into a single non-Labour party with a new name and an up-to-date
platform. This was necessary, he said, 'if Liberalism is not to die'.
Although it was not true that the UAP had no set of political proposals,
the non-Labour forces and supporters were in fact vague about their
essential political faith. His own objection to socialism, he announced,

> has never been a reactionary one. I will not give a
> moment's countenance to ideas of laissez-faire, of
> unrestricted and soul-less competition. My objection
> to socialism is that as a general system it is so dull
> and sterile. It is as if you said let us arrest progress
> and redistribute the world's present wealth and let us all
> be Civil servants together. I have no objection to Civil
> servants, on the contrary I am profoundly indebted to
> them. But in the very nature of things they do not as a
> rule tap new sources of wealth or lead the battle against
> recalcitrant nature.

The federal election of 1943 and state elections of 1943-4 (in which
conservative parties fared badly)[5] had reinforced a growing belief in New
South Wales and Victoria that a new, united anti-Labour party with a more
progressive policy was necessary.[6] At this time, disputes on the coal-
fields, the apparently excessive use of censorship by the government, and

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1    See [Warwick Fairfax], Men, Parties and Politics, (Sydney, 1943),
     Foreword. Fairfax was the principal proprietor and managing director
     of the Sydney Morning Herald, which published a series of articles
     (later collected with others in the volume cited above) critical of
     Menzies and the UAP around the time of the 1943 elections. Fairfax
     noted wryly that, whereas the press (with the exception of the Sydney
     Morning Herald and Age) had supported the UAP in the elections, it
     now damned it for its disunity, bad leadership, lack of good personnel
     and absence of a progressive policy.

2    See Hasluck, The Government and the People 1942-1945, pp. 381-8.

3    For this and subsequent events see also John R. Williams, 'The
     Emergence of the Liberal Party of Australia', Australian Quarterly,
     Vol. XXXIX, No. 1, (March 1967), pp. 7-27.

4    See SMH, 25 September 1943, for the report of his speech.

5    See the various results in Colin A. Hughes and B.D. Graham,
     A Handbook of Australian Government and Politics 1890-1964,
     (Canberra, 1968).

6    See Williams, 'The Emergence of the Liberal Party of Australia',
     pp. 10ff.

the 'powers' referendum of 1944[1] all helped to create an atmosphere in
which Menzies could more persuasively call for the unity of all 'liberal
and progressive' opinion distrustful of socialism, including that represented
in many new bodies dissatisfied with the existing parties.[2]  Much could be
achieved by marshalling together the best minds and ideas, he said; little
could be done by sporadic and unrelated efforts.  He was therefore proposing
to call a conference which would seek a common basis for a new and compre-
hensive movement with a liberal and progressive policy and an effective,
popular and nation-wide organization.  In September 1944 Menzies sent a
letter to various organizations which 'shared the same broad political
beliefs', inviting them to send representatives to a conference.[3]  In mid-
October delegates and observers from eighteen bodies,[4] together with
parliamentary representatives from the federal and state United Australia
parties, convened in Canberra for the 'unity' conference of non-Labour
organizations.

Some of the non-Labour organizations other than the United Australia
parties were to be of considerable importance to conservatism and to the
Liberal party.  At this point their creeds indicate the variety of

1    See Hasluck, pp. 388-414, for an account of the controversy over coal
     disputes and censorship, and this thesis, pp.198-201 for an account
     of the 1944 referendum and its background.

2    See the Argus, 30 August 1944, for a report of his statement.

3    The letter is reproduced at the beginning of [R.G. Menzies], Forming
     the Liberal Party of Australia-- Record of the Conference of Repre-
     sentatives of non-Labour Organizations, convened by the Leader of the
     Federal Opposition, Rt. Hon. R.G. Menzies, K.C., M.P., and held in
     Canberra, A.C.T., on 13th, 14th and 16th October, 1944, (Melbourne,
     n.d.), p. 3.  Unfortunately the introduction to it merely says that
     it was sent to 'various organizations'; it does not list them.  It
     seems likely from Menzies' opening speech to the conference (to be
     mentioned shortly) that the Middle Class Organisation and Queensland
     People's Party (see p.64 ) were also invited.

4    These bodies and their delegates or observers are listed in Forming
     the Liberal Party of Australia, pp. 17-20.  Of those bodies which were
     not divisions of the old Liberal, Nationalist, or United Australia
     parties, and which are not mentioned elsewhere in this chapter, the
     Kooyong Citizens' Association was a group which acted as a campaign
     committee for Menzies in his electorate of Kooyong, and the Young
     Nationalist Organisation (of which Menzies had been a leader early
     in his political career) had originated in 1929 as a group of activists
     in the Nationalist party.  See, for details of these two organizations,
     E.P. Aimer, Liberal Party Organisation in Victoria 1945-68, unpublished
     Ph.D. thesis, ANU, 1970, pp. 32-8, 71-2.  (Chapters 2 and 3 of this
     thesis contain details of the history, activities and personnel of non-
     Labour parties and organizations in Victoria between 1910 and 1945.)

doctrinal emphases among conservative groups as well as the ideas common to all conservatives. These ideas and emphases, absorbed into the Liberal party, probably helped to determine the broad substance and general tone of the Liberal creed itself. Many of their leading officials also became prominent later in the Liberal party. Particularly in the 1940s, these organizations were to assist the Liberal party's cause with financial contributions, anti-Labour propaganda, and electoral work. When the Liberal party came to power some of them, while still being staunchly anti-Labour, were critical of Liberal neglect of their favourite causes. For all of these reasons they warrant some brief remarks before an account of the conference itself is given.

(3) Other Conservative Organizations

The Institute of Public Affairs of Victoria (IPA-Victoria)[1], a non-profit organization financed by business firms, was one of the groups most influential in the modernising of conservative thought in this period. The Institute itself later claimed, probably with justification, that it had exerted a 'major influence' on the policy of the Liberal party. By its own assessment, the Institute's efforts helped to produce changes in business and public attitudes which brought about a more enlightened, socially responsible and efficient private enterprise and also greater public recognition of its benefits. In its literature generally, and particularly through its quarterly Review, the IPA-Victoria strove to influence government policy as well as business and public opinion. As the voice of 'responsible' private enterprise, it often took the role of mediator between what it saw as an over-critical business community and a government which was not sufficiently sympathetic to the everyday,practical problems of businessmen.

The IPA-Victoria was formed during late 1942 and early 1943 by a group of prominent businessmen 'to meet a long overdue need and to assist in arresting the trend towards a socialised society in Australia'.[2] One of the founders, C.D. Kemp, recollected in his book Big Businessmen that this was the time 'when the outlook and organization of the non-labour

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1    For general accounts of the history, work and literature of the
     IPA-Victoria by the Institute itself see  'About the IPA' in IPA
     Review, Vol. 22, No. 2, (April-June 1968), pp. 33-40; the pamphlet
     A Résumé of the Work of the Institute of Public Affairs, (Melbourne,
     1947); and C.D. Kemp, Big Businessmen - Four Biographical Essays,
     (Melbourne, 1964), esp. pp. 129-30, 160-1, 168-72.  (Kemp was
     originally 'economic adviser' to the Institute and later became its
     Director. He was one of the Institute's observers of the Canberra
     conference).  The IPA-Victoria, by its own account, had no financial,
     policy or other connections with similarly titled bodies in other states

2    A Résumé, preface.

political forces were giving rise to serious concern among those opposed
to socialism.[1]  The chief strategists of the opposition in the 1943
elections had unrealistically relied on anti-socialist propaganda; they had
failed to realise the  magnitude of the changes in public thinking which
had been brought about by the war.  The goal which the IPA-Victoria set
itself when it was launched was, in Kemp's words, 'to show that full employ-
ment, social security and a "new deal" in industrial relationships could be
achieved within the framework of the traditional business system and
without resort to the extreme measures proposed by the socialists'.[2]

On the twenty-fifth anniversary of the Institute an IPA <u>Review</u>
article entitled 'About the IPA' recalled that there were some in the
business community and elsewhere who had suspected the new ideas:

> In the goal of full employment... they saw a menace
> to industrial discipline and honest work; in 'cradle-
> to-the-grave' social security, a destroyer of personal
> self-reliance and character; in greater equality, a
> threat to enterprise.  But these beliefs had only
> meagre support and were drowned out in the prevailing
> clamour for a new kind of society.[3]

Socialism had seemed to many to be the only political doctrine which held
out the promise of a remedy for chronic unemployment, cycles of depression
and propsperity, and extreme inequalities of income and opportunity.  The
Institute acknowledged at the time  that business itself was partly to blame
for the hostility which private enterprise now found directed against it.
Businessmen, a summary of the Institute's early work said,[4] had been short-
sighted in three ways.  They had failed to study, and therefore to exert
proper influence upon, the broader trends of national economic policy.
Secondly, they had failed to recognise adequately the full responsibilities
of industry for labour relations and social improvement.  Thirdly, they had
failed to continuously tell the public of the achievements of business and
of the great contribution that it had made to better living standards for
all and to the national welfare.

The Institute's major statement of its own creed was given in a
booklet of eighty pages prepared by its Industrial Committee and published[5]
in October 1944.   Entitled <u>Looking Forward - A Post-War Policy for</u>

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1    p. 170.

2    <u>ibid</u>., p. 169

3    <u>loc.cit</u>., pp. 33-4.

4    A Résumé, preface.

5    Melbourne.

Australian Industry, the booklet adopted a self-consciously modernist position on free enterprise. According to Kemp[1] its ideas 'represented a rather radical departure from deeply entrenched business notions and a great change in business thinking on major national issues'. The booklet produced sharp conflict among business leaders of the time; and it is apparent from some of Kemp's remarks in his book that it was not easily accepted by many within the Institute itself. It became, by Kemp's account, a 'bible of reference for those of liberal political persuasion and eventually for the newly-formed Liberal party itself'. The Institute's literature boasted that it was 'widely acclaimed' by all sections of the press. Menzies was quoted as having said of it in a letter to the Institute: '"Looking Forward" is, in my opinion, the finest statement of basic political and economic problems made in Australia for many years'.[2] And W.H. Anderson said of it later in Times to Remember: 'It was a constructive survey of national issues and outlined the elements of a post-war policy of reconstruction and advancement.... This publication, succeeded by others, made a valuable contribution to the re-thinking going on at that time. Until then we [i.e. the various anti-socialist groups] had very little literature to turn to of an objective and authoritative nature.'[3] Some of the ideas expounded in Looking Forward on the subjects of planning, full employment, industrial relations, enterprise and profits, monopoly and competition, and co-operation between business and governments, will be dealt with together with other IPA-Victoria and business literature in the successive sections of chapter 4.

Looking Forward was favourably received within the business community as a whole, although its unequivocal acceptance of full employment, social security, equal opportunity and greater equality of incomes 'clearly came as a surprise to many people'.[4] Through 1945 and 1946 the IPA-Victoria produced a series of booklets 'dealing with matters exercising the minds of many in business, government and the community at large'.[5] One of them, a sequel to Looking Forward entitled Increased Production,[6] stressed that production was 'the ultimate source of higher incomes for the individual man and woman, and the sole foundation of all plans of social improvement'.

1    See Big Businessmen, pp. 130, 160-1, 167-8, 172.

2    A Résumé p. 6.

3    p. 5.

4    'About the IPA', p. 36.

5    ibid., p. 37.

6    Melbourne, 1945. Quotation at p.6.

Full employment and social security could not be had, it argued, without greater productivity and higher national industrial efficiency. This notion of 'increased production' as the key to prosperity, full employment and social security was to be one of the most insistent themes of the Liberal party itself in the 1940s. The Institute reported in its Résumé of 1947 that all of its publications, and especially Looking Forward and Incr?ased Production, had had a wide circulation; they had, it said, often been reprinted or summarised in the daily press or journals such as Rydge's. The basic policy of the IPA-Victoria in distributing its literature was 'to influence those leaders of thought who in turn influence the public at large', the Résumé added.[1]

The Institute of Public Affairs of NSW (IPA-NSW)[2] enjoyed a dubious reputation for being the old 'Consultative Council' under a new name. This council had been a so-called 'financial junta' which provided the bulk of the finance of the UAP in NSW and supposedly used its control of funds to dictate the UAP's policy. The assumed influence of the Council and Institute and its equivalent body in Victoria (the National Union)[3] helped to discredit the UAP in the 1940s, and it made the Liberal party determined to rid itself of financial dependence on groups of businessmen who might manipulate the party's funds or policies for their own selfish purposes.

Despite its reputation for being part of the 'old' and 'conservative' faction in the UAP which resented the more independent stance of the new Liberal party, the IPA-NSW publicly supported the Liberal party's formation and its campaigns in state and federal elections.[4] It also espoused, if with occasional hints of reluctance, a modern and reformist brand of conservatism similar to that of the Liberal party itself. Its literature of the mid-1940s, designed to 'create an informed public opinion "along sound lines"', included a monthly Bulletin published from 1944 to 1946

1   A Résumé, p. 14

2   For brief descriptions of the Council and IPA-NSW, see Overacker, The Australian Party System, pp. 217-8; R.S. Parker, 'Group Interests and the non-Labour Parties since 1930', in Colin A. Hughes ed., Readings in Australian Government, (St. Lucia, 1968), pp. 385-6, and 'The Government of New South Wales' in Davis ed., The Government of the Australian States, pp. 89-90; and Warwick Fairfax's comments in Men, Parties and Politics, p. 14.

3   For a description of this body and an account of its influence in state and federal politics see Hart, J.A. Lyons, pp. 158-73. See Menzies' recollections of the National Union and Consultative Council in Afternoon Light, pp. 291-2.

4   Overacker, op.cit., p. 217; and the Institute's note of 25 September 1945 in place of its Bulletin.

and several educational pamphlets. This literature emphasised the aims
of progress with stability and social security and accepted full employment
as a desirable aim while doubting its immediate practicability.[1] The
Institute was active in the opposition to bank nationalisation; and later,
in the 1949 election, it again assisted the Liberal cause.[2] The literature
of the IPA-NSW in the late forties was mainly of a propagandist kind
directed against socialism and communism and much less sophisticated than
that of the IPA-Victoria.

The Services and Citizens Party (SCP), founded by W.H. Anderson, was
another Victorian group which had arisen from dissatisfaction with the
UAP.[3] The distinctive emphases in the SCP's ideology[4] were on patriotism,
leadership, public morality, and the virtues of self-discipline, self-
reliance and good citizenship. The SCP also stressed the need for a
better and more just social order after the war, recognising that people
expected progress and would not tolerate a return to pre-war conditions.
To this end it proposed economic and social policies which were similar to
those of Looking Forward. The main elements of its programme were --
educational facilities for all; an adequate means of livelihood for all,
carrying with it a responsibility to the community; the advancement of
private initiative and free enterprise; protection of the individual against
the exercise of undue power by the executive; freedom of religion, speech
and association; integrity in public administration; home ownership and the
advancement of the family unit; and adequate social services.

The strong emphasis in this creed on patriotism and moral standards in
political life can be illustrated with some quotations from SCP literature
and addresses. As set out in the party's platform, the primary object of the

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1    See What is Ahead for Australia?, (Sydney, 1945), esp.pp. 59-61; and
     Stability and Progress - an Anti-Depression Policy for a Free Economy,
     (Sydney, 1945). These were both produced by a sub-committee of the
     Institute on 'Post-War Reconstruction'.

2    Overacker, p. 284.

3    For details of the origins and development of the SCP, and an account
     of its importance in Victorian non-Labour politics, see Aimer,
     Liberal Party Organisation in Victoria 1945-68, pp. 67-70.

4    The ideology of the SCP is taken here from its Platform (c.1944) and
     the first and third of its monthly Newsletters of 1944, on the topics of
     '"The Uncommon People"' and 'The Welfare of the People'. These
     were written by W.H. Anderson, and published in Melbourne. (Anderson
     later became the first state president of the Victorian division of the
     Liberal Party of Australia.)

SCP was: 'To make the dominant force in Australian national life the spirit of devotion which animates those who offer their lives in the service of the country.' The SCP also made some striking statements in defence of the middle class and 'uncommon' people against the 'common' man and the fasionable idea of 'levelling'. Anderson, in an address to the Constitutional Club in April 1943, claimed that his party represented

> that cross-section of the community which is
> fundamentally sound and fit to govern -- that body
> which has hitherto been inarticulate because it hates
> talking, because it has been busy producing, building
> and carrying the burden of responsibilities -- the
> backbone of the community which pays its taxes (including
> those of others), brings up its familites in decency, and
> gives its sons to fight for their country.[1]

With slightly less intensity, the SCP's concern for leadership, the status of the middle class, and for discipline and morality in social and political life was present in many Liberal party statements of the middle and later 1940s.

The Australian Constitutional League (ACL)[2] was one of the most vigorous propagandist groups at the unity conference. It had been re-formed in 1944 from an earlier group to fight thegovernment's referendum proposals and it existed either in its own name or through affiliates in all states. Its literature and propaganda was mainly concerned to draw attention to various threats which the League thought it saw to the constitution and its 'immemorial' liberties. The ACL's major publication was a series of eight booklets over 1944-5.[3] Some of these are important examples of conservative thought of the time; they will be summarised or quoted, together with other relevant examples, in the later contexts in which these themes are discussed. The underlying contention of all the literature of the League was that the constitution and political institutions which Australia had inherited from Britain embodied, and were an essential protection of, the rights and liberties of citizens. These liberties

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1    From [W.H. Anderson], Aims and Objects of the Services and Citizens Party, [Melbourne, 1943], as cited by Aimer, p. 66.

2    For details of its origins and affiliated organisations, see its Booklets 1-8, (Sydney, 1944-5), frontispiece to No.1.

3    The general subjects of these booklets were: liberalism and socialism; arbitration; the 'decline' of parliament; public finance; immigration; the federal system; 'two communist apologists' (namely, Beatrice Webb and the Dean of Canterbury); and primary industry.

were in danger of being eroded or destroyed by many policies or practices of the Labour government, such as the caucus system and the pledge, nationalisation of airways or banks, delegated legislation, and comprehensive planning. The later literature of the Constitutional League was concerned mainly with the menace of communism.

The more important women's body present at the Canberra conference was the Australian Women's National League (AWNL),[1] of which the Victorian and Tasmanian state organisations were represented. The AWNL was the longest established of all the anti-socialist groups which attended the Canberra conference, having been formed in Victoria in 1904. Choosing as its motto 'For God and Country', the League had adopted the following aims -- to support loyalty to the Throne and Empire; to combat socialism by strongly advocating equality of opportunity for all classes and opposing the nationalisation of industries; to educate women in politics; and to safeguard the interests of home, women and children.

The AWNL had, by its own reckoning, been an extremely active organization. It had recruited vigorously, gained members from 'women of all classes', trained its younger members in public speaking, debating and branch work, and held interstate conferences.[2] Although it was partly financed by the Nationalist and United Australia parties, it remained separate from them, and very few of its members were branch members of these parties.[3] As the number of its members and its voting power increased, it sought equal representation with the men's organization in electoral matters. Eventually it was able to achieve 'fifty-fifty' representation at the final meeting for the selection of candidates. At

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1    This paragraph and some of the next is based on the brief publication of the League, 1904-1954 - 50th Anniversary, (Melbourne, 1954). (This is actually by a group which continued under the name of the AWNL after the original League disbanded and joined the Liberal party in 1945.) The less important of the two women's groups at the conference, the Queensland Women's Electoral League, was an anti-socialist group loosely affiliated with the Country-National Organisation, the precursor of the Queensland People's Party discussed below.

2    For an admiring (and also critical) appreciation of the work of the AWNL, see Eggleston, Reflections of an Australian Liberal, p. 133.

3    West, Power in the Liberal Party, p.49 and n.

the time of the unity conference the AWNL had over 40,000 members and was reputed to be the largest single non-Labour organization in Australia.[1]

The main non-Labour organization in Queensland in 1944 bore the title 'Queensland People's Party' (QPP).[2] The QPP had been formed in October 1943 by J.B. Chandler, a wealthy businessman who was then Lord Mayor of Brisbane and had recently become an MLA in the Queensland parliament. Chandler's political beliefs were very similar to those of the other anti-Labour groups of the time, although he sometimes expressed them in more populist phrases. Chandler proclaimed the vital historical and future importance of private enterprise, yet recognised that it had failed in many of its obligations to society. As a sounder basis for post-war society, Chandler looked to a 'controlled capitalism' and 'organized individualism'.[3] The QPP, seeing itself as an essentially state party, declined to send delegates to the Canberra conference. Menzies told the delegates that he regretted this but that he had 'the assurance of its good wishes for a successful outcome'.[4]

It is apparent that their common dislike and fear of 'socialism' was the main reason why these non-Labour groups were prepared to acquiesce in the idea of a united non-Labour party. At the same time they all recognised that anti-socialism by itself would not be enough. To defeat the Labour party they would have to convince people that they no longer accepted an unrestrained capitalism and that they believed in social welfare and the ideal of a better life for all people. For Menzies, this common ground was an essential pre-condition of unity: as he envisaged it, a united party had to be founded partly on a coherent and comprehensive ideology.[5]

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1    ibid.

2    For some details about the QPP see West, pp. 122-3 (including footnotes); Overacker, The Australian Party System, p. 242, and n, 245, 258-9; and A.K. Morrison, 'The Government of Queensland', in Davis ed., The Government of the Australian States, p.302.

3    See, for example, his address entitled 'What of the Future', printed in the Nationalist, September 1942, pp. 13-15, and Alderman J.B. Chandler MLA, Policy Speech of the Queensland People's Party, (Brisbane, c. 1943).

4    Forming the Liberal Party of Australia, p.5.

5    See also his recollections on this in Afternoon Light, pp. 282-7; cf. Anderson, The Liberal Party of Australia, p.4, and Times to Remember, pp.3-5.

## (4) The Canberra and Albury Conferences

Menzies' opening speech to the delegates at the conference[1] adopted a reasoned and conciliatory tone clearly designed to court support from the new parties which had been hostile to the UAP. He was careful not to dwell at any length on any of the old disputes concerning the UAP; instead he appealed to all parties to rise above the strife of the past and sink their petty differences in the interests of unity.

Menzies began by saying that the conference had been convened 'in an endeavour to produce unity of organization among those who do not support Socialism as the solution of Australia's political and economic problems'. He mentioned briefly the state of the main anti-Labour organizations in each state, and concluded:

> The picture thus presented is one of many thousands of people all desperately anxious to travel in the same political direction but divided into various sects and bodies with no Federal structure, with no central executive, with no co-ordinated means of publicity or propaganda, and above all, with no clearly accepted political doctrine or faith to serve as a banner under which all may fight.[2]

A common organization outside parliament, he went on, was imperative if the parliamentary battles of the opposition, now becoming more effective, were to lead to electoral success.

Menzies summed up what he saw to be the defects in their 'present establishment'. Firstly, they had no federal organization or secretariat. Secondly, they had no comprehensive statement of political objectives. Again, they had no means for bringing about a periodical revision of their policies by a process of consultation between those in parliament and those outside. Their name in parliament -- United Australia party -- had also ceased to have any intrinsic significance. Fifthly, they had no properly organized means of conveying their views by print and broadcast to the public. They had for the most part no constant political organization in the electorates. Nor did they have sufficient means for assuring to young men and women a place not only in their work but also in their counsels. Finally, in matters of finance, they had leaned too heavily upon individual donations and did not have that adequate rank-and-file finance which should be the monetary basis of any true democratic organization.

He was not so optimistic, he said, as to suppose that all of these deficiences could be corrected in one conference. But he was hoping that

1    Forming the Liberal Party of Australia, pp. 4-12.
2    ibid, p.5

two things could be done:

> The first is that we should declare our common belief
> that one organization, Australia-wide in character, should
> be set up. The second is that we should express our common
> adherence to the broad outlines of a liberal and progressive
> faith which will have in it the foundation upon which a new
> generation can really hope to build a new Australia.[1]

By 'one' organization, he insisted, he did not merely mean that the
existing bodies should, by a process of negotiation and compromise, go into
some form of 'uneasy partnership'. For the truth was that too many of the
people whom they wanted to see interested in politics from their viewpoint
had either no interest in the existing organizations or in many cases even
an actual hostility to them. It was not practical to expect such people
to sink their ideas and join up with some body which failed to satisfy
them. The real hope was that existing organizations would go out of existence
in favour of a new movement. On the matter of their political faith, it was
important that they should not allow themselves to be put in a position
where they always appeared to be resisting economic and social progress.
'There is no room in Australia for a party of reaction', he said, '[and]
no useful place for a policy of negation.[2]

Menzies then outlined his 'ultimate objectives' for a 'remodelled'
Australia. These, with some minor additions and deletions, were the
objectives adopted by the conference; they are summarised shortly. He went
on to speak of the 'broad principles' by which these objectives could be
achieved. These were: the operation of the profit-motive; the exploitation
of Australia's national resources; the revival of private enterprise;
greater production; the encouragement of thrift and independence; monetary
policies to encourage investment; and public works to provide the foundation
for investment and development or to supplement private activities at times
of recession.

At the same time, Menzies said, they would recognise that in the post-
war economy there would be room for much more thought and planning than
ever before. But the individual and his encouragement and recognition
would still be the 'prime motive force in the building of a better world'.
Socialism meant high costs, inefficiency, the constant intrusion of
political considerations, the damping down of enterprise, and the overlord-
ship of routine. None of these elements could produce progress, and without

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1    ibid, p.7.

2    ibid, p.8.

progress security would turn out to be a delusion. Private enterprise
and the state were both engaged in a task in which the people would prosper
best if each performed its proper function. As he saw them, the true economic
functions of the state were as indicated in Looking Forward[1]: to prevent
large-scale unemployment; to ensure a decent minimum of economic security
and material well-being for all responsible citizens; to provide a framework
of law which would encourage enterprise and production; and to conserve
natural resources. The state and private enterprise would here be partners
in the common purpose of improving the material conditions of the community.
There was no fundamental divergence of interest between them, as was often
implied. Private enterprise stood to gain from full employment and social
security; and the state could better provide these if private enterprise was
vigorous and healthy.

The conference approved the principle of a unity of policy and organ-
ization. It also decided upon the name of the new party ('Liberal'), its
broad objectives, and the basic structure of its organization.[2] These
objectives, ten in number, brought together most of the doctrines of the
recent anti-Labour groups and combined them with traditional conservative
doctrines and ideas. In the context of the debate among conservatives their
significance was that they combined the ideas of social amelioration and
reformed private enterprise and made an explicit commitment to a more
'liberal' and 'modern' brand of conservatism. Summarised and interpreted,
these objectives were: external security through the British Empire and a
world security order; national defence as a 'universal duty' and the
fostering of a spirit of patriotism; an 'intelligent, free and liberal'
Australian democracy guaranteeing the traditional freedoms (subject to the
rights of others), and 'looking primarily to individual initiative and
enterprise as the dynamic force of reconstruction and progress'; benefits,
and preference, for ex-servicemen or their dependants; the promotion and
stabilisation of primary industries, and improvement of the conditions and
facilities of rural life; constant employment at good wages for all willing
and able to work; the cultivation of a sense of partnership and common
interest between employers and employees; adequate contributory social
service benefits on a wide scale; a revised and expanded system of education
offering opportunities for all; and recognition of the value of family life

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1    Menzies quoted these directly from Section IV ('The State and Industry'),
     pp. 29-30. Here, they are summarised.

2    See Forming the Liberal Party of Australia, pp. 13-16.

and of the right of every family to a decent home. These objectives were later incorporated without change in the draft platform of 1946 and then into the original federal platform of 1948. The conference considered that the details of the new organization should be the province of a further, plenary conference.

The choice of the name 'Liberal' obviously puzzled -- and even disconcerted -- many conservatives. Their reactions to it were suggestive of the ferment which the revision of ideas had produced in conservative circles. An Argus leader[1] saw 'Conservative' as being the honest name for a party whose members would 'want to conserve all that is sound and good in our social and political and economic system'. When 'Liberal' was chosen, the Argus stated editorially that the party had made a mistake in 'seeking to ingratiate itself at the outset by choosing a name which it believes to be more superficially attractive than the truthfully descriptive one of Conservative'.[2] It pointed out that the policies of the non-Labour forces in Australia had, broadly, always been similar to those carried out by the Conservative party in Britain: 'to conserve those social institutions based on individual enterprise which are essentially British, while proceeding along evolutionary lines towards those objectives of social amelioration for the needy and deserving which are not inconsistent with the preservation of individual pride in individual endeavour'.[3] Such progress, the Argus added in its later editorial, 'entails discarding the old and discredited laissez-faire methods of the old Liberal party under which many social and economic wrongs were committed in the name of individual action'.[4]

In its journals, the Liberal party itself showed a similar nervous concern about the traditional meaning of 'liberalism'. Many articles[5] were at pains to justify the choice of name by claiming that Australia's new Liberal party belonged within the 'liberal tradition' of British and Australian history. This tradition, such articles related, had inspired

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1    16 October 1944.

2    18 October 1944.

3    16 October 1944.  Emphasis in original.

4    18 October 1944.

5    Two examples:  'New Parties or Old Ideals' in the Australian Statesman, November 1944, p.1; and 'The Liberal Party - Its Record and Policy', in the Nationalist, January 1945, p.2. Among the writers whom these articles borrowed from or quoted approvingly were Walter Lippmann, Gilbert Murray, Friedrich A. Hayek, and (on liberalism in Australia) H.V. Evatt!  Several of the articles reproduce parts of the ACL's pamphlet of November 1944, Are You a Liberal?, the first in its series of Booklets 1 - 8 already referred to.

reformers in Britain from the time of Magna Carta.  The liberal spirit had
brought about the constitutional settlement of 1688 and the franchise,
religious and civil reforms of the nineteenth century.  Then, after a period
of excessive attachment to laissez-faire capitalism in the middle and later
nineteenth century, liberalism had been responsible for the great measures
of social welfare and industrial regulation in the late nineteenth and
early twentieth centuries in both Britain and Australia.  The new Liberal
party in Australia, the articles assured their readers, had been formed to
carry on the great traditions of this genuinely liberal but also socially-
conscious faith.

The organizations represented at Canberra replied favourably to Menzies'
appeal for a unified, single non-Labour organization.[1]  Their delegates
re-convened at Albury in December for the second and 'plenary' conference
of non-Labour organizations.  The main purpose of this conference was to
formulate a provisional constitution which filled in the details of the
structure drawn in skeleton form at Canberra.  Menzies' opening address[2]
warned of the dangers of socialism and communism and called again for an
independent, constructive form of liberalism.

Committees of the delegates held sessions on the constitution, organ-
ization and financing of the new party.  There was, according to reports in
the Argus,[3] a tacit agreement among delegates to have a federal secretariat
(at Canberra), subordinate state bodies, and a federal chairman from NSW who
was neither a member of parliament nor politically ambitious.  There were
some differences of opinion, whose nature will be discussed shortly, over
the questions of financing the new party and the method of selecting candi-
dates.  On the final day the delegates approved the formation of the party
and appointed a provisional federal executive to supervise the implementation
of the conference decisions.[4]  The principles of the party were easily and
unanimously agreed to.  Menzies, who had again played a vital part in organ-
izing and guiding the conference,[5] expressed his pleasure with the result in

1    This statement is based upon numerous reports in the Argus and Sydney
     Morning Herald of October and November 1944.  See also Menzies,
     Afternoon Light, pp. 290-1; and Williams, 'The Emergence of the Liberal
     Party of Australia', pp. 20-2.

2    Reported in the Argus and SMH, 15 December 1944.

3    15 and 16 December 1944.

4    SMH, 18 December 1944.

5    See the report by the political correspondent of the Argus, 18 December
     1944.  Cf. Menzies' rather coy account of his role in Afternoon Light,
     p. 296.

his concluding speech.[1]  But he warned delegates against thinking that the job was over because they had built a machine.  They now had to have the 'spirit' and 'willingness' to make it work.  They also had to develop a programme of precise, detailed and 'practical' political proposals and to recruit and train able candidates.

(5) Recruitment

After the Albury conference the Liberal party set about building an organization and recruiting the new members who were needed to make it a genuinely 'new' party.  This task was particularly important in New South Wales and Victoria, the two states in which the breakdown of the UAP had taken place and on which the revival of conservative fortunes hinged.  In the other four states the non-Labour forces were, if not well-organized, at least less divided.  The Liberal party simply built upon the existing organizations of earlier Liberal, National, or United Australia parties.[2]

In New South Wales,[3] to a greater extent than any other state, the establishment of the Liberal party was hindered by old rivalries between the existing non-Labour parties (Liberal and Liberal-Democratic).  These rivalries concerned the proper way of organizing and financing the new party; they were further exacerbated by personality clashes between leading members of the Liberal and Liberal-Democratic parties.  The main issues at stake were the relative representation of each faction in the new party and the proper financial relationship of the Liberal party to the IPA-NSW.[4]  The grievances of each, and their mutual recriminations as they emerged, were widely publicised by the press and probably did great harm to the Liberal party's cause in New South Wales.  In Victoria,[5] the founding of the Liberal party progressed much more smoothly; but the same allegation that vested interests in the old UAP were resisting the formation of a 'new'

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1    Reproduced in the Australian Statesman, January 1945, pp. 1, 3-4.

2    See Morrison, 'The Government of Queensland', in Davis ed., The Government of the Australian States, pp. 300-3; R.L. Reid and others, 'The Government of South Australia', ibid., pp. 338-41; F.K. Crowley, 'The Government of Western Australia', ibid., pp. 416-7, 420; and W.A. Townsley, 'The Government of Tasmania', ibid., pp. 506-9.  In Queensland, however, the QPP refused to merge with the Liberal party until 1949, although it acted as the Queensland division of the Liberal party in the federal election of 1946.

3    This paragraph is based on reports in the Daily Telegraph and Sydney Morning Herald of the early months of 1945.

4    For this conflict see SMH, 18 April 1945.

5    See the Argus for the early months of 1945.

and 'progressive' party was made from time to time.

Throughout 1945 and well into 1946, the Liberal party encountered the suspicion of the public and sections of the press -- and, of course, the Labour party -- that it was just the 'same old crowd under a new name'.[1] Proselytizers for the Liberal cause argued in defence that the Liberal party was genuinely new in three respects. It had, firstly, included other groups from outside the UAP at its formation. Secondly, it was democratic in its internal workings, not manipulated by outside 'money' interests. And thirdly, it stood for a 'positive' creed.

The press in the early months of 1945 reported that the Liberal party was making considerable progress in its campaign to win recruits, gaining adherents amongst all sections of society.[2] However, the slowness of the Liberals in giving practical 'content' to their creed provoked critical comment. The Sydney Morning Herald, noting the early progress of the new party, urged that its principles 'must be translated into reality'.[3] At the official inauguration of the party on August 31, Menzies presented the long-awaited outline of Liberal policy.[4] This, in its domestic features, called for reduced taxation and gave emphasis to social security, the rehabilitation of ex-servicemen, adequate housing, and a fair deal for primary industries. Its general theme was that of the compatibility of security and progress through a greater production of wealth. The Sydney Morning Herald approved its 'sound and constructive' lines and added that 'no time should be lost in filling in the details'.[5] The Argus saw the policy to contain a 'more concrete liberalism'.[6] It showed that the party 'stood for a middle course in economic politics which discarded alike the all-socialistic objective and [the] outmoded laissez-faire creed which regards as fair everything done in the name of individual freedom'. In January 1946 the draft platform of the Liberal party, prepared by the joint standing committee on federal policy, was finally announced.

Organization
(6) The Structure of the Federal and State Organizations

This section presents a sketch of the organization of the Liberal Party

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1 This paragraph is based on a selective reading of reports on the Liberal party in the Argus and Sydney Morning Herald of these years.

2 See also Aimer, Liberal Party Organisation in Victoria 1945-68, chs. 2, 3; and Williams, 'The Emergence of the Liberal Party in Australia', pp. 24-7.

3 19 February 1945, editorial.

4 See SMH, 1 September 1945.

5 3 September 1945, editorial.
6 18 September 1945, editorial.

of Australia and a summarised account of its workings and composition.[1]
The LPA's organization was broadly similar to those of its predecessors,[2]
though more genuinely 'national' in structure and far more professionalised
in its internal workings. It was also not as dissimilar from the ALP's
organization as Liberal propaganda always liked to suggest.[3] The relations
between extra-parliamentary wings and parliamentary parties were more
complex than the constitutional difference between 'advisory' roles and
'voting according to conscience', and 'binding' instructions and the 'pledge',
would suggest. The main aim of this section is to describe the organi-
zational framework within which different ideological points of view were
stated within the party. The ideas expressed in particular contexts are
then set out over chapters 4-6. It also indicates in a broad fashion how
policy was made; how ideas were transmitted within the party and to the
public at large; and what kinds of people voted for the Liberal party,
worked in its organization, and served it in parliament.

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1    See, especially, West, Power in the Liberal Party. Most of the
     books in the general literature on Australian government and politics
     (cited on p. 4   ) also have accounts of party organization. West's
     account of the state organizations is based on official party records,
     but not her account of the federal organization. The minutes of the
     Federal Council (but not of any other federal body) were opened to
     scholars in mid-1971, but too late for the present writer to make a
     detailed analysis of them. All generalisations here and elsewhere
     about the workings of the federal organs in particular should be
     regarded as fairly provisional. For detailed accounts of the Liberal
     organization in two state divisions, see Aimer, Liberal Party
     Organization in Victoria 1945-1968; Katharine Holgate, The Structure
     of Liberal State Politics in NSW, unpublished M.A. thesis, University
     of Melbourne, 1962; and Charles John Orlebeke, The Liberal Party of
     Australia in New South Wales: A Study of the Political Party as an
     Office-Seeking Organization, Ph.D. thesis, Michigan State University,
     1965.

2    For a brief sketch of the organizations of the Nationalist and United
     Australia parties see Crisp, Australian National Government, pp. 203-5;
     for a more detailed account of UAP organization, see Hart, J.A. Lyons,
     ch. 4.

3    For a concise, comparative account of the organizations of the four
     major Australian parties, see Helen Nelson and Lex Watson, 'Party
     Organization', in Henry Mayer ed., Australian Politics - A Second
     Reader, (Melbourne, 1969), ch. 26. This also shows that the LPA
     was at least partially successful in making itself a 'mass' and
     'Australia-wide' party: its total number of financial members in
     the mid-1960s was about 125,000, much larger than that of the ALP
     (p.286). See also West, Power in the Liberal Party, Appendix.

As already noted, the broad structure of the Liberal party had been
foreshadowed in Menzies' announcement to the press after the Canberra
conference.[1] It had been agreed, 'as a matter of general guidance', that
there should be a federal organization with a branch in each state; a
federal council and federal executive, each with an equal number of state
representatives; and a joint standing committee on federal policy on which
all states would be represented and which would consist of equal numbers
of parliamentary and extra-parliamentary representatives. There would be
a permanent federal secretariat in Canberra. Although the state branches
should have 'substantial autonomy' in relation to state organizations and
affairs, Menzies had impressed upon the delegates in his opening speech
that an 'Australia-wide organization', with a common body of doctrine and
a similar organization in each state, was necessary if they were to defeat
the Labour party. It was important that all should be able to join on an
equal footing and feel that they had an effective chance of influencing
both policy and organization in a new party unhandicapped by vested
political or personal interests.

In fact Menzies and others who had wanted strong federal organs did
not fully succeed in building an 'Australia-wide organization'. The new
party merely super-imposed a federal structure on existing state
organizations. These were reluctant to lose any of their old authority;
and charges were made, as we have seen, that the 'same old faces' which
had been prominent in the UAP often re-appeared in the top positions of
the Liberal party. Although the Liberal Party of Australia arguably
worked as more than a confederal organization by the mid-1960s, it was
still structurally a composite of six largely autonomous state divisions
which operated under their own names and constitutions. The main federal
organs of the party comprised equal numbers of delegates from each of the
six states. The state divisions controlled the selection of candidates
and also, to a large extent, the raising and disbursing of finance; and
they also had their own apparatus for publicity and propaganda. The
federal nature of the party organization, in which the states were largely
autonomous, was to add to the difficulties of a self-proclaimed federalist
party governing in a federation. There were to be occasions when federal
leaders like Menzies, Anderson and McBride became exasperated by what they
regarded as the 'parochial' attitudes of state Liberal governments or
organizations to matters of 'national' importance.

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1    See Forming the Liberal Party of Australia, pp. 15-16.

In formal terms,[1] the body which was ultimately responsible for governing the extra-parliamentary wing was the Federal Council. This comprised eight delegates (the majority of whom could not be members of parliament) chosen annually by each state division, together with the federal parliamentary leader, Senate leader, and immediate past president ex-officio. The Council was entrusted with the 'management and control' of the federal affairs of the organization and could delegate its powers to committees. Its main powers were to 'express the views of Liberals on current political questions as they arise'; to raise, administer and invest funds; to co-ordinate the activities of state divisions in relation to federal matters; and to alter or amend the platform. The Council debated matters of policy and organization, but its resolutions were not binding upon the parliamentary party. It appointed the federal finance committee, which was subject to its authority; but Council as a whole did not receive all details or debate financial policy. It is reasonable to assume, following West, that the council 'perform[ed] a unifying function within the party...by providing the opportunity for senior members of both wings in each State to make direct personal contact with one another and their federal colleagues for a few days each year'.[2]

Between meetings the management of the affairs of Council was vested in the Federal Executive. This consisted of the federal president[3] and treasurer, the male and female vice-president, the federal parliamentary leader, the chairman of the Federal Women's Committee, and one delegate from each state elected annually by the Federal Council from among its own members. Normally unobtrusive, the Executive was in unusual circumstances prepared to play a more assertive role vis-à-vis the parliamentary party. An instance of this will be seen in chapter 4.

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1    References here to constitutional provisions are taken from [Federal Secretariat], The Federal Constitution of the Liberal Party in Australia, (Canberra, reprinted 1967). This is amended to April 1965.

2    Power in the Liberal Party, p. 236.

3    The president, who may not be a member of parliament, is chosen by the Council, and is customarily re-elected for several terms. The federal presidents of the party since its inception have been T.M. Ritchie (1945-46 and 1950), R.G. Casey (1947-49), W.H. Anderson (1951-5), L.H. Moore (1956-9), and Sir Philip McBride (1960-65). Ritchie and Moore were from NSW, Casey and Anderson from Victoria, McBride from SA. For some details of their business interests, see West, p. 236n. Casey, MHR for Corio (Vic.) 1931-40 and La Trobe 1949-60, was Minister for Works and Housing 1949-51, National Development 1950-1, and External Affairs 1951-60. McBride, an MHR or Senator from SA from 1931, was Minister for Interior 1949-50 and Defence 1950-8.

The establishment of a Federal Secretariat was one of the most
important innovations in the Liberal party organization.  Appointed by and
subject to the direction of the Federal Executive, the Secretariat was
headed by a Director, who also acted as secretary to the Council and
Executive.  It was responsible for co-ordinating the activities of the
state divisions on a federal basis, implementing the decisions of the
Council and Executive, providing research and publicity, and maintaining
contact between the organization, the federal parliamentary party, and the
public.  Its principal administrative personnel included a Research
Officer and Public Relations Officer.  Besides itswork in preparing
material for federal campaigns, the Secretariat did much to bring about
the realisation of the original Liberal ideal of continuous publicity
about the Liberal party to its own members and the general public.  From
1949 it published a digest entitled Current Politics several times a
year; this consisted of summaries of events, legislation, major Liberal
speeches, and, frequently, propagandist material on the ALP.  It published,
in addition to the policy speeches and presidential addresses, leaflets
for general distribution on current issues and other more substantial
Liberal speeches or statements of Liberal beiefs and values.  By general
consensus the professionalism[1] and organizational coherence provided by
the Secretariat were important factors contributing to the success of the
Liberal party.

The body set up by the constitution to provide direct liaison on
matters of policy between the parliamentary party and federal organization
was the Joint Standing Committee on Federal Policy.  The 'Federal Policy
Committee', as it became known, comprised six members chosen annually by
and from the parliamentary party, together with six non-parliamentary
members of the Federal Council chosen annually by the Council.  The functions
of the Committee, as defined in the constitution, were to 'consider all
matters affecting the Federal Platform of the Organization and to report
thereon to the Federal Council' and to 'advise the Parliamentary Party upon
any matters affecting the implementation of the Platform'.  The consti-
tution also required that the federal parliamentary party should announce
the federal 'fighting' policy 'after consultation with the Committee'.  The

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1    For a brief account of the Liberal party's (federal) organization
     which emphasises this feature, see Don Whitington, 'Directors of the
     Liberals', Nation, No. 79, October 7 1961, pp. 7-8.

committee's importance in practice, however, was apparently much less than
this description suggests it might have been.

Since finance had been, and was still to be, a sensitive matter for
non-Labour organizations, an important aim of the new party was to make the
organization as independent as possible of outside bodies for its financial
resources. To this end the constitution set up a Federal Finance Committee,
appointed trienially by the Council, and consisting of the federal treasurer
as chairman (with a deliberative and casting vote) and one representative
from each of the state finance committees nominated by the respective state
divisions. The functions of this committee were to provide for the
financing of the Federal Council, Executive and Secretariat, and to receive
budgets and financial statements from each state council. Until 1959 the
Federal Finance Committee could also constitutionally give 'binding'
direction to state councils with respect to state moneys for the purpose
above and for the 'distributing of the total financial resources of the
Organization equitably among the various Divisions'.[1]

In practice it is doubtful whether the Liberal party's system of an
annual dues-paying membership and internal finance committees, and its
refusal to accept conditional donations, made it a self-financing party
independent of those groups of businessmen who had traditionally financed
non-Labour parties and sought to influence their policies.[2] The Liberal
party had a broader financial base than its predecessors but the greater
part of its income probably still came from 'business'.[3] However, the diverse
interests of business, the institutionalisation of political conflict in
Australia, and the LPA's need to be more than just a party for the 'rich',
probably ensured that the 'big business' could not be the 'master' of the
Liberal party, as Labour propaganda always liked to suggest.[4] Nevertheless
it can still fairly be asserted that the dependence of the party upon

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1    For an account of the long conflict between the state and federal
     finance committees see West, Power in the Liberal Party, pp. 237-43.

2    See B.D. Graham, 'The place of Finance Committees in Non-Labor
     Politics 1910-1930', Australian Journal of Politics and History,
     Vol. VI, No. 1, (May 1960), pp. 41-52; and J.R. Williams, 'Financing
     Conservative Parties in Australia', Australian Quarterly, Vol. 43,
     No. 1, (March 1971), pp. 7-19. Graham points out that these
     committees were sometimes represented on non-Labour electoral and
     organizational bodies (p. 51).

3    See West, pp. 266-7; and C.A. Hughes, 'Australia' (contribution to a
     symposium 'Comparative Studies in Political Finance'), Journal of
     Politics Vol. 25, No.4, (August 1963), pp. 646-63.

4    See Parker, 'Group Interests and the Non-Labor Parties since 1930', loc.
     cit.; R.S. Parker, ' Power in Australia', ibid, pp. 21-34; and Graham,
     'The Place of Finance Committees in Non Labour Politics 1910-1930', p.51.

business for financial assistance, and the presence of prominent businessmen on the party's finance committees and other extra-parliamentary organs, ensured that the business point of view would usually be heard and listened to sympathetically, even if not always acceded to.

In addition to these main bodies the federal constitution also set up a Federal Women's Committee to receive and distribute information on the work and activities of women and advise on policy matters affecting them[1] and a Young Liberal Movement[2] to promote the aims of Liberalism among young people. Both women and young people became, in time, important sources of voting support and electoral assistance for the party. Two extra-constitutional committees were also established to make the constitutional machinery work more smoothly. A Public Relations (Staff) Planning Committee was set up by the Executive for the purpose of advising it on the party's public relations and the political situation in each of the states. A Federal Campaign Committee was formed to advise the Executive and parliamentary leader on the themes and tactics for federal election campaigns. The latter was serviced with policy proposals from a number of standing committees[3] appointed by the Federal Council each year from among its own members.

With variations which reflected their inheritance from their predecessors and their local political environment, the organizations of the six state divisions roughly followed the broad pattern proposed by the federal constitution.[4] The general branch became the basic unit of each division. The prescribed annual convention (or 'general meeting of the

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1    In addition to this form of representation, women are constitutionally guaranteed a minimum representation on the council, executive, or certain important committees in all state divisions except that of Queensland. This 'unique solicitude', as S.R. Davis calls it, is carried furthest in Victoria, where women are constitutionally assured of equal representation with men at all levels in the party's extra-parliamentary structure.

2    For some figures and other interesting comments on the YLM see Dennis Altman, 'Party Youth Groups in Australia', in Mayer ed., Australian Politics - A Second Reader, pp. 176-86.

3    One of these in the Policy Research Group (PRG), which comprises seven members drawn from the parliamentary party and the organizational wing (including staff members of the Federal Secretariat). The PRG was set up in 1956 to look at particular matters in depth, and was responsible for the preparation of several pamphlets issued by the Secretariat.

4    For a systematic comparison of the extra-parliamentary wings of the six state divisions see West, Power in the Liberal Party, Appendix.

delegates' in WA and SA), was held in all states except Victoria. As of
1965, when SA adopted one, all states also had a council to manage and
control the affairs of the state division. In theory the most powerful
organ in four of the six states, the council was in practice guided by the
state executive, which was formally responsible to it and chosen by it in
five of the six states. The executive was assisted by a general secretary
and other professional officers. All six divisions also had an organiza-
tional unit at the electoral level between the branch structure and the
central state bodies; this was designed to co-ordinate branch activities,
particularly for campaign purposes, within the boundaries of state and
federal electorates.[1] Each state, in addition, had a joint standing comm-
ittee on state policy, serving broadly the same function as its federal
counterpart, and a state finance committee. State rules for pre-selection
were, on the whole, a mixture of local participation through selection
committees and centralism through the power of the council or executive to
reject their choices. The extra-parliamentary organizations became less
tolerant of multiple endorsements,[2] but they did not appear to have used the
power of endorsement as a means of controlling or influencing the policies
of the parliamentary wing.

The organization of the Liberal party, as described above, presents
a complex -- and somewhat confusing -- picture. Policy-making, in both
the federal and state organizations, was in the hands of the parliamentary
party. The federal platform was moulded by the extra-parliamentary
organization (on the recommendations of committees to the Federal Council,
and subject to the approval of three state executives). Finance was raised
by a committee made up partly of state representatives and working sometimes
in competition with state finance committees. The resolutions passed by the
Council, and the recommendations made by the Federal Policy Committee, may
have had some persuasive force, but they were in no way binding upon the
parliamentary party. Most of the important decisions concerning the normal
operation of the organization would appear to have been made in practice
by the Federal Executive and the Federal Secretariat, which were nominally
subordinate to the Council.

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1    In most states professional organizers or field officers are attached
     to the regional units. 'Moira Fenton' in A.F. Davies' Private Politics:
     A Study of Five Political Outlooks, (Melbourne, 1966), was a paid
     Liberal organizer.

2    See West, pp. 55-6, 88-9, 144-7.

The state organizations also made a complicated picture of divided, overlapping and extra-constitutional powers and functions. None of them worked exactly as the federal constitution prescribed. Despite some basic similarities, their policy and executive organs 'reveal[ed] almost bewildering variations in their number, constitution, basis of representation, powers and interrelations'.[1] In all of them, as in the federal party, the written constitutions were an unreliable guide to the actual functions and relative importance of each organ. In addition, the federal and all state constitutions had sub-clauses providing in particular circumstances for special majorities, minimum and maximum numbers, extraordinary powers, special voting rights, ex-officio members, minimum frequency of meetings, and so on; these added even more complexity to their workings.

The relations between the federal and state parliamentary parties and their extra-parliamentary organizations cannot be more than speculatively assessed. In constitutional theory the extraparliamentary organization could never (except in Queensland),[2] direct or instruct its parliamentary representatives, but only 'advise' them. The extra-parliamentary organization persistently reiterated that it did not 'give orders' to its parliamentary party like the ALP organization did to the FPLP. Parliamentarians, for their part, continually reassured those in the extra-parliamentary wing that they helped to 'frame opinion' and that the parliamentary party was 'responsive' to their wishes.

There are three reasons to think that the reality here probably corresponded fairly closely to the mythology. The only sanction -- if a powerful one -- possessed by the extra-parliamentary wing against its representatives was that it could refuse to re-endorse them. Secondly, the parliamentary leaders were members of the most important organs or committees and could therefore use their influence and authority to forestall or dampen down possible criticism or demands. The Liberal parties, thirdly, had in 1966 been in office federally without interruption since 1949

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1    S.R. Davis, 'Unity in Diversity', in Davis ed., The Government of the Australian States, p. 593.

2    In that state an endorsed candidate promises to 'advocate and support Liberal principles as deduced from the Party creed and platform'. In the event of a dispute over meaning, the matter shall 'be referred to the Executive for decision, and its decision shall be final and binding'. (Cited by Overacker, Australian Parties in a Changing Society 1945-67. p. 189, from the constitution in force as of 1965).

and also in four of the six states for long periods since 1945.[1] This
probably helped to quell a lot of potential grass-roots dissatisfaction.
Various kinds of informal influence may, of course, have still existed
in all cases.  As  S.R. Davis points out, there can be a multiplicity of
possible and changing relations between a parliamentary party and its extra-
parliamentary wing (including various interests) in their roles as policy-
makers.[2]  In general,however, the parliamentary party federally[3] and in the
states probably determined legislative policy largely free of 'outside'
influence,  while still taking into account the wishes of the organization.[4]
Federally, as many observers have noted, the great authority of Menzies as
founder of the party and long-standing prime minister probably deterred
critical initiatives from the extra-parliamentary wing during his leadership.

Whereas the Liberal party made a clear constitutional distinction
between the parliamentary party and the extra-parliamentary organization,
the Labour party's organization[5] was founded on the principle of the

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1    In Victoria, the Liberals had formed a composite government with the
     Country party in 1947-8, governed by themselves in 1948-50 and then
     continuously from 1955.  The Liberal and Country League of Western
     Australia governed, as the senior partner in a coalition with the
     Country party, from 1947 to 1953 and then continuously from 1959.  The
     Liberal and Country League of South Australia had governed continuously
     from the early 1930s until it was finally defeated in 1965.  The
     Queensland Liberals had governed, as junior partner in a composite
     government with the Country party, since 1957.  The Liberal party in
     NSW won office only in 1965; in Tasmania, as of 1966, the Liberal
     party had never been in government.

2    loc.cit., pp. 603-12.

3    The government (i.e. Liberal and Country) parties in the Federal
     parliament also have standing committees in various areas of policy.
     It is generally believed that these committee make backbenchers better
     informed, and keep ministers aware of backbenchers' feelings, but
     otherwise have little important influence on government policy.

4    A survey of Liberal backbenchers in 1966 found that most saw no need
     for change in relations between the parliamentary party and extra-
     parliamentary organization, though some wanted better co-ordination
     and co-operation.  Most felt that as parliamentarians they had a
     broader and more liberal view of affairs than those in the extra-
     parliamentary organization.  (See Julie Coates, The Liberal Party of
     Australia as seen by Liberal Backbenchers of the House of Represen-
     tatives, unpublished honours sub-thesis, Department of Political
     Science, School of General Studies, Australian National University,
     1966, ch.III.)

5    The following account is drawn from sections on the Labour party in
     the general literature cited earlier (pp.4,12.)

collective sovereignty of the membership and on the assumption that the parliamentary party should be the 'servant' of the Labour movement as a whole. The federal conference, comprising six delegates from each state, was the supreme governing authority of the ALP. It determined the platform and the form of the ALP organization. Its decisions were binding for federal purposes on all state organizations, individual members, and parliamentary Labour parties. Members of parliament were pledged[1] to uphold the platform and vote according to the majority decision of the parliamentary caucus. The federal executive, more powerful than its Liberal counterpart, interpreted policy between conferences; it could also disband or re-organize state executives or branches.

In practice, however, the organizations of the Liberal and Labour parties were far less dissimilar than was suggested by the differences in the powers of their annual conferences or conventions and of the extra-parliamentary over the parliamentary wing. As large organizations, they both tended to be dominated in matters of policy, finance and endorsement by small groups. These groups included parliamentarians and various experts on committees as well as union 'factions'[2] in the case of the ALP, non-parliamentary figures as well as parliamentarians in the case of the Liberal party, and secretaries, professionals and other experts in both. In both parties, the extra-parliamentary organization was the guardian of the platform and general principles of the party. Despite this, the Liberal party was able to embarrass the FPLP on occasion for its apparent subservience to its 'communist-influenced', union-dominated extra-parliamentary organization.

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1    See Crisp, Australian National Government, pp. 154-62, and L.F. Crisp, The Australian Federal Labour Party 1901-1951, (London, 1955), pp.25-9, 31-2, 262 for an account of the 'pledge' and its rationale. Members of the Federal Parliamentary Labour Party (FPLP) also became bound by the pledge to support and carry out the principles of the party's platform. Liberal MPs were not bound to support the party's platform or decisions in parliament (except in Queensland, as mentioned above), but they were of course expected to do so. (For a general account of the organization of parites in parliament see J.D.B. Miller, 'Party Discipline in Australia', in Hughes ed., Readings in Australian Government.) Liberal propaganda made much of the right of Liberal MPs to vote according to their consciences, but in fact voting against the party 'line' had been rare, and persistent 'rebels' did not prosper under Menzies' rule.

2    Affiliated unions are represented, roughly in proportion to the number of their members, at these conferences. The state conference is the supreme policy-making authority for the state; what it declares as policy is binding for State purposes upon all members, including parliamentarians.

(7) Voting Support and Personnel

As we have noted the Liberal party in the 1940s was anxious to make itself into, and to be publicly seen as, a national and cross-sectional party, composed of and receiving support from people of all classes and sections of society.  The new Liberals were acutely conscious of the fact that the UAP had not been -- or had failed to remain -- such a party in public estimation.  They therefore strove to attract those groups -- like the middle class, ex-servicemen, the young, women, and country people -- whose presence in the party and support at the polls could transform it into a national and 'classless' party.  Both at the time and with more fervour over the next two decades Liberals made an invidious contrast of Labour's composition and voting support with their own.  Liberals depicted the ALP as a 'class' party formed from, supported by, and representing the interests of, the working class and trade-union movement only.  As such a party, rooted in one section of society, it did not, they said, possess doctrines which were in the 'national' interest, nor could it come to terms with the affluent, middle-class Australian society of the fifties and sixties.  The basic literature on Australian voting patterns,[1] supplemented with some more specialised studies,[2] provides some evidence in confirmation of the Liberals'

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1    This account draws on data on voting patterns and their main correlates, and on electoral systems and election results, from the following: Mayer ed. Australian Politics: A Second Reader, part III; Robert R. Alford, Party and Society: The Anglo-American Democracies, (Chicago, 1963), esp. ch.7; S.R. Davis 'Unity in Diversity' in Davis ed., The Government of the Australian States, esp. Parts I and III; Hughes ed., Readings in Australian Government, part IV; the editors in A.F. Davies and S. Encel eds., Australian Society: A Sociological Introduction, (Melbourne 1965), ch. 6;  Encel, Equality and Authority, Part Two; and A.F. Davies, Images of Class, (Sydney, 1967), esp. ch.4. Many tables give only a composite Liberal-Country party (or 'non-Labour') figure.  It cannot be assumed that Country party supporters show the same characteristics and patterns of voting as Liberals, but they are not so markedly different as to prevent inferences about 'Liberal' voting from 'non-Labour' figures.

2    See Henry Mayer and Joan Rydon, The Gwydir By-Election 1958:  A Study in Political Conflict, (Canberra, 1954); D.W. Rawson and Susan M. Holtzinger, Politics in Eden-Monaro, (London, 1958); F.K. Crowley, State Election: The Fall of the Hawke Government, (Perth, 1959); D.W. Rawson, Australian Votes: The 1958 Federal Election, (Melbourne, 1961); R. Hetherington and R.L. Reid, The South Australian Elections 1959, (Adelaide, 1962); Colin A. Hughes and John S. Western, The Prime Minister's Policy Speech: A Case Study in Televised Politics, (Canberra, 1966); and Colin A. Hughes, Images and Issues: The Queensland State Election of 1963 and 1966, (Canberra, 1969).

claim that theirs was a national and cross-sectional party. Some studies also seem to show that the Liberal party's doctrines received both greater support in its own ranks and also broader bi-partisan approval than Labour's. At the same time, voting studies and other writings on the Liberal party do not suggest that the composition and electoral support of the Liberal party was so broad that it could automatically ensure policies 'in the national interest'. The Liberal claim to have changed the 'class' nature of Australian politics must also be treated with scepticism. Its non-Labour predecessors, being in power for long periods, must themselves have received support in about the same ratio from the different classes.

Voting studies contain abundant evidence that the Liberal party received its strongest support from people in the higher brackets of the socio-economic classes and occupational groups as conventionally ranked. This support, measured by the percentage of that class or group which supported the Liberal party, declined steadily through the middle and lower brackets. 'Class' voting, despite an apparent decline since 1943[1] and a significant 'cross-class' vote, was indeed still the dominant feature of electoral behaviour in Australia, as it was in the United Kingdom. The great majority of those who could be placed above the 'middle' class, or who felt themselves to be middle-class as distinct from working-class, voted Liberal. Conversely, the great majority of those below the middle class, or who subjectively 'belonged' to the working class, voted Labour. Unlike in the United States and, to a lesser extent, Canada, where historical peculiarities super-imposed regional differences on class voting,[2] voting by class or occupation in Australia was fairly uniform over time and across state boundaries, although the range both within and between states was considerable. In coalition with the Country party, a Liberal government could legitimately claim to have been significantly more 'national' than Labour. By itself, however, the Liberal party was only marginally more national than Labour and it only irregularly held more rural seats than Labour.

Three other features of Australian voting paterns deserve brief mention for their relevance to Liberal organization and Liberal claims to being the most representative of the Australian parties. Women consistently gave from between five and ten per cent more support to non-Labour, even in the working class. Second, the Liberals seemed to gain more support among young people

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1    See Alford, Party and Society, pp. 177-8.

2    ibid., pp. 178-91. Chapters 8 and 9 of this book describe regionalism in the United States and Canada at Length.

3    Davis in Davis ed., The Government of the Australian States, pp. 621-3.

through the fifties and sixties. Thirdly, in terms of the religious affilitions of its supporters, the Liberal party became more typical, though still not completely representative, of the Australian population as a whole during its years in office. For historical reaons,[1] non-Labour had received a disproportionately low percentage of votes from Catholics of all classes, as a result of which the Liberal parties had become thought of as being Protestant in composition and bias.

The composition of the federal and state Liberal parliamentary parties and extra-parliamentary organizations[2] mirrored and exaggerated the distinctive and typifying characteristics of Liberal voters. Liberal parliamentarians, extra-parliamentary personnel and activists[3] tended to be business men from the middle and upper-middle classes, who had been educated at private secondary (Protestant) schools and rather less frequently had tertiary degrees or diplomas. Liberal cabinet ministers and senior extra-parliamentary office-bearers were even more likely to have come from professional and upper middle-class backgrounds, to have attended public schools and university (including Oxford and Cambridge), and to have belonged to select clubs. A Labour parliamentarian, by contrast, was likely to have come from the middle or lower classes, to have been educated only to secondary school level, and to have been a Catholic and trade union official. Women constituted only a very small percentage of Liberal parliamentarians and senior officials in the extra-parliamentary organization despite the fact that they made up about half of all branch membership, gave strong support to the party, and were very active at the lower levels of the party structure. The number of Catholics in both wings

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1    See Henry Mayer ed., Catholics and the Free Society - An Australian Symposium, (Melbourne, 1961), chs. 2, 4, 5; and Alford, Party and Society, pp. 190-217.

2    See West, Power in the Liberal Party, passim; Aimer, Liberal Party Organization in Victoria 1945-68, esp. chs. 10, 11: Encel, Equality and Authority, ch.12, and pp. 131-5, 1402; S. Encel, 'The Political Elite in Australia', Political Studies, Vol. 1, No.1, (February 1961), pp. 16-36; and, for contrasting Labour figures, Crisp, The Australian Federal Labour Party 1901-1951, Appendix H.

3    The sociologiacl characteristics of Liberal activists are mentioned (in addition to the above sources) in some of the more specialised studies, as follows: Rawson and Holtzinger, Politics in Eden-Monaro, pp. 44-52; C.A. Hughes and B.A. Knox, 'The Election in Brisbane', in Rawson, Australia Votes, ch. 12 (esp. pp. 210-2); and Burns, Parties and People, pp. 87-8 and Appendix I.

was also very small even compared with the party's disproportionately small percentage of the Catholic vote.

It was an axiom of political analysis and electoral strategy, deriving from the 'class' basis of political behaviour, that the Liberal and Labour parties could be sure of winning those seats in which there was a high concentration of the professional groups and upper-middle classes, and the unskilled or semi-skilled working class, respectively. With the L-CP coalition and the ALP each normally certain of being able to win about forty-two per cent of the total vote, and the DLP about seven per cent, the basic strategy of the major parties at elections was to win the greater part of the 'swinging', 'floating', and 'new' vote in some rural electorates and most middle-class metropolitan seats. As mentioned above,[1] it has frequently been assumed from this that there must be a 'convergence on the centre' in terms of doctrine under a single-member, two-party preferential system, each major party moderating its rhetoric and partisan appeal in an effort to win over to its side the uncommitted (and presumably un-ideological) middle-class voters. Consequently, the distinctive principles of each party become obscured or even effaced in the quest for the necessary margin above the forty-two per cent.

It need only be said briefly here that this is too crude and simple a conception of the relationship between a party's ideology, composition and voting support. A major party needs the resources of manpower and finance possessed by its 'class' and 'occupational' supporters and sympathetic pressure-groups. These supporters have to be rewarded, symbolically with partisan ideological rhetoric, and materially with governmental policies which benefit them. Each major party also wants to appeal to the electorate as a whole as the party of the general welfare, deserving of support from people of all classes and sections. Each therefore, has to be simultaneously partisan and moderate. In its case, the Liberal party had to be the party both of business and the well-off and at the same time the party of all classes and sections. It was the tension between these two needs and appeals which produced many of the apparent inconsistencies in its philosophy, and which explains much of the conflict between a Liberal government and its own members and supporting interests. Many examples of this sort of tension will be seen through chapters 4-6.

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1      p. 12 and n3.

CHAPTER 4

ECONOMIC THOUGHT IN THE LIBERAL PARTY

(1) Introduction

The main issue on which the parties were divided from the mid-1940s
to the mid-1960s was that of the role of the state in the economy.
Questions of social, constitutional and foreign policy took the centre
of the stage periodically, but economic policy was the most frequent
source of debate in the party struggle. The constant theme of Liberal
propaganda over these twenty years was that of anti-socialism. As an
opposition, Liberals built their publicity around the concept of
'socialism' in order to sharpen the distinction between their principles
and Labour's. Liberal attacks on 'socialism' and nationalisation started
mildly in response to the Labour government's proposals to take over the
airways and to legislate for stricter governmental control of private
banking. They then grew in intensity when Labour tried to nationalise
the banks in 1947. From that point the Liberal party tried to fight the
propaganda battle on the ground of 'free enterprise versus socialism'.
Whereas Menzies in his policy speech of 1946 had stated rather unconvinc-
ingly that voters had to choose between 'liberal democracy' and an
'authoritarian form of socialism',[1] he could argue with more conviction in
1949 that politics was a 'high and real conflict of principles' and make
out a 'case against socialism' at length.[2] As the government, Liberals
continued to rely on anti-socialism as a major weapon in their electoral
and parliamentary strategies.

In doing this the modern Liberals were, of course, following their
predecessors. 'Free enterprise' had been the central tenet in the creeds
of each non-Labour party, and opposition to socialism the main ground of
their hostility to Labour. Of all non-Labour doctrines, it was free
enterprise and its contribution to personal liberty and self-development,
to the prosperity and welfare of society, and to national development,
which consistently received the most emphasis. The corollary of this was
that the state should intervene in economic affairs only for limited
purposes -- protection, the curbing of monopolies injurious to the public

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1    First page of the un-numbered text of the speech.

2    p.5.

interest, or the achievement of a minimum level of welfare and social justice. The ideal relationship between the state and private industry was one of co-partnership, not nationalisation or political control.[1]

While the outward rhetoric of anti-socialism remained the same during the modern era, changes were taking place in the meaning given to 'free enterprise' both inside the Liberal party and among its supporting interests. The Liberal party, as we saw in chapter 3, was formed at a time when the nation looked to security as the first goal for post-war society. Liberals had absorbed some of this mood; they were anxious to assert that they, too, had embraced the principles of full employment and social security at the same time as they protested that these could be won permanently only through that increased production which an unshackled private enterprise would bring about. But the party was now to be faced with scepticism when it tried to convince the electorate that social security and full employment were attainable even under a system of 'controlled' free enterprise. As the successor of the previous major non-Labour parties, however much reformed and anxious to proclaim its difference from its predecessors, the Liberal party was inevitably handicapped at the start by inheriting the public reputation of its predecessors for fiscal orthodoxy and social irresponsibility. It was easy for Labour propaganda in the 1940s to portray the Liberal party as another 'front' organization, like the Nationalist and United Australia parties, serving the interests of big business rather than the welfare of society as a whole.

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1    For examples illustrating the language and content of early Liberal
     thought on private enterprise and state intervention in the economy
     (in addition to the ones given in ch.2) see: Alfred Deakin, The
     Liberal Party and Its Liberal Programme, p. 7; Reid's objections to
     socialism in his debate with Holman in Socialism as defined in the
     Australian Labor Party's objective and platform:  official report
     of a public debate in the Centenary Hall, Sydney between G.H. Reid
     and W.A. Holman, [Sydney, 1906?], p.37, (Holman was then deputy-
     leader of the Labour party in NSW); the Nationalist party's revised
     platform of 1923, at a time when it had been bothered by Hughes'
     continuing socialistic leanings, printed in Australian National Review,
     20 November 1923, p. 21; Lyons, A Way to Prosperity, pp. 11-12, and
     Australian Statesman, 1 December 1933, p. 3 (editorial), and June 1934,
     p.7.  On the theme of 'national development' see Reid's Manifesto,
     p. 12 and Cook's The Policy of Liberalism, pp. 9-10; Australian
     National Review, 18 September 1925, p. 19, and Australian National
     Federation, Constitution and Platform (1926), Federal Platform, p. 7;
     and A Way to Prosperity, pp. 17-18.

The new Liberal party's concessions to modernism through its acceptance
of social security and full employment were not to be approved without
reservation or challenge by all sections of the Liberal party or by all of
the traditional supporters of non-Labour in the business community. The
long period in office of the Liberal party, together with a changing
economic climate, partially resolved these tensions, although after the
late 1950s it also brought new ones. It is the purpose of the present
chapter to illustrate the changing and sometimes conflicting ideas of free
enterprise held by the Liberal party and its supporting interests in the
context of the events and issues of the forties, fifties, and early sixties.
Since the ideas of the business community comprised one major strand of
conservative thought on economic affairs, a lot of attention is given
throughout the chapter to the views of commerce, manufacturing, and the
IPA-Victoria on important issues. 'The business community' is used here as
a short-hand phrase for this diverse body of people who frequently disagreed
on what the government should do, but who were united at this time in their
anti-socialism.

## The 1940s

### (2) Freedom Versus Planning

At the time of the formation of the Liberal party, the business
community was becoming increasingly apprehensive about the prospects for
the survival of private enterprise in the post-war era. Although
conservatives had sometimes alleged that Labour's actions were directed to
the goals of socialism rather than to the war effort, they had accepted the
necessity for private business interests to be completely subordinated to
the needs of war production. From quite early on in the war, however, they
had become disturbed by some of the suggestions coming from the Labour party
and its more vocal supporters about the desirable shape of post-war society.
As 1944 brought the eventual end of the war into sight, and the speculation
about post-war reconstruction became more earnest and deliberate, business
interests demanded that the Labour party should begin to relax controls on
private enterprise. Meeting with refusal, they became suspicious that the
party intended to preserve controls after the war in order to bring about a

'socialist' society.[1] The 'powers' referendum of 1944,[2], they thought, pointed to this conclusion. The 1945 Airlines bill,[3] introduced despite Curtin's election promise of 1943 not to socialise any industry during wartime, served to confirm their fears about Labour's post-war intentions.

The anxiety of businessmen and the new Liberal party was more than the traditional fear of 'socialism'; it was also a reaction to the wartime planning mood. So far as this demanded a post-war world of greater prosperity, security and social justice, conservatives were in broad sympathy with it. But they felt that the fervent enthusiasm with which these aims were proclaimed had lulled many people into a state of indifference towards the methods by which they should be achieved. Conservatives were especially hostile to those propagandists whom they liked to refer to disparagingly as 'theorists' and 'professors of economics'. In their view these 'planners', as advisers to the Labour party and as public officials enjoying considerable prestige and influence over public opinion, enabled the Labour party to disguise its socialism in the beguiling aims of security and full employment. Although the theorists were sometimes dismissed as possessing only an innocent academic enthusiasm for planning, non-Labour writings frequently implied that some of them were in league with those socialists in the Labour party who were trying to bring about a fully planned economy. By public reputation the three leading 'planners' were Dr. H.C. Coombs, then Director-General of the Ministry for Post-War Reconstruction; Professor D.B. Copland, Prices Commissioner and Economic Consultant to the Prime Minister; and Dr. Lloyd Ross, Director of Public

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1    This suspicion was not entirely without foundation. Labour federal conferences were pressing for the government to implement the general socialisation principle of the party, and some vocal left-wingers would frequently call for 'socialism in our time'. (See, for example, Crisp, The Australian Federal Labour Party 1901-1951, ch. XIV, esp. pp. 287-91; and Hasluck, The Government and the People 1942-1945, p. 363).

2    See ch. 6 for a full description of the bill and referendum.

3    See below, pp. 95-6.

Relations in the Ministry of Post-War Reconstruction.[1] Their views on post-war reconstruction, as set out in papers delivered at an AIPS conference in January 1944,[2] exemplify the wartime planning mentality and provide a convenient summary of the planners' arguments in the year in which the Liberal party came into existence. The criticisms which were made of their papers at the conference,[3] and later in business journals, typify the scepticism of conservatives towards this outlook.

Coombs based his case for the continuance of controls on economic grounds. He argued that there would be a number of problems in the post-war period which could be solved or diminished in their effects only through governmental controls. These problems were those of transferring manpower from war to civil industries, of gearing industry back to the production of consumer goods, of stabilising the prices of exported primary products, of preventing the inflation which would follow the use of accumulated savings for consumer goods, and of limiting the demand for desired imported goods.

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1    All three had academic (and administrative) rather than political backgrounds. Coombs was an economist who became a senior official in the Commonwealth Bank in the mid-1930s and then in the Treasury in 1939. He was Federal Director of Rationing in 1942, a member of the Commonwealth Bank Board 1942-6, and remained Director-General of Post-War Reconstruction until 1949. In that year he became Governor of the Commonwealth Bank of Australia, and, despite being regarded by many conservatives as a protege of Chifley, retained that position after the Liberal party came to office. (See p.225. ) He was also chairman of the Commonwealth Bank Board 1951-60. Copland was an academic economist from the 1920s to the 1940s, Commonwealth Prices Commissioner 1939-45, and Economic Consultant to the Prime Minister 1941-45. He was later a diplomat under both Labour and Liberal administrations. Ross had also been an academic and university administrator from the 1920s. He was then state secretary of the NSW Branch of the Australian Railways Union 1935-43 and Director of Public Relations in the Department of Post-War Reconstruction 1943-9. The snide criticism made of the three was unfounded. Only Ross was committed to the Labour point of view.

2    Reproduced in D.A.S. Campbell ed., Post-War Reconstruction in Australia, (Sydney, 1944), chs. II-IV. The papers were entitled, respectively, 'The Economic Aftermath of War', 'The Change-over to Peace', and 'A New Social Order'.

3    Several Liberals (then of the UAP) attended the conference and made comments on some of the papers. H.E. Holt and Menzies were two. Other prominent conservatives, like Dr. Frank Louat of the Constitutional Association of NSW (and a UAP candidate in the 1943 elections), and C.V. Janes, a member of the Sound Finance League, were present and made critical comments on the papers.

Coombs believed that controls would be necessary not just for the purpose of transitional adjustments but also for the realisation of the aim of a new and better world. Conceding that 'everyone's vision of the New Jerusalem...is different from his neighbour's', he claimed that through them all or at least the vast majority of them there were common themes which could be summed up in the objectives of 'employment, rising standards of living, development and security'. Challenged on the point that his plans would deprive consumers of effective economic choice, with the innuendo that his philosophy was socialistic, Coombs denied that he had approached the problem with any political pre-conceptions, rebutting the charge by saying that 'what we build after the war will grow naturally out of the Australian tradition [of practical idealism]'. He added that he was expressing in general terms what he believed to be the 'hopes and aspirations of the people of Australia for the post-war period'.[1]

Copland, conscious of the failure of the last post-war period, saw hope for an improved organization of society in the lessons of the depression and in the restoration of some unity of purpose during the present war. Accepting Coombs' objectives as ones which he assumed should inspire the confidence of both the entrepreneur and the people as a whole, he argued that a number of controls would be necessary while the permanent structure of the new economy was being established. High levels of consumption and investment would have to be reconciled through rationing with an equitable distribution and general equilibrium; prices, capital issues, and trading bank policies would have to be controlled; and public works would have to play a larger part. After this phase controls could gradually be liquidated until the point was reached of the 'maximum level of economic freedom consistent with the objectives of full employment and a more equitable distribution of incomes'. Copland was challenged like Coombs: his issues were really 'political'; there was an indication of 'class consciousness' in his proposals for planning; bureaucrats had shown themselves to be inefficient in their administration of price controls; the human spirit might be imprisoned for the sake of order; and, from R.G. Menzies, with the argument that although controls would be necessary, economists' solutions tended to be too simple, and overlooked the difficulty of persuading the public of their merits.

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1    'The Economic Aftermath of War', loc. cit., pp. 78, 115-20.

Ross pleaded for a planned democracy which guaranteed full employment, educational opportunities, social security, and improving standards. The idea of a new order, he said, assumed conditions different from those prevailing before the war -- 'an elimination of social ills; a freeing of ideals and a granting of another opportunity to avoid wars and unemployment'.[1] Reviewing the literature of the 1930s and 1940s on economic thought and society, Ross was able to claim that some enlightened businessmen and conservative economic and political thinkers had now come to accept the principle of planning as essential and as not wholly incompatible with liberty. His talk drew similar warnings about the dangers of centralising control in the state and of an excessive planning leading to a very restrictive socialism.

The business community expressed a strong dislike of the planners' arguments. The Associated Chambers of Manufactures of Australia (ACMA) described the talks in its official newsletter as a 'deluge of wordy nonsense and pitiful fustian', in which the post-war fate of Australia as envisaged by Professor Copland would be a 'veritable bureaucrat's auto-da-fé'.[2] Three businessmen reviewing the talks for Rydge's Business Journal agreed that the aims of the speakers had been worthy, but said that controls and regimentation would be inconsistent with freedom in peacetime and that, by destroying incentive, they would fail to produce prosperity, full employment and social security.[3] The common assumptions underlying the criticisms of the planners were that economic liberty for consumers and entrepeneurs would decline as the degree of planning increased, and that such planning, tending to feed on itself, would eventually bring about a bureaucratically controlled state which would threaten the citizen's liberty as a whole. The three advocates of planning, anticipating this general objection, had in fact been at pains to deny that there was any irreconcilable antagonism between liberty and controls. Coombs had said that governmental control of basic resources was not inconsistent with the 'perfect freedom [of the entrepreneur] to plan his activities over the greater proportion of the field'. Copland had expounded the problem as

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1    'A New Social Order', loc. cit., p. 193.

2    Canberra Letter No. 266, 2 February 1944, p. 2. Extravagant language was common in the mid-1940s, both from the 'new order' theorists and their opponents. Cf. The Record, official journal of the Melbourne Chamber of Commerce, Vol. 8, No. 8, (June 1944), p. 5.

3    Rydge's, Vol. XVII, No. 4, (April 1944), pp. 216-7, 220 and 232, 223-4.

being one of developing a system of controls 'that [will] achieve results
[similar to wartime] under conditions of individual freedom...which should
not require the fettering of free enterprise'. And Ross had argued that to
present the problem as a choice between liberty and security was to pose a
false dilemma in an age when liberty had to be seen in its wider social
context and when even business and professional men had come to recognise
the merits of scientific national planning.

The worried mood of business in the mid-forties emerged clearly in its
journals.[1] Editorials, articles and presidential addresses constantly
bemoaned controls and regulations, visionary designs for a 'new order',
strikes, disrespect for the law, and the 'decline' of British institutions.
Business was particularly disturbed by the amount and intensity of the
propaganda which was being directed against private enterprise by the Labour
party and other socialist groups. The tone of its literature at this time
was that of a cause which felt that it was being unjustly attacked and yet
found difficulty in defending itself in an unsympathetic climate of opinion.
The fright and anxiety of business at finding itself in public disfavour and
and embattled by what it saw as socialist theories is vividly captured in
a retrospective account by C.D. Kemp. He recalls in his book Big
Businessmen[2] that these were times of 'fierce controversy' -

> Ideas, both political and industrial, were in the melting
> pot. Everything was fluid. The mould of the post-war
> economic and social system had still to be shaped. The
> old order of the pre-war world was clearly doomed. But
> what was to take its place?

Increasing numbers of people, Kemp relates, were accepting the socialist
prescription, 'if for no other reason than that there was no constructive
alternative to which they might be persuaded to give their allegiance'.
He recollects the difficulties of defending a creed which had become
unfashionable. At gatherings of intellectuals, he says,

> ...those who threw doubts on the ideas supported with
> almost religious fervour by the socialists were regarded
> either with unconcealed suspicion or with pitying contempt;
> they were looked upon as out of touch with the realities of
> modern thought or as people with a selfish, vested interest
> in the old order.

Free enterprise, Kemp goes on, was hard pressed, under bitter and often
unfair criticism. Some businessmen, shocked by the intensity of the
attacks, harboured grave doubts as to whether the free enterprise system

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1    See, for example, the issues of Rydge's, Canberra Letter, and Record
     for 1944.

2    See pp. 168-9.

would eventually survive. Looking back from the comparative political calm and widespread affluence of the 1960s, Kemp says, 'it is hard to conceive of the intensity of feeling in those days and the yawning, apparently unbridgeable gap between representatives of divergent political and economic beliefs'.[1]

This 'unbridgeable gap' probably existed more in the rhetoric of the times than in the substance of differing policies. The business community as a whole accepted that an orderly return to peace required a period of gradual and selective slackening of controls, realising that an immediate end to controls would make for a chaotic start to reconstruction. The specific complaints behind the counter-attacks of business on socialistic 'new orders' were in fact relatively commonplace. The most common was that the controls which the business community had understood to be only temporary were being strictly maintained even as the war effort was being wound up. What had been imposed for the duration of the war, businessmen said, should at least be relaxed now that it was no longer demanded by military necessity. They had been partly reassured by a statement by Curtin in 1944 that the main responsibility for employment and production after the war would fall on private enterprise.[2] But, they argued, if industry was to play such a major part it must be freed of the restrictions which limited its plans for expansion. Profit control should be abandoned, price control simplified, and taxes greatly reduced. The government should also assist business and the economy more by quelling disruptive strikes, improving the housing situation, checking inflation, and bringing in more migrants.

The broad attitude of businessmen, pieced together from material in business journals, was not so much that the debate was a contest between the doctrines of free enterprise and socialism as that Labour's obsession with controls threatened to create such a contest. Their private enterprise, as they saw it, was not the irresponsible capitalism of the past whose great benefits had been marred by its social evils. The days of unregulated private enterprise, they were now saying, had long since passed; no-one, or very few, believed in laissez-faire any longer. If business had been negligent of its responsibilities to society in the past, it now fully recognised them; it, too, believed in a better post-war period. What it

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1    Cf. W.H. Anderson, Times to Remember, p. 5.

2    See SMH, 1 and 2 August 1944.

disagreed with was Labour's methods and priorities. Private enterprise, allowed to expand under only indirect controls, would best achieve that production and development which was the only long-term answer to the problems of employment and social security. Labour's controls, despite the good intentions behind them, ignored the lessons of history -- the failure of state enterprises, the unchangeability of human nature, and the inherent tendency of regulations to lead to the growth of an all-pervasive bureaucratic system which would soon exhibit a totalitarian contempt for ordinary human liberties. It would be tragic, businessmen concluded, if the ideals for which the war was fought were subverted in peacetime by such a system of regimentation, no matter for what desirable ends it was imposed. They should all remember Churchill's words: 'We must beware of building a society in which no one counts for anything except an official or a politician -- a society where enterprise gains no reward and thrift no privilege.'[1]

## (3) Nationalisation

The propaganda of the Liberal party and other opponents of Labour in the mid-forties had tried to dramatise the economic debate as a fateful contest between 'free enterprise' and 'socialism'. This had not been very convincing, as we have just seen; none of Labour's actions went much beyond the bounds of what would be expected from a reformist party in a reconstruction period. Until 1947 it was hard for the Liberals to show how controls and bureaucratism would inevitably lead to 'socialism' and then to 'totalitarianism'. Labour's attempt to nationalise the banks changed the 'freedom versus planning' debate into one of 'free enterprise versus socialism' by provding an issue on which anti-socialist propaganda could be made more plausible. The ensuing controversy was probably the main turning point in the economic debate of the forties.

Labour's two main targets for nationalisation in the 1940s were the airlines in 1945 and the trading banks in 1947. A third bill, the Shipping Bill of 1948, was not technically a proposal for nationalisation, but it was

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1    This quotation comes from a speech in 1943 in which Churchill outlined a Four-Year Plan for post-war social policy. Conservative groups frequently quoted this sentence, and also another in which Churchill, after admitting the need for social security and saying that there would be a 'broadening field for state ownership and enterprise', went on to say that '...it is [therefore] all the more vital to revive at the earliest moment a widespread, healthy and vigorous private enterprise [to provide employment]'. (See The Times (London) 22 March 1943).

treated by the Liberals as an attempt to bring about a government monopoly of shipping by subterfuge.[1] The same basic arguments against nationalisation were used by the Liberal party, the Country party, the business community, and other conservative groups.[2] They differed only in the vehemence with which they attacked nationalisation, on whether it meant socialism now and communism a little later or just a tendency towards these, and in the extent to which they bothered to justify their arguments in terms of history or economic theory. Their arguments can be treated here as comprising a collective conservative view against nationalisation, which is now outlined in a systematised form.

The opponents of nationalisation began by arguing that Labour had not been able to produce any evidence from impartial bodies that there was anything wasteful, inefficient, or contrary to the public interest in the workings of the banks, airlines and shipping industry which justified take-overs by the government. In the case of banking, they pointed out, the 1937 Report of the Royal Commission on Monetary and Banking Systems had not recommended any basic changes. They were not opposed, conservatives said, to the conversion to public utilities of industries which private enterprise could not handle profitably or in a manner consistent with the public interest and in which there was no confidential relationship between the owners and clients. But the airways, banks and shipping companies were not analagous to the railways: they had been profitable and had acted in the public interest, and in the case of banking there was a personal relationship of trust between the manager and the client. Where private enterprise was already established in this way, governments should not take them over for 'ideological' or 'academic' reasons or force them out through unfair competition, least of all without paying adequate compensation.

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1    See Menzies' speech in parliament, CPD, Vol. 201, pp. 988-998.

2    See, for some examples of conservative views, the parliamentary debates on these bills, CPD, Vol. 181, 182, 183, 184, 193, 194 and 201; the pamphlets Grab! Confiscation of Airways, (Sydney, 1945), Just a Moment on Finance, (Sydney, n.d.) of the Australian Constitutional League; the booklet Money and Banking in Australia, (Sydney, 1945) and the pamphlet What is Nationalisation For?, (Sydney, 1947), published by the IPA-NSW; the pamphlet Nationalisation and the Banks, (Sydney, 1947) of the Sound Finance League of Australia and the Sound Finance Association of Victoria, and Sound Finance (the monthly review of those two organizations), vol. 6, No. 1, (January 1945); Vol. 8, No. 9 (September 1947); Vol. 8, No.11, (November 1947); the Record, New Series, Vol. 1, No. 4, (September 1947); the Manufacturers' Bulletin, (Journal of the Chamber of Manufactures of NSW), Vol. 17, No. 9, (September 1947); and the article 'Nationalisation' in the IPA Review, Vol. 1, No. 5, (December 1947), pp. 2-11.

These arguments were brought out most forcefully in the banking controversy.[1]  For private enterprise and its defenders it was a case here, as an editorial in the Record put it, that a 'threat to the banks' was a 'threat to us all'.[2]  Chifley had asserted that the banks, as profit-making enterprises, were bound in the last resort to protect their own assets,[3] and in his dissent from the majority in the Report he had stated that there was 'no possibility' that private banks would put the national interest before their own in the event of a conflict between the two.[4]  Since the influence of money was so great, he argued, the business of the banks should be transferred to public ownership.  In support of this reasoning, he claimed that the banks had promoted unsound development in the 1920s and then accentuated the contraction of business and employment in the depression years.  This was to become one of the most bitterly contested points of the whole debate.

Defending the private banks, conservatives said that they had ameliorated, rather than aggravated, economic conditions in the depression.[5]  They admitted that there might have been instances when individual banks were unnecessarily harsh towards  customers but insisted that the banks, despite displaying the normal faults to be expected of any institution in difficult circumstances, had conducted themselves with a commendable sense of public responsibility.  In addition to the majority judgement of the Royal Commission  they were able to produce statements from a number of authorities -- including Professor Copland -- in their support.  Labour's attitude, they thought, failed to recognise that the depression had been a world wide phenomenon; it really derived from an obsession with monetary reform and an irrational hatred of profit.

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1    For a detailed study of all aspects of this see A.L. May, The Battle
     for the Banks, (Sydney, 1968).  Appendix III of this book contains
     sample extracts of conservative ('right') literature.  See also
     D.B. Copland and R.H. Barback eds., The Conflict of Expansion and
     Stability - Documents Relating to Australian Economic Policy 1945-52,
     (Melbourne, 1957), ch. 10.

2    Vol. 1, No. 4, (September 1947), p. 1.

3    See the extracts from his speech in presenting the 1947 in Copland
     and Barback eds., op.cit., pp. 755-8.

4    See the excerpts from his minority report given L.F. Crisp,
     Ben Chifley: A Biography, (Melbourne, 1961), pp. 171-2.

5    The IPA-Victoria was at special pains to show this.  See 'The Banks
     and the Depression' and 'Graphs of Bank Statistics' in the Review,
     Vol. 1, No.5, (December 1947), pp. 12-17, 18-21.

The Liberals and their allies argued that the functions of a central banking institution, such as the Commonwealth Bank, should be divorced both from competition with private banking and from any of the political considerations of government. These functions, they said, were to regulate the volume of credit and currency in order to give stability to the value of the currency and to maintain a high level of trade and employment. If the Bank was to provide this stability and guidance, it was essential that its policies should not be subject to interference from governments for political reasons. Only if it was free from pressure of this kind could it provide effective leadership in a co-operative banking system. Labour's legislation of 1945 had already destroyed the traditional freedom of the Commonwealth Bank by creating a single Governor responsible to the Treasurer. This had put the Bank in danger of being reduced to little more than an 'agency of the ruling government'. The legislation of 1947 was now going beyond this to create a state monopoly which would be in the hands of the ruling political party. The private banks would be unable to compete against the resources of the Commonwealth Bank and would eventually be completely eliminated.

Since the earlier legislation had already given the government sufficient power to stabilise economic conditions, the government's professed reasons for bringing in the legislation must be fraudulent. What it really wanted was a financial monopoly with full control over all banking facilities. Through this it could exercise control over all sectors of production and business. If the individual did not have a choice of banks, they went on, the government could discriminate against the customer on any grounds without his having recourse to a court of appeal. The special relationship of trust which had previously existed between banks and their customers would no longer be present, and clients would have to deal with an all-powerful government monopoly which would offer neither choice nor efficient service. The power which governments would then have over the private lives of individuals would mark the beginning of a totalitarian, 'servile' state. The legislation, they concluded, was 'un-British' and 'undemocratic'. The history of democracy was one of the successful struggle of people for limitations upon the power of the executive. Nationalisation reversed this process by increasing the power of the state. In a debate remarkable for the number of its historical examples, quotations from reputed authorities[1] and overseas

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1    See May, Battle for the Banks, p. 75 for some of these. There were
     others, among them Keynes and Beveridge, whom conservatives liked to
     cite as believers in a private banking system.

comparisons, Liberals liked to illustrate this last point by drawing upon definitions of democracy in terms of limited government, frequently from Lincoln and Jefferson.

(4) Full Employment

The debate over 'freedom' and 'controls' often came to a sharper focus in the issue of full employment. The Labour government in the mid-forties had made full employment the primary goal of its domestic economic policy; it was for this objective in particular that it was prepared to retain strict controls on the economy after the war. Much of the economic debate of the years 1944 to 1949 then centred around the questions of the practicability and desirability of full employment. Conservatives were, on the whole, though far from unanimously, of the opinion that full employment was desirable as an aim but impracticable as an immediate policy.

The right to security of employment had, of course, always been an article of faith in the Labour movement. Its experience of the inter-war period, during which unemployment had averaged about 10 per cent and risen to more than 25 per cent in the depression,[1] and its fear of another depression after the war when servicemen were de-mobilised, resolved the Labour government to adopt the maintenance of full employment as the major and 'positive' part of its post-war economic policy, both domestic and international.[2] The government was convinced that full employment was vital not just as an internal objective but also as the basis of international prosperity and stable trading relations between states. This was necessary to prevent a return to that economic nationalism which, it thought, had been a major cause of international tensions in the 1930s. As a country greatly dependent on trade and traditionally given to policies of tariff protection and Empire preference, Australia could thereby also reconcile her selfish national interests with the freer international trade envisaged by

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1    These figures are taken from the excerpts from the White Paper referred to below, and contained in Crawford, cited below, p. 23.

2    For some general descriptions of full employment as an issue in the 1940s, and the development of Labour's attitudes and policies on it, see E. Ronald Walker, The Australian Economy in War and Reconstruction, (New York, 1947), ch. XVI; Hasluck, The Government and the People 1942-1945, pp. 459-63, 465-70; Copland and Barback eds., The Conflict of Expansion and Stability, ch. 1; J.G. Crawford, Australian Trade Policy 1942-1966: A Documentary History, (Canberra, 1968); and W.J. Waters, 'Australian Labor's Full Employment Objective, 1942-45', Australian Journal of Politics and History, Vol. XVI, No. 1, (April 1970), pp. 48-64.

the Atlantic charter and in particular protect herself against any slump
which might be 'exported' from the United States.  Through a series of
international economic and trade conferences from 1942 to 1945 Australia
aggressively sought to get the objective of full employment written into
agreements as a binding objective.  It was eventually successful in getting
a modified form of the objective written into the ECOSOC provisions of the
UN Charter.

The government's official domestic policy on full employment, fore-
shadowed in earlier announcements by Chifley,[1] was presented in a White
Paper on the subject in May 1945.[2]  J.J. Dedman, the Minister for Post-War
Reconstruction who introduced the Paper to parliament, said that the policy
of full employment was the government's 'positive contribution to the
security of the individual'.  Full employment spelled opportunity, and
opportunity opened the way to achievement.  He made it clear that the
policy was integrally linked with other government measures in banking, the
re-establishment and re-employment of servicemen and 'women, and with a
previous series of social security measures.  It was now the responsibility
of the commonwealth and state governments to 'provide the general framework
of a full employment economy'.  The Paper envisaged, in an apparently
Keynesian approach,[3] that governments would be responsible for maintaining
a high level of that public and private capital expenditure on which
production, and hence employment, depended.  It acknowledged that various
controls and other measures would be necessary to deal with the special
problems of inflation, mobility and resources, efficiency in business,
and balance in overseas payments, that would present themselves in a full
employment economy.

White Papers on full employment similar to Australia's were also made
around this time in Britain and Canada.  The British Paper attached more
importance to private investment as a means of maintaining a high level of

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1    See Crisp, Ben Chifley, pp. 188-92.

2    The sections cited above of both Crawford and Copland,Barback
     (eds.) contain extracts from and comments on the White Paper.

3    Crisp writes that 'Experience and instinctive inclination had
     predisposed Labour men to Keynes' approach and central theses...
     [and] Chifley in a broad sense became a "Keynesian-of-the-first
     hour"...' (Ben Chifley, p. 169.)  Crawford, however, seems to doubt
     this when he says that 'Thinking [i.e. in the White Paper] was still
     very much in terms of a simpler proposition:  the depression of 1930
     must not be allowed to happen again.' (Australian Trade Policy, p.20).

total expenditure and the Canadian one gave more prominence than either of the other two Papers to the role of private enterprise.[1] In acts passed through Congress in 1944 and 1946 the United States also joined in the aspirations of the time for 'work for all'.[2] In the British and Australian White Papers in particular, the influence of Beveridge's Full Employment in a Free Society was clearly evident, according to commentators.

The reaction of some sections of the press and business community to the White Paper was hostile. Their main ground of complaint was that full employment could be achieved only by 'regimentation', 'industrial conscription', and a continuation of irksome wartime controls. These, they implied in their attacks, would destroy liberty, enterprise and even democracy itself. The Sydney Morning Herald argued that a policy of 'more jobs than men' could be maintained only by a perpetuation of 'iron restraints' and would mean a 'totalitarian regime' for Australia.[3] Basil R. Orr, in his presidential address to the Chamber of Manufacturers of NSW,[4] claimed that the White Paper was really saying 'To Hell with Democracy'. It was a 'blueprint of complete Government control'. Pointing to the record of strikes, absenteeism, go-slow tactics, reduced production, and lack of discipline in large sections of industry, he said that full employment 'can never be achieved, and there is no satisfaction in it for either the employer or the employed'. The Paper was essentially a negative document, 'unacceptable to a virile and enterprising British community'.[5] The IPA-NSW was scornful of the possibility of literally full employment, as it thought the 'planners' were proposing. 'Full employment', its Bulletin declared, 'is almost beyond doubt an impracticable policy...unless there is provision for compulsory labour'.[6]

The IPA-Victoria, though concerned about many of these same difficulties, wrote about full employment in a more moderate tone. Its booklet Looking

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1    See the extracts printed in Copland and Barback (eds.) from a paper on this subject (pp. 26-32); cf. Walker, The Australian Economy in War and Reconstruction, p. 379.

2    Walker, op.cit., p. 379: and see Stephen Kemp Bailey, Congress Makes a Law -- The Story Behind the Employment Act of 1946, (New York, 1950), chs. I-III.

3    Editorial 31 May 1945, cited in Waters, 'Australian Labor's Full Employment Objective, 1942-45', pp. 63-4.

4    Delivered at the Annual Meeting of the Chamber of Manufactures of New South Wales, Sydney, 9th August 1949.

5    ibid., p. 3.

6    Bulletin, No.6, January 1945, and No. 9, July 1945. (Quotation from the latter.)

Forward had declared[1] that the 'supreme task' of post-war economic policy should be the prevention of large-scale unemployment and, so far as was possible, the maintenance in useful work of every willing worker. Failure to achieve this in the past had been the chief source of the condemnation of the economic system as it then operated; failure to achieve it after the war ' would almost certainly lead to political and social consequences of a disastrous character'. For this purpose the government would have to ensure a high level of investment and to organise and guide the economic system more than it had done before the war. In an article on 'Full Employment' in August 1947,[2] the IPA Review acknowledged that full employment had been realised. But, the article pointed out, it had not brought about the higher productivity which had been hoped for. Many employers had become dubious whether this admirable social ideal could work satisfactorily and were returning to the idea of a 'pool of unemployment' as a means of assuring progress from hard work and industrial discipline. The Review was sympathetic to these complaints, but it was anxious to dispel the idea that there should or could be a return to a pool of unemployment. It was, Review said, a 'categorical imperative' that full employment should be retained; a return to a pool of umemployment was not either 'politically practicable or morally defensible'. Instead, incentives should be restored; education in industrial economics given to workers; joint consultation between employers and employees instituted; and restrictive practices by both employers and unions eliminated.

The attitude of the Liberal party to the idea of full employment was two-sided. It was anxious to appear sympathetic to the ideal; but at the same time it shared many of the doubts of the business community as to its practicability. Its ambivalence was reflected in the terminology in which it referred to employment. The objectives of the Canberra conference of 1944 referred, not to 'full employment', but to '[a country] in which constant employment at good wages is available to all willing and able to work'.[3] Menzies himself was apparently sceptical, because in his own draft of the proposed objectives had included after this: '[a country] in which the unavoidable minimum of unemployment arising from sickness or change of occupation is provided against by adequate pecuniary unemployment benefits'.[4]

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1    See pp. 15 (from which the quotation comes), 18-24.

2    Vol. 1, No. 3, (August 1947), pp. 20-5.

3    Forming the Liberal Party of Australia, p. 14.  Emphasis added.

4    ibid., p. 9.

In June 1945 Menzies was also reported to have used the term 'maximum' in preference to 'full' employment.[1] The Labour party, playing upon the reluctance of the Liberals to make an unqualified commitment to full employment, coined the slogan 'You'll all be cool in Menzies' pool'. In his policy speech of 1949 Menzies denied that full employment was a real issue between the parties and made an apparent commitment to maintain it.[2]

Part of the debate centred on the precise meaning of the word 'full'. This time the economists were useful allies for the conservatives. Beveridge himself had allowed that there would be an irreducible minimum of 3 per cent of the work-force unemployed at any given time.[3] Dr. Coombs, whose influence was noticeable in the White Paper, had used the term 'high and stable level of employment' in a lecture in 1944.[4] By this he meant that not everyone would be in a job all the time.[5] The White Paper itself seemed to follow this definition of 'full'.[6] Liberals and other conservatives found some support for their scepticism about the chances of full employment being achieved from Professor T. Hytten, then economic adviser to the Bank of New South Wales, and Professor Copland. Hytten, in 1945, was doubtful whether full employment could be attained;[7] and in 1949 he argued that what he called 'over-full' employment had led to lack of discipline, a slackening of effort, and inferior workmanship in industry. The White Paper, he thought, had sought security at the expense of a higher standard of living. He suggested that Australia might do better to go back to the level of unemployment (6-8 per cent) which had existed in the best of the years in the twenties. Copland also believed that employment of such a high level as that advocated by Beveridge was not attainable without regimentation, inflation, and the weakening of industrial discipline. He was in agreement

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1    SMH, 30 June 1945

2    p. 11.

3    William H. Beveridge, Full Employment in a Free Society - A Report, (London, 1945), par. 169.

4    Problems of a High Employment Economy, the Joseph Fisher Lecture in Commerce, Adelaide, 29 June 1944.

5    ibid., p. 7. Conservatives took up the 'high and stable' definition and quoted it in contradistinction to 'full' employment, as if Coombs had been sceptical of the idea that there could be jobs for all. In fact Coombs had stated that it envisaged that 'there will be a few more jobs available than men and women to fill them, that there will be a slight but persistent shortage of labour'. (ibid.)

6    See Crawford, op. cit., p.23.

7    See his remarks in opening a discussion on an AIPS paper 'The Post-War World Economy' by L.G. Melville in L.G. Melville and others, Australia's Post-War Economy, (Sydney, 1945), pp. 46-50; and the extracts from a paper by Hytten, 'Some Doubts on "Full Employment" Policies', in Copland and Barback eds., The Conflict of Expansion and Stability, pp. 67-74.

with an American government report which had advocated a 5-8 per cent level of unemployment.[1] Business journals continued to cite Hytten and Copland through the 1940s, but the Liberal party, more realistic, did not pursue its scepticism to the extent of endorsing their recommendations.

Full employment did not remain such an important issue in party politics as it had been in the forties. But to maintain full employment was one of the greatest challenges that the Liberal party faced when it came into office. Despite a temporary rise in unemployment in the early 1950s it was successful in doing this, and it was able to make much in its propaganda of the fact that it had disproved Labour's allegation that it was the 'party of unemployment'. Perhaps indicative of its confidence, the wording in the Liberal platform on this subject was changed in 1960 from 'constant' to 'full' employment.[2] Even presidents of the Chambers of Manufactures in the late fifties could confidently demand taxation concessions or higher tariffs for the purpose of upholding 'our policy of full employment'. The near defeat of the L-CP government in 1961 at a time of recession and unemployment was a reminder to conservatives that unemployment was still a sensitive matter and a potential breaker of non-Labour governments.

(5) Industrial Relations

Another major source of contention between the parties in the 1940s, and also within each party, was that of industrial relations. The Labour party, organizationally based on the trade union movement, was bound to sympathise with the claims of unions, yet as a government it dared not publicly identify itself too closely with all their causes, especially those which seemed to have been inspired by communists. The Liberal party[3] and other conservatives were critical of strikes and what they saw as 'lawlessness' and 'anarchy' in industry. At the same time, like their predecessors,[4] they wanted to demonstrate the genuinesness of their belief in better relations and conditions of working in industry and in full or high employ-

1    See Garnett, Freedom and Planning in Australia, pp. 187-9, where the
     the author summarises lectures given by Copland in 1945 under the
     title 'The Road to High Employment'.

2    cl. 74 (1960).

3    The pamphlet Industrial Policy in the NSW division's series Liberal
     Party platform: setting the course for progress, (Sydney), [1946],
     No. 5, is probably the best general summary of Liberal doctrines and
     attitudes on this subject.

4    On matters of industrial relations, the earlier non-Labour parties had
     all called for 'co-operation' and 'partnership' and 'goodwill'. As
     ernests of their good faith they had often included provisions for
     profit-sharing and 'better conditions in industry' in their platforms
     or policy speeches.

ment. Their general argument, endeavouring to reconcile these two attitudes, was that unions could not simultaneously have access to an impartial conciliation and arbitration system and retain the right to strike. The belief that there was any natural antagonism between the interests of employers and employees was a false, Marxist conception, conservatives said. There was in fact no real long-term conflict of interests; each stood to gain from co-operation and consultation and from the raising of standards of efficiency and levels of production.

There had, of course, been few strikes or industrial disputes during the thirties, when about one-tenth of the work-force was unemployed. During the war and immediate post-war years, when there was no unemployment, disputes and strikes became frequent, particularly in the mining industry.[1] In parliament the UAP and Liberal party made this unrest a frequent subject of censure and no-confidence motions against the Labour government,[2] alleging that the government had a 'sectional' bias towards the unions. The government lacked the courage, these parties said, to take the necessary strong action against communists and extremists who instigated strikes for the 'political' purpose of undermining the conciliation and arbitration system and bringing about class war and revolution.

It was in fact true that communists had gained control of many of the key unions in the 1940s,[3] partly because they were more energetic and better organized and could intimidate opponents at meetings and elections. In May 1949 Menzies gave notice of a private member's bill on behalf of the opposition to amend the Conciliation and Arbitration act in such a way as to reduce the influence of communists. This, and another stoppage of work by coal-miners, finally prompted the government to introduce a bill of its own a few months later. The government's bill empowered the Conciliation and Arbitration Court to investigate irregularities in the election of union officers and to hold secret ballots when these had occurred.[4] Menzies moved

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1    For details and figures, see Hasluck, The Government and the People 1942-1945, pp. 388-96, and the graph of industrial disputes 1936-1950, showing working days lost for particular industrial groups, in Greenwood ed., Australia, p. 347. For a useful historical and general survey of the subject of industrial relations in Australia see Garnett, Freedom and Planning in Australia, ch. 5.

2    Sawer, Australian Federal Politics and Law 1929-1949, chs. 6, 7 (esp. pp. 176-7). These are also dealt with in another connection in ch. 6 of this thesis.

3    See Robert Murray, The Split: Australian Labor in the Fifties, (Melbourne, 1970), ch. 2.

4    Sawer, p. 196.

an amendment[1] to put more 'teeth' into the bill. The amendment provided
'for the insertion in the rules of registered organizations of provisions
for the secret ballot in the election of office-bearers and also in respect
of voting on proposals for stoppage of work'. He contended that minorities
(normally communists) could make decisions contrary to the wishes of the
majority in the absence of secret ballots and, since strikes often affected
all people, contrary also to the welfare of the whole society.

Menzies and other conservatives did not put the entire blame for
industrial trouble onto the communists; they also had censorious words for
some of their own supporters. In his policy speeches of 1946 and 1949
Menzies castigated those employers whose harsh, outdated attitudes to
employees had given communists and others the excuse to perpetuate the
doctrine of a 'class' war in industry and society.[2] During his presidency
of the Liberal party in the late 1940s, R.G. Casey was also critical of the
failure of sections of Australian management to foster a better atmosphere
in industry.[3] And the literature of the IPA-Victoria frequently urged
employers to recognise their own part of industry's responsibility for
achieving better human relations.

Other conservative organizations argued along similar lines. The
Australian Constitutional League, in a pamphlet entitled Arbitration or
Class War - Behind the Strikes,[4] claimed proof from the communists' own
literature that they were trying to destroy the conciliation and arbitration
system for their own political ends. The arbitration system was not perfect,
the League admitted, but the only alternative to it was industrial war.
Business, likewise, thought that the conciliation and arbitration system,
cumbersome as it was, provided the best hope for peace and harmony in
industry.[5] Although the business community and other conservatives

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1    CPD, Vol. 203, pp. 2064-9. It was defeated. The amendment was, as
     Menzies noted at the time, in accordance with the party's platform
     ('Industrial', clause 7).

2    pp. 5-6 and 12-13 respectively.

3    See his addresses entitled 'The Worker-Boss Problem', 'Human Relations
     in Industry', and 'A job or a Partner-ship', in his Double or Quit -
     Some Views on Australian Development and Relations, (Melbourne and
     London, 1949), pp. 58-81.

4    No. 2 of its series of Booklets 1-8, published in December 1944. Cf.
     the NSW division's pamphlet (No. 5) in the series Pamphlets on Current
     Problems, (Sydney), [1945-6], entitled Democracy's Greatest Menace -
     Communist Inspired Industrial Unrest, and the Federal Secretariat's
     leaflet Industrial Peace... [Sydney, 1946].

5    See, for additional evidence, Garnett, Freedom and Planning in Australia
     p. 124.

recognised that an arbitration system required organizations of employers and employees, they insisted that compulsory unionism was wrong in principle because it denied workers who objected the right to work and forced them to pay levies to a political party which they might not support.[1] In parliament the opposition, which had always championed the rights of ex-servicemen, was especially hostile to the Re-establishment and Employment bill of 1945. This bill limited the duration of veterans' preference to seven years and, as they saw it, qualified the applicability of preference in ways which protected the unmerited privileges of unionists.[2]

The IPA-Victoria, as on other matters, adopted a moderate and progressive approach to the whole subject of industrial relations. In Looking Forward it had argued[3] that, assuming full employment and better industrial conditions in the post-war world, labour would be obliged to discontinue restrictive and 'go slow' practices and to abandon the practice of compulsory unionism. Unions should educate their members to appreciate the 'stern economic and political reality' that higher real wages could come only from hard work and increased production. Industry was a partnership in the common interest in which, for the sake of efficiency and the prosperity and contentment of all members of the community, its different sections should be animated 'by a spirit of mutal confidence and goodwill'. Looking Forward noted the growing strife in industry at this stage (1944) and put forward a series of practical proposals to improve relations in industry, including those of profit-sharing[4] and joint consultation. It was also worried that full employment might undermine discipline and that 'a minority' was fomenting unrest and disorder. It suggested that sanctions should be available for use against those 'who will not observe the ordinary decencies of human conduct, and who tend to weaken the moral fibre of the community'. What was

1    Objection to compulsory unionsim was also written into the Liberal platform ('Industrial', cl. 6). Menzies earlier set out his (critical) views on compulsory unionsim in one of his broadcast talks in 1942. See Robert Gordon Menzies, The Forgotten People and Other Studies in Democracy, (Sydney, 1943), ch. XXIV.

2    See Sawer, Australian Federal Politics and Law 1929-1949, pp. 161, 168-9; and Menzies' speech on the bill, CPD, Vol. 182, pp. 1582-92.

3    See pp. 56-65.

4    This was, as we shall see in ch. 8, a proposal which had been made much earlier on the non-Labour side. For the scepticism with which Labour greeted some of the conservative panaceas, see the address on 'Industrial Relations After the War' by P.J. Clarey, then president of the Australasian Council of Trade Unions, in Melville and others, Australia's Post-War Economy, ch. V, and the discussion on the paper by the businessman Sir Herbert Gepp ('Secondary Industry in Post-War Australia') in the same volume (ch. IV). Gepp was one of Kemp's four 'big businessmen'.

required above all was tolerance and a high sense of responsibility in both parties.

In a series of articles in its <u>Review</u> from 1947 to 1949,[1] the IPA-Victoria argued that a national conference should be convened to look at the 'unhappy state of industrial relationships'. Trade unions, now occupying a position of commanding influence in national life, should exercise a sense of responsibility commensurate with their powers. They should make a fundamental change in their hostile attitude to employers and to maximum production.[2] For social security, full employment and improved working conditions should have answered their fears from the past, justified as these might have been. The conciliation and arbitration machinery, the Institute acknowledged, was partly to blame for the number and duration of disputes. It had limited constitutional authority; it was slow-moving; and above all it did not stress the identity of interests of employers and employees or encourage voluntary agreement, but rather destroyed good feeling and perpetuated the sense of inherent conflict. After the coal strike in the winter of 1949, the <u>Review</u> noted that public patience was exhausted and that the right to strike had been brought into question again. But to reject the right to strike in the abstract would not be practical politics, the <u>Review</u> said. The first step needed in dealing with strikes was to offer no appeasement and to introduce penalities for special circumstances. Secret ballots would also help by getting rid of the communists who were initiating most of the strikes.

To curb strikes and improve relations in industry was to be one of the biggest tasks which the Liberal party faced on coming to power. In office the Liberals were to make their own attempts to improve the machinery of

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1    Namely, 'A National Conference', Vol.1, No. 1, (March 1947), pp. 2-6; 'Trade Unionism and the Future' and 'Arbitration Reform', in Vol.1, No. 2, (June 1947), pp. 2-10, 11-16; 'The Right to Strike', Vol. III, No. 5, (September-October 1949), pp. 140-5. A conference between the commonwealth government, manufacturers and the ACTU was in fact held (in August 1947) and resulted, to the satisfaction of the Institute, in a declaration in favour of increased production as the means to higher living standards. (See 'The Industrial Conference', <u>Review</u>, Vol. 1, No. 4, October 1947, pp. 2-8).

2    In a later article, 'Trade Unions and Production' (Vol. IV, No.5, September-October 1950, pp. 121-8), the <u>Review</u> noted that the British Trade Union Congress had now unequivocally accepted the need for higher standards of efficiency and increased production and suggested that the Australian trade union movement should do the same. Conservative literature through the 1940s also liked to point out that unions in the United States fully accepted the free enterprise system and did not see any basic conflict between the interests of employers and their own.

conciliation and arbitration; these were not entirely successful.
Nevertheless prosperity and full employment, curing much of the ill-feeling
of the forties, and secret ballots, loosening the hold of the communists on
many unions, soon enabled the L-CP government to boast that it had
falsified Labour's claim that a conservative government could not 'handle'
the union movement without creating even deeper strife and bitterness.
With greater assurance in the fifties, Liberals could plead for 'co-opera-
tion' and 'harmony' between employers and employees and speak of a
'tripartite partnership'[1] between government, business and unions for the
benefit of the whole community, including 'unorganised consumers'.

(6) The Necessity for Profit, and the Creative Role of Free Enterprise

As the opposition, Liberals were naturally more concerned to attack the
Labour government's policies and ideas than to justify their own anti-
socialist stance. Businessmen, too, were often satisfied to condemn the
'socialist' actions of the Labour government of the day without offering
detailed alternatives. But these were years when, as previously
illustrated, the Liberal party and the business community and their
conservative allies felt that their basic principles needed to be
vigorously re-asserted because of what they regarded as the decline of the
traditional values of Australian society and politics. The war, during
which all private interests were subordinated to the national war effort,
had created an atmosphere in which socialists or other critics of capitalism
could make profits seem almost disreputable. Behind the suspicion of profit
and business was the memory of the social distress which followed the crash
of the capitalist system during the depression. It was in this unfavourable
climate of opinion that conservatives had to come to the rescue of their
economic creed. Their defences of profit-making and capitalism were often
plaintive or indignant, as if no reasonable man should have questioned the
virtues of the free enterprise system or the need for profit. Occasionally
they put forward a more elaborate justification.

One of the most sustained attempts to justify profit was made in
Looking Forward.[2] Business profits, the authors admitted, had been the

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1    To this end, the L-CP government set up a Ministry of Labour Advisory
     Council in 1954, on which the ACTU was briefly represented. (See
     R.M. Martin, 'Australian Trade Unions and Political Action', in Hughes
     ed., Readings in Australian Government, pp. 417-8.)

2    Section V ('The Encouragement of Enterprise'), passages 4 and 5, esp.
     pp. 36-8. See also the pamphlet Profit, Income and Living Standards,
     (Melbourne, 1946), and the article 'Profits: and the Profit Motive',
     IPA Review, Vol. 1, No. 3, (August 1947), pp. 11-16. The IPA was
     concerned in these places to disabuse critics of business of the idea
     that there was any 'exploitation' of workers through the appropriation
     by owners of 'surplus value'.

subject of a 'great volume of violent criticism and scathing reproach'. These attacks had been combined with the idea that the private business organization was anti-social in its pursuit of profit and opposed to the real interests of the great mass of the community. This idea, which was now held by large numbers of people, was based on a complete misconception of the function of business profit in economic affairs. For except in isolated instances profit to a business enterprise would result only if it provided service of the type demanded by the public. Profit in economic terms was merely the surplus represented by the differences between costs and prices, and this was necessary for business to survive. Most of this surplus went to pay interest on capital risked in the business or on plant improvements and research. This provided more security of employment, and the community gained through better products and lower prices.

For the signatories of Looking Foward, the profit-motive in the broader sense of seeking reward had its justification in the basic constitution of human psychology. They saw a 'direct and intimate' relationship between effort and enterprise on the one hand and prospective reward on the other. It was an undeniable fact, they declared, that the large majority of men 'work, strive and venture primarily -- but not solely -- in the hope of benefiting themselves and their dependents'. Looking Forward went on to argue in terms of this motivation against the questioning 'in some quarters' of the moral justification of the desire for profit. Was it not laudable and morally commendable, the booklet asked rhetorically, for a man to strive and make sacrifices to increase his income and to put by savings in order to protect his family and to give his children the best possible start in life? Thrift was surely one of the nation's greatest virtues and most estimable qualities. And from the standpoint of moral justice, and allowing for the due recognition of family responsibilities, it was only right that rewards and privileges should be distributed in reasonable proportion to the quality and vigour of the work of the individual, that is, in proportion to his contribution to society itself. It was not morally sound to penalise those of greater ability or character to provide unearned advantages for the lazy or less gifted. The quest for wealth provided, as Keynes had argued, a comparatively harmless channel for the dangerous human instincts for power and self-aggrandisement.[1] Against a

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1    This particular passage, which was frequently quoted by conservatives, comes from John Maynard Keynes, The General Theory of Employment, Interest and Money, (London, 1936), p. 374. Keynes went on to say, what conservatives do not quote, that the game of wealth-seeking could be played just as efficiently for much lower stakes.

policy founded on some equalitarian concept of society, Keynes could be quoted to the effect that there was 'social and psychological' justification for significant inequalities of income and wealth. Looking Forward's defence of the profit-motive concluded on a hard, realistic note. The objective of personal gain, quite apart from its moral aspect, would be a 'governing factor' of economic life and development in the foreseeable future. The desire for personal gain, 'the true profit motive', was almost universal among the peoples of western civilisation, 'no matter to what class or section' they belonged.

The defence of profit-seeking as natural, universal and unchangeable was usually buttressed by a view of history in which private enterprise had brought about the highest standards of material civilisation every known. Business journals regularly lauded the role of entrepreneurs in bringing trade, development, and civilisation to many parts of the world. The Record, in one such interpretation, extolled the British imperialists for 'taking their commerce into every sea and land, stimulating enterprise, creating desirable wants, and teaching that respect for law and civility which are essential for business success'.[1] The Australian Constitutional League, in a pamphlet entitled The New Order... Myth? or Reality![2] saw the profit-motive as the key to the greatness of Europe and the development of Australia. Defining the profit-motive as the 'hunt for payable propositions', it drew a romantic picture of its historical effects:

> It was the search for payable propositions which made
> Europeans in the last six centuries sail unknown seas
> and colonize strange lands. It sent explorers alike to
> the ice-fields of the Arctic Ocean and into the steamy
> jungles of equatorial Africa. [It]...brought the best
> of every land to Australia in the 'roaring fifties' of
> last century...It built the cities of Broken Hill and
> Kalgoorlie in the Australian desert.[3]

Whether rhapsodic as in this vein or more prosaic, these defences of private enterprise were anxious to emphasise its historical importance to Australia. According to the business point of view, it was private enterprise and not government action which had been responsible for all the great creative steps of Australia's economic development. In a typical statement of this view, Australia had been brought from nothing to its present level of economic development 'under a system of free enterprise in which individuals have

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1    Vol. II, No. 5, (March 1947) p. 3. (Old Series).

2    Sydney, n.d. [1945?].

3    ibid., pp. 5-6. In another pamphlet, Why Glory Fades, (Sydney, n.d.), the ACL found that governmental control had caused the decay of the Roman Empire. This was a warning for Australia.

been free to exercise their skill and ingenuity and to take...pioneering
risks'. It was not through government action, it said, 'that Merino sheep
were brought to Australia. It was not on the advice of Government
economists that the great steel industry was initiated and developed here'.
And it was private enterprise which had made Australia a significant
producer of lead and zinc. 'The great manufacturing industries were built
by individuals who undertook the task of popularising "Australian made"
and making it a synonym for excellence'.[1] Primary industry and commerce,
putting their own distinctive contributions to the fore, related the same
story. And Liberal parliamentarians frequently ended an attack on socialism
or nationalisation with a peroration in praise of the 'pioneers' who had
built up the country without calling for government help.

Not only had governments not built up the country. When they had
ventured into enterprises themselves they had almost invariably failed.
Government enterprises, the anti-socialists claimed, could not succeed.
Why they must fail 'from the very nature of things' was explained in the
conventional conservative way by an ACL pamphlet which opposed Labour's
proposals for government competition with private airlines. Government, it
said,

> ...cannot evoke the initiative, it does not possess the
> competence, and it lacks the essential continuity of
> policy because Minister and officials are all subject to
> the vicissitudes of elections and of politics.

The 'very character' of the public service, it went on,

> is fatal to successful business operations. Public
> servants are neither trained nor encouraged to make
> prompt decisions...and the red tape and delay
> inevitably result in higher costs and inferior service,
> as compared with private enterprise.[2]

Cases of government failures were usually attached to the argument, the
unsuccessful state enterprises of the Queensland Labour government being
the favourite examples.[3]

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1 John P. Tivey, presidential address to the Chamber of Manufactures
of New South Wales, Sydney, 1949, p.7.

2 GRAB! Confiscation of Airways, p. 6.

3 The business literature of the 1940s abounds with stories of the
failure of state-owned enterprises. The study by F.W. Eggleston,
State Socialism in Victoria, (London, 1932), which argues that public
enterprises in Victoria mainly failed, was also frequently referred
to by conservatives. For a more impartial review of state enterprises,
see Garnett, Freedom and Planning in Australia, ch. 8 (esp. pp. 215-224).

The historical importance of the profit-motive and the role of the
individual entrepreneur in Australian history was often stated in this
polemical and exaggerated way, for the conservatives, having admitted the
inefficiencies and injustices of pre-war capitalism, were all the more
anxious that the merits of free enterprise should not be obscured by a
concentration on its recent faults. A more temperate and balanced assess-
ment of the place of capitalism in modern history from the anti-socialist
point of view had been given earlier by Menzies in one of his radio broad-
casts in 1942.[1] Taking up the charge that capitalism had 'failed', he
began by admitting that its record had been mixed. But it had been a
system under which, during the last century, there had been 'enormous
developments in the recognition of human rights, in living standards, in
material comfort, in public health', as well as slums, unemployment, poverty
and war.[2] There could be no real prosperity and happiness merely by a
redistribution of the world's wealth without any addition to it. Material
civilisation, to be improved, needed a dynamic element; it must aim
constantly at progress. And as there could be no progress without enterprise,
the encouragement of enterprise in the most direct human fashion, 'that is
by prospect of reward', was fundamental. The great productive concerns of
the last generation, he went on, were the work of private enterprise, and
could not have been achieved under state ownership and control. This driving
progressive element, which represented one of the 'deep-seated instincts'
of man, should not be destroyed, but rather controlled and directed in the
interests of the people as a whole. The choice was not between an
unrestricted capitalism and a universal socialism. If the good elements
of the capitalist system were retained, and controls imposed upon it in
order to force it to discharge its social and industry duty, then a modern
and civilised capitalism would have much to contribute to the post-war
world.

(7) The State of the Debate at 1949

The debate through the 1940s on the role of the state in the economy
had been marked by a confusion of ideas on both sides. The Labour govern-
ments' own attitude to planning and socialism both as means and ends was
far from clear.[3] The nationalisation of banks and the means of transport

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1    See Menzies, The Forgotten People, ch. XXI.

2    ibid., pp. 112-113.

3    See, for example, Crisp's chapter on Labour's Socialisation Objective
    in The Australian Federal Labour Party 1901-1951, XIV, esp. pp. 287-98.

had been part of its official patform since 1921 and in the debates on
these bills Labour speakers displayed the typical socialist sentiments
about private enterprise -- that it made for waste, exploitation, monopoly,
inefficiency, bad relations in industry, and unemployment.  In parliament
the government tended to justify nationalisation and the retention of
controls not directly on ideological grounds but in terms of specific needs
like wider federal powers or specific dangers like inflation.[1]  Whatever
the differing emphases on doctrinal socialism in different sections of its
movement, Labour was at the least unanimously and strongly in favour of
planning of the kind advocated by Coombs, Copland and Ross.

On the conservative side there were several approaches or dispositions
to planning, each probably responding in part to a particular Labour
emphasis, disguised behind a common anti-socialist exterior.[2]  On the
surface, all conservatives appeared to follow the thesis of Hayek's much-
cited The Road to Serfdom, published in 1944.[3]  Hayek had argued that the
socialist conception of a 'middle way' between capitalism and communism was
an error.  The central direction of an economy would in fact require such
a degree of control over all aspects of economic -- and eventually personal
-- life as to be inconsistent with liberty and democracy.  Socialism, Hayek
thought, was wrongly being interpreted as the modern, progressive heir of
liberalism.  In fact, emphasis on the nineteenth-century ideal of freedom
of the individual, modified by state control sufficient to ensure competition
and social welfare, was the only truly progressive policy.  Hayek held up
Nazi Germany as an example of the totalitarianism to which central direction
of an economy would inevitably lead.

Liberals and other conservatives delighted in referring to the title
and main thesis of this book and also that of Hilaire Belloc's earlier
The Servile State.[4]  In one of its pamphlets of 1944 the Australian

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1    Chifley's second reading speech on the bank nationalisation bill was
     something of an exception to this.  See the excerpts printed in Copland
     and Barback eds., The Conflict of Expansion and Stability, pp. 755-8.

2    A good illustration of these differences among businessmen is
     C.D. Kemp's portraits in his Big Businessmen.

3    F.A. Hayek, The Road to Serfdom, (London, 1944).  Hayek's biblio-
     graphical note (p. 179) gives a list of other writers of similar
     views.  Of these Walter Lippmann, Ludwig von Mises, Michael Polyani,
     Lionel Robbins and F.A. Voigt were well-known and frequently (and
     favourably) cited in conservative literature.

4    Originally published in 1913.

Constitutional League suggested that Australia was now following the same path to totalitarianism as Germany had taken earlier.[1] The IPA-Victoria[2] and articles in non-Labour journals,[3] however, implied that the experience of Germany was unlikely to be paralleled in Australia, valuable as Hayek's thesis might be as a warning. Conservatives also liked to cite Beveridge's opinion that full employment could be achieved without the nationalisation of industry[4] and Keynes' dictum that 'The Political problem of mankind is to combine three things: Economic Efficiency, Social Justice, and Individual Liberty'. (Both Keynes and Beveridge, they were happy to notice without further explanation, were British Liberals.) By the later 1940s Liberals and the greater part of the business and financial community appeared to have accepted full or near-full employment and social security as main aims of government. They also seemed to have tacitly approved that 'middle way' which Hayek, from his assumptions, had denied was possible. As I have indicated, some sections of business came to the acceptance of full employment only reluctantly, as if forced by political necessity.

In the late forties the terms of the debate between Labour and non-Labour changed. Labour's attempt to nationalise the banks had enabled conservatives to assert more convincingly that Labour was bent on implementing the socialist parts of its platform. The business community was increasingly exasperated by the continuation of controls and rationing, and public opinion had become less tolerant of them.[5] The Liberal party's policy speeches of 1946 and 1949 have already been noted; the moderate IPA Review's attitude to the debate and events is another good indication of the change of tone on the conservative side.

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1       10 Steps to National Socialism, [Sydney, 1944].

2       In the Review, Vol. 2, No. 3, (June 1948), p. 60.

3       See, for example, Nationalist, 1 August 1944, p. 12; Australian Statesman, September 1944, pp. 3-4; Liberal News, April 1947, p. 6. (The last, originally called Freedom, was the official organ of the Liberal Party of Australia - WA Branch.)

4       Beveridge had, indeed, argued that full employment could be attained while a community 'held firmly to private enterprise'. But again, conservatives were only using that part of his message which was convenient for their own cause. Beveridge had also argued that if private property in the means of production made full employment impossible, the latter should take precedence over the former. (See the summary in William Ebenstein, Modern Political Thought -- The Great Issues, New York, 1954, p. 570).

5       See Murray Goot, Policies and Partisans -- Australian Electoral Opinion 1941-1968, (Sydney, 1969), pp. 103-14.

Originally a leader in the effort to make conservative sections of business accept more planning, the IPA-Victoria had itself become more and more hostile to the Labour government. In an article on 'Free Enterprise and Planning' in February 1948[1] its Review noted with approval that there had been a 'swing to the right' in both Britain and Australia. This had been due in great measure 'to a deep and widespread revulsion against the rigidly controlled economy, against bureaucratic interference with the personal everyday freedoms of the individual, and to the fear of the omnipotent and omnipresent state'. The state, it acknowledged and repeated, had to plan for a high and stable level of employment, a minimum standard of security for all, and for the preservation of proper competition. All progressive representatives of free enterprise could accept that. But socialist planners wanted, in addition to this, control over prices, profits, materials, investment and quantity of production. Beyond the extent to which they were required as post-war measures, these controls must be socialistic in design and purpose. In the June issue of the Review[2] the IPA-Victoria summarised the 'assaults' on planning in Britain made by several prominent economists.[3] These economists were not so exclusively concerned with individual liberties and democratic rights as Hayek had been, the Review observed. Their pre-occupation was with the sheer inadequacies and inefficiencies of government planning as they had become apparent under the British Labour government. A concentration of economic decision-making power in a few hands, the economists were reported as arguing, was disastrous; decentralisation of decision-making and a freer operation of the price mechanism would alone remedy Britain's economic troubles.

In the election year of 1949 the Review argued in various articles that the issue between the parties was now one between 'free enterprise' and 'socialism' and not just the difference between lesser and greater degrees of planning. Labour had given enough evidence that it was a socialist party.[4] The Liberal party should emphasise as its 'great idea'

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1    Vol. 2, No. 1, (February 1948), pp. 1-10. Quotation at p. 2.

2    Vol. 2, No. 3, (June 1948), pp. 57-69.

3    Namely, D.H. Robertson, Lionel Robbins, R.H. Harrod and John Jewkes. Jewkes' Ordeal by Planning, (London, 1948), which paid tribute to Hayek's Road to Serfdom, was also occasionally cited by conservatives as an authoritative refutation of the ideas of socialists and planners.

4    See the articles 'Free Enterprise and Socialism', Review, Vol. III, No. 1, (January-February 1949), pp. 21-8; and 'The Issue', Ibid., Vol. III, No.5, (September-October 1949), pp. 130-9.

the notion of individual opportunity.[1] The twentieth century had seen an excessive, if understandable reaction to the uncurbed individualism of the nineteenth.[2] But the degree of planning in contemporary society threatened to produce a mass mentality and to stifle individuality and the spirit of the pioneer, the uncommon man, and the independent thinker.

## The 1950s

### (8) The Early Years: Inflation and Disillusionment

In office, the Liberals soon found themselves beset by difficulties. Inflation, which had been growing steadily worse through the forties as the removal of wartime controls released pent-up demand for limited goods and services,[3] was further aggravated by large increases in defence expenditure after the Korean war broke out. The wool boom of early 1951 pushed prices even higher. The government was forced to bring down an 'anti-inflation' budget in 1951; and in early 1952, when wool prices fell sharply, it had to impose a wide range of import restrictions. In other anti-inflation measures, taxation was increased in the 1951 budget, control of capital issues was re-introduced, and credit control was tightened. Some slight reduction of taxation was made in the 1952 budget and more substantial tax concessions, following the relaxation of import restrictions, were made in 1953.[4]

Business, having expected that a 'free enterprise' government would relieve it of 'socialist' restrictions, was at first dismayed and then disillusioned by the early performance of the Liberal and Country parties in government. It found the 1950/1 budget disappointing for its failure to cut taxes substantially or to check the expansion of the public service. The 1951/2 budget, which increased taxes, provoked some strong expressions of annoyance. The Manufacturers' Bulletin approvingly quoted in full an editorial in the Sydney Morning Herald which stated that the budget 'fully

1    Review, Vol. III, No.2, (March-April 1949), pp. 46-50.

2    'A Threat to Individualism', ibid., Vol. III, No.6, (November-December 1949), pp. 172-6.

3    See, for a brief account of economic 'phases' since 1945, Fred H. Gruen, 'The Economy' in Preston ed., Contemporary Australia, pp. 44-9.

4    For a good general account of the problem of inflation in the 1940s and early 1950s see the Introduction to Copland and Barback eds., The Conflict of Expansion and Stability. Ch. 4 of this work contains extracts from budget speeches in parliament and criticism from the business community such as came from the addresses of the president of the Bank of New South Wales and others.

deserved the worst reception ever given to a Commonwealth Budget'.[1]   A
leading writer for the _Record_ made a gloomy observation on events, and
sounded a dire warning:

> Rarely has the business outlook been more confused.
> Industry is worried.  It fears that low production,
> increasing costs and excessive and growing Government
> spending will cause more inflation, which if unchecked,
> could lead to national bankruptcy, economic chaos-- and
> socialism.[2]

The imposition of import restrictions made for further discontent in
some quarters.  The _Record_[3] admitted that some drastic action may have been
necessary, but saw it as giving a further twist to an 'emerging world spiral'
of 'restrictionism, protectionism, deflation, and ultimately, unemployment'.
The action was completely negative, and showed ignorance of how business
worked.  When the government had realised that wool exports were dropping
it had just sat back inactively, indulging in wishful thinking.  Instead of
trying to encourage rural production, it had increased taxes, which only
discouraged initiative.  A cut in imports, the _Record_ said, would only
increase inflation.  The solution to the problem was to increase exports
through increased production, particularly of those commodities from which
the bulk of Australia's export income accrued.  This would not be achieved
by high taxation, wasteful government spending, and restrictive controls;
it could only be done by speeding up the 'private economic machinery'.  The
_Bulletin_, though not so disapproving of the principle of import restrictions,
added to the force of this by quoting as the most important finding of an
economic survey which it had conducted:  'the considerable loss of
confidence in industry brought about by the sudden and drastic imposition
of restrictive financial policies as a result of the last budget'.[4]

The IPA-Victoria lent its authority to the general discontent.[5]  It,
too, recognised that some action may have been compelled by circumstances,
but it found the government's measures to be of 'surprising extent and
severity'.  Economic trends, it said, indicated that these might be of long
duration, because the balance of payments crisis was something deep-rooted
in the instability and weakness of the Australian economy.  The immediate

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1    _Bulletin_, Vol. 21, No. 15, (October 1951), p.1.

2    _Record_, November 1951, p. 12 (John K. Heughan commenting on the 1951/2
     federal budget).

3    April 1952, pp. 11-12.

4    Vol. 22, No.4, (April 1952), p. 1.  See also the issues of _Canberra
     Comments_ for 1952 (Vol. XI).

5    See the editorial article, _Review_, Vol. VI, No.2, (March-April 1952),
     pp. 33-6.

prospects as a result of the import cuts were for reduced standards of living, further inflation, and more inefficient production. Australia, it reflected unhappily, was being forced back into a tightly controlled economy despite all its efforts to break free. Some of the more drastic features of the imports cuts, it thought, might have been avoided if there had been a closer liaison between government and business.

The IPA-Victoria argued, as the Liberal party frequently had, that inflation hurt the politically unorganized, diverted production from essential channels, and weakened incentive.[1] It destroyed morale and values, and it was the greatest danger to the stability of the Australian economy. The Institute saw a variety of causes of inflation. One of the main causes was the continued rise of money incomes in the community by way of the wage-price nexus. Unlike some sections of business, the IPA-Victoria did not think that the solution to inflation was wholly the responsibility of the government. The real fault lay with the public as much as the government, its Review said repeatedly. No section of the community had been prepared to do anything to combat the problem. Business itself could help by showing some restraint in setting its prices.

Despite the suspicion of business that it was prepared to renegue without scruple on its election pledges, the Liberal-Country party government was acutely sensitive to the fact that its actions were bound to be interpreted by its own supporters and exploited by the opposition as a dishonouring of its election promises to reduce taxes, check the growth of the bureaucracy, 'put value back in the pound' and remove controls.[2] To Labour's claim that the government had failed to put value back in the pound, Liberals answered that its promise had really stated that the solution was to get prices down through greater production. The government had tried to do this by increasing the supply of products from abroad and by raising

1     See for example, the articles 'An Increasing Menace', Review, Vol. IV, No. 1, (January-February 1950), pp. 3-13, and 'Inflation Again', ibid., Vol. IV, No. 4, (July-August 1950), pp. 97-105. The Review also contained several other articles on inflation in its issues of the years 1948-51.

2     See, for example, the federal policy speech of 1951; the extracts from the budget speeches in Copland and Barback eds., The Conflict of Expansion and Stability, ch. 4; and The Budget's Attack on Inflation, a speech on the 1951 budget and the government's economic policy given by Menzies in parliament in October 1951, issued by the Federal Secretariat (Sydney, 1951). Menzies also gave two national broadcasts on October 5 and 6, 1950 explaining the reasons for rising prices and outlining the government's programme for dealing with them. (See Current Politics, Vol. 1, No. 7, October, 1950).

loans which enabled it to buy equipment essential for productive development. However, its good efforts had often been frustrated by international factors over which it had no control and by the 'go-slow' tactics of unions. In any case, although prices had often risen, real purchasing power had increased through higher wages and, in some instances, lower prices. Labour's professed concern, it liked to add, was hypocritical, because its own panaceas would only worsen the problem, and its cries at every anti-inflation measure that it would cause 'mass unemployment' were grossly irresponsible.

To its own supporters, the government appealed for understanding on the grounds of the wider national interest.[1] As Menzies explained to the meeting of the Federal Council in 1951, the foreign situation required Australia to make defence preparations. These demanded increases in taxation, which in turn inevitably heightened the pressures of inflation. But it was a case of national self-discipline: the government had no choice but to take steps which were necessary for security reasons. Menzies challenged those who demanded cuts in government expenditure to state where, amongst the government's commitments, those cuts should be made.[2] Some reductions in general administrative costs, he could claim, had been made; but the government's broad commitments in social services, defence, public works and funds for the states could not be reduced. His manner of defending an unpopular action by reminding critics that the government was aware of its departure from its professed principles, then pleading necessity, promising a correction as soon as possible, and ending on a resolution to get to the root of the problem, is well illustrated in the phraseology of his statement in 1952 on the imposition of import restrictions -

> We dislike controls...but a critical position must be met
> and overcome...we were forced to intervene...any other
> course would have produced a crisis...we are reluctantly
> compelled to fall back on the method of licensing imports
> ...but as soon as our balance of payments permits we will
> be able - and indeed anxious - to modify and eventually
> remove the controls...Though the action now announced is
> necessarily of a negative kind, we are devoting much
> attention to the positive aspects of increasing our
> income.[3]

If this was not likely to be fully persuasive, critics could always be reminded of the greater controls which they had had to endure under Labour's

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1    See, for example, Menzies' speech to the Federal Council meeting of
     1951, Current Politics, Vol. 3, No. 1, (February 1952), pp. 4-5.
2    See The Budget's Attack on Inflation, pp. 3-9.
3    Quoted in the Record, April 1952, pp. 12-13.

rule in the 1940s.

Whatever necessity could be pleaded for each action separately, the overall pattern of Liberal economic administration had been erratic and unpredictable, as the business community saw it. As business liked to simplify the matter, the government had departed from the principles which it had espoused as an 'anti-socialist' party by not relaxing controls and by failing to reduce government expenditure substantially. The government had not been very successful in its attempts to check inflation, and its own enormous expenditure was still a major factor aggravating the high cost structure of industry. The constant implication of this criticism by the business community in the early fifties was that Australia's basic economic problems could be solved if the government made large cuts in its own expenditure, released controls, and stabilised the wages system in order to allow more room for the operation of natural economic forces. These remedies were frequently accompanied by the injunction that the job of a government was 'to govern' and not to involve itself 'in the affairs of business'.

This sort of criticism from business was, of course, often the outcome of particular frustrations. At the same time, less materially interested groups and individuals such as the IPA-Victoria and the federal president were voicing a more strictly doctrinal concern for free enterprise and the principles of the Liberal party. This was also, by strong implication, critical of the record of the government. They were disappointed that there had not been a revival of that spirit of enterprise which had characterised earlier periods in Australian history and feared that business might unthinkingly succumb to dangerously socialistic controls in its anxiety for security.

The IPA-Victoria, in an article entitled 'What is the Meaning of Free Enterprise?',[1] observed the 'paradox' that free enterprise governments in Australia and Britain were imposing measures of a strongly socialistic character while socialistic parties had opposed these with ideas that would be applauded by many supporters of free enterprise. This, it said, had resulted in the 'blurring' of the political divisions betwen the parties. There was a real danger that the phrase 'free enterprise' might become, to its own supporters, no more than a meaningless political slogan or catchcry. After the 'levelling' process of the last twenty years, free enterprise now had to provide expanded production of wealth. Although the

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1    Review, Vol. 6, No. 4, (July-September 1952) pp. 119-22.

great part of the productive assets of the community were privately owned
and the great part of employment provided by private business, the strong
incentive which free enterprise was supposed to offer had been considerably
watered down by heavy taxation on incomes and companies.  Private enter-
prise, the article continued, was now hedged about with controls reaching
'practically into every nook and cranny of the economy'  and a high cost
structure was discouraging large-scale capital expansion.  These all
provided formidable obstacles to free enterprise.  Only the wool boom,
migration, postwar shortages, and the government's concern to maintain
full employment had preserved a climate reasonably favourable to economic
expansion.  But this system, the Institute pointed out, was not one of
'true' free enterprise but little more than a 'pale, unconvincing imitation'.
It did not contain the essence of free enterprise: the incentive of a
suitable reward for the individual for his skill, effort and risks, and
the operation of the principle by which, once minimum needs were assured,
every man should be prepared to 'stand on his own two feet' and to suffer
the consequences of his mistakes or shortcomings.  The Minister for Defence,
Sir Philip McBride, made a similar observation at about this time.  'It
appears', he said, '...that a majority of businessmen, farmers, etc., in
this country, in spite of their alleged support for the virtues of
competition appear to dislike it when it affects them.  They have frequently
sought Government assistance to reduce competition or to themselves combine
to prevent competition.'[1]

    The presidential address of W.H. Anderson to the Federal Council in
1952[2] turned the 'spotlight of frank discussion' on things 'dear to Liberal
principles'.  Anderson said that there were three major questions relevant
to Liberal principles which should be looked at.  These were: economic
controls; the relationship between the public service and the individual
citizen; and the 'growing contempt' of governments for the right of owner-
ship of private property.  Price controls, landlord and tenant regulations,
and controls on capital issues should all be removed.  Although freedom
was rightly qualified to take account of the rights of others, notably in

1    From a speech entitled 'Historic Survey of Liberalism and Private
     Enterprise', printed in Trade Digest, July 1953, pp. 14-19.
     (Quotation at p. 17.)  The rather tart reply of the acting president
     of the Adelaide Chamber of Commerce (Mr Joseph Crompton) was: 'We
     agree with Sir Philip McBride that there is too great a tendency for
     people to rush to the Government for help whenever things become
     difficult.  But this has been brought about by Government controls
     and restrictions interfering with private enterprise and the sound
     economics of supply and demand.'

2    The Liberal Way.

wartime, there was a danger that the community might accept a perpetuation of economic controls as part of a 'controlled order of life'. A high proportion of today's voters had known little of any other than this and therefore had no memory of 'more spacious' times upon which to call. The responsibility was squarely on older Liberals, possessed of wartime experience, to ensure that they did not become accustomed to socialist habits and drift into socialistic ways of thought. In a socialist economy the rights of self-development, of choice as consumers, of making decisions as citizens, and eventually of changing governments, were all surrendered. But, looking back to 1944, they could be 'justifiably startled' at how far their day-to-day thinking had already drifted with the tide of socialism. The era ahead was going to provide a testing round for the Liberal faith, in which the philosophic position of the Liberal party should be clearly expressed. Liberals, Anderson declared, must -

> stand and proclaim a return to healthy competitive
> economic conditions, with abounding opportunities
> for the adventurous to prosper, for the industrious
> to reap his just reward, and for the enterprising
> to pursue his plans for the future unshackled by the
> need for government approved official sponsorship.[1]

Although they should present an unbroken front to their political opponents and do everything to keep a Liberal government in power, Liberals also had a duty to remain steadfast to the principles of Liberalism. The great principles of freedom, he concluded, were not to be regarded as 'texts on a wall, as pious aspirations'. They should always be the 'real basis' of a programme of action. For no party could endure and gather strength unless it lived by its faith. When in power it must compromise with circumstances at times, but whenever it compromised with principles it weakened itself. The Liberal party should not allow temporary reverses to temper its policy with features which provided its opponents with a certain spurious popularity. Rather it should be an occasion on which 'not to doubt [our] cause', but to 're-affirm it more fervently'. Anderson was to forcefully remind the party of its creed of free enterprise in part of his pamphlet Liberal Horizons.[2]

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1     ibid., pp. 6-7.

2     W.H. Anderson, Liberal Horizons, (Sydney, n.d.), pp. 3-6. This
    pamphlet, a 'Liberal Party Publication', was written by Anderson
    as federal president, probably in 1955.

Though unusually vigorous in expressing it, Anderson was not alone in his dissatisfaction with the record of the government. The Council to which he had given his address in that year passed the following resolution:

> that in order to allay the fears of a large section
> of the community that the continuance of controls
> will destroy initiative and incentive, this Council
> re-affirms its belief in the principles of free
> enterprise and individual freedom...[1]

In 1956 it also resolved 'That this Council opposes the use of price, profit and capital issues control by the Federal Government, as being contrary to Liberal principles'.[2] Quite frequently, the criticism was directed to the state Labour governments which controlled five of the six states at the time. In June 1953, for example, the Federal Executive passed a resolution stating that the conditions which justified price control during the war no longer existed. Price control, the resolution added, was a 'backdoor means of developing the Socialist pattern -- to condition free enterprise by slow strangulation for eventual nationalisation'.[3]

## (9) The Liberals in the mid-1950s: 'Expansion and Stability'

The government was in a safer position by the mid-fifties. Economic conditions were generally improving, if with occasional setbacks. Inflation had been checked. Primary industry, a major economic problem in the thirties and forties, was flourishing after good seasons. The balance of payments no longer showed violent fluctuations; and Australia' overseas trading began to yield surpluses more often. The economy was beginning to show signs of affluence in terms of its aggregate production and development; this was increasingly reflected in the possession of durable consumer goods. Labour continued to criticise the government for inadequacies in social services and housing and to inveigh against 'monopolies'; but this now had little effect on a society enjoying good wages, an abundance of consumer goods, and almost full employment. Discontent within the government's own ranks had also been quietened. Then, from the mid-1950s, the Liberal party dwelt frequently and with increasing emphasis on 'growth', 'development' and overall progress to demonstrate its achievements since it took office.

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1    Minutes of the Seventh Annual Meeting of the Federal Council,
     27-8 October 1952, p. 85.

2    Minutes of the Tenth Annual Meeting of the Federal Council,
     6-7 February 1956, p. 129.

3    SMH, 30 June 1953.

Australia, Liberals said, was becoming ever more prosperous, developed, and 'middle-class'.[1]

The government was also more secure politically. It had only just survived a close election in 1954, but the subequent split in the Labour party,[2] giving Labour's opponents the opportunity to exploit the issues of 'socialism' and 'communism', meant that in ordinary circumstances it was not likely to be defeated. In this more favourable situation, the government could more confidently answer its critics and elaborate on its economic philosphy.

The major aim of Liberal administration of the economy in the mid and late fifties was to provide 'stability' at a time of rapid 'expansion'.[3] As the government frequently explained in simple terms, Australia was experiencing a forced rate of development through immigration and industrial expansion on top of the normal demands made by full employment, defence and other governmental services. The economy was also suffering the

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1    The truth of these claims is hard to assess. Australia's economy did become more prosperous, as did most economies. And the work-force, as might be expected in an increasingly urbanized and industrialized country, became more middle-class in terms of occupation. The percentage of the work-force engaged in white-collar occupations increased from 31.4 in 1947 to 36 in 1961 and the percentage in tertiary industries was rising from 54.8 in 1947 to 61.6 in 1966. The percentage belonging to trade unions was declining in this period from 61 in 1954 (to 53 in 1968). To the extent that blue-collar occupational status and membership of a trade union are the main sources of working-class identification and Labour voting, this bears out the Liberal claim that Australia was becoming a more middle-class society. (See G.W. Ford, 'Work', in Davies and Encel eds., Australian Society, pp. 91, 121; Mayer, 'Social Stratification...', p. 42; and McCarty, 'The Economic Foundations...' p. 23.) Butthe claims of 'growth' and 'development' were, when treated comparatively, exaggerated. By most of the common estimates based on national income, GNP at constant prices, or owner-ship of cars, homes and household appliances, Australia's rate of growth and standard of living in the post-war period, while good, were far from exceptional among comparably industrialized countries. (For some different measures of growth see N.G. Butlin, 'Some Perspectives of Australian Economic Development' in C. Forster Ed., Australian Economic Development in the Twentieth Century, (Sydney, 1970), ch. 6.)

2    See Ch. 6 (8).

3    See, for example, the budget speeches by the Treasurers (Sir Arthur Fadden and H.E. Holt) for the years 1955-6 and 1959-60, CPD, HR7, pp. 29-62 and HR24, pp. 31-85; and the federal policy speeches of 1955 and 1958, pp. 5-8, 15-20, and 6-7. (Holt, MHR for Fawkner, Vic., 1935-49, then Higgins, 1949-66, was Treasurer 1958-66 and deputy-leader of the Liberal party 1956-66.)

problems associated with prosperity in a relatively undeveloped country still very dependent upon exports. Labour was scarce; there was a shortage of materials, though not as great as in earlier years; and the cost structure of industry was high. The economy therefore required constant re-adjustments to ease pressures resulting from these strains.

Mindful of the antagonism which it had provoked in the early 1950s, the government was anxious to avoid having to fall back on controls to achieve its 'stability'. The call in budget speeches and addresses to business groups was now for 'voluntary restraint'.[1] But behind this remained the threat of forcible intervention if the call was not heeded. Menzies' language in his Statement on the Economy in 1955[2] contained both of these in delicately phrased emphases. His government 'proposed', as in the past,

> to pursue a steady course; to be not unwilling to adopt
> unpopular measures; but to prefer so far as is practicable
> and intelligent and willing co-operation on the part of the
> community in order to avoid, as far as possible, artificial
> orders and controls.

Shortly afterwards, Menzies defended some unpopular tax increases by the now familiar method of exculpation.[3] He said that these measures signified a 'sensible period of consolidation' rather than a 'retreat from ultimate objectives'. They constituted a 'moderate and balanced' programme where more would have created fears and less would have exposed the economic well-being of the people to the destructive attacks of a growing and unrestrained inflation. The cumulative effect of criticism had nevertheless brought some changes in the making of economic policy at this time. In February 1956 the government had appointed a panel, which included representatives of industry, agriculture, banking and commerce, to provide advice on economic problems.[4] And in May of that year the government put out its first White Paper on economic conditions. (Menzies stated in the foreword that the government recognised the need for 'public co-operation' and

1    See Fadden's speech, cited above. Also the Age, 19 September 1955,
     report by the 'Canberra Correspondent'.

2    CPD, HR7, pp. 964-74. The speech was made on 27 September.

3    See Economic Measures 1956, issued by the Federal Secretariat,
     (Canberra, 1956), esp. pp. 1-7, 28-30. This is the statement of
     economic measures given by Menzies to the House of Representatives
     on 14 March 1956, and popularly known as the 'horror' budget.

4    See Current Politics, Vol. 7, No.1, (April 1956), p. 11. This was
     announced to parliament on February 22. The timing had an odd
     consequence. Because the 'horror' budget followed soon after, business
     became even more suspicious that the government was using 'consultation'
     as a public relations exercise.

for 'dealing frankly' with current issues.[1]

Resorting to 'temporary controls' and 'necessary expedients' and calling for 'restraint' and 'consolidation' was the negative and less favoured side of Liberal economic administration. The Liberal government preferred to emphasise its role as a 'friend' and 'partner' of free enterprise. The government's positive contribution to development, it said, was to provide those basic services of power, transport, and communication which were necessary for private enterprise to develop the country. Wherever it could the government would also provide tax incentives and carry out surveys and research. This was not to be misunderstood as in any way meaning that it had entered into competition with private enterprise, nor did it relieve private enterprise of its own traditional burden of taking risks. The key to progress, Liberals stressed, was still the individual entrepreneur. The state could, and should, only 'create a favourable climate'.[2]

In seeking to act as a counter-balance to expansion brought about by private enterprise, the government continued to meet criticism from within its own ranks and among its supporting interests. The major groups of the business community had several complaints in common.[3] Taxes, they all agreed, were too high. A government, especially one professing sympathy for private enterprise, should not impose taxation burdens which made it difficult for business to expand, sell cheaply or compete on the export market. With some reservations from commerce, which would have preferred more selective immigration and more workers for primary industry, the business community felt that the government was not zealous enough in wooing the migrants who were needed as workers for a developing country. Nor had the government done enough to halt inflation, check the strikes which interrupted production, make the arbitration machinery work more smoothly, or provide imaginative leadership. Business remained unconvinced by the government's claim that its expenditure was irreducible. It also believed that the government had not fully honoured its promise of 1949 to check the expansion of the public service. It was continually asking what productive work public servants did.

Business found that the government was often late and abrupt in taking appropriate action. Vital decisions, it complained, were frequently made without consulting or warning business at all. The business community

1    Quoted in Current Politics, Vol. 7, No.2, (July 1956), p. 23.

2    See, for example, the budget debates of 1955-6, and 1959-60, CPD, HR7 and 24.

3    This paragraph is base om a general reading of the business literature of the period.

attributed some of the government's unwise actions to its concern for political popularity. But its main animus was directed to the government's top advisers in the public service, who, it thought, unduly influenced the government's economic decisions. These 'theorists', isolated in the remoteness of Canberra, were unaware of the practical difficulties faced by business in major cities where business actually took place. The resentment against 'Canberra' and 'theory' once received caustic expression from the IPA-Victoria, which was usually more tolerant than the business community generally of the government's problems. Complaining at one point in 1955 that it could see no coherent plan in the government's actions,[1] and that the government was not keeping business informed, it described Canberra as a 'hot-house...far removed by distance and outlook from the main centres of life and industry of the people which it governs'. As such Canberra provided an 'ideal breeding ground for the development of a bureaucracy acting in splendid, lonely isolation from the rest of the community'. Such an atmosphere encouraged a 'secretive attitude among officials, an ill-concealed disdain for the views of those outside the select circle, and rigid, ingrown habits of mind unable to countenance views foreign to their own confined experience'. The IPA-Victoria was to moderate its views later, but business was always liable to react to every unfavourable government action or rejection of its representations with barely concealed hostility to the 'theorists in Canberra' who, it assumed, were responsible for the decision.

Each individual section of business believed in addition that the government was ignoring, or damaging, its particular interests and needs. Commerce,[2] whose credo emphasised competition, free trade, uncompromising hostility to socialism and governments 'attending to the functions of government', found restrictions on imports to be against the best interests of Australia. Constant vigilance was necessary against the tendency of

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1    Review, Vol. 9, No.3, (July-September 1955), pp. 65-7 (editorial). Quotations at pp. 66-7.

2    For the general views of commerce, see, in addition to Canberra Comments, the Associated Chambers of Commerce of Australia's booklets Economics, freedom and you, (Canberra, 1957) and A.C.C.A. Policy, (Canberra, 1956). The latter is a 'declaration of the policy of the ACCA based on resolutions of the Annual Conference of the Association during many years to 1956'. The presidential address of W.J. Allison to the annual conference of the ACCA in 1953 included a declaration of commerce policy in the form of seven propositions which was often subsequently cited as an authoritative exposition of commerce doctrine. (For the declaration, see Canberra Comments, Vol. XII, No. 6, June 1953, pp. 1-2)

government to intervene in the affairs of free enterprise through controls
and monetary measures. The government, commerce thought, should do more
to stimulate an economy balanced fairly between primary and secondary
production. Greater exports of primary products could then procure the
funds necessary for capital and consumer goods from overseas. Secondary
industries were also essential for a stable economy and adequate defence,
but the government was at fault in not ensuring that they were always
economic and efficient. Manufacturing industry[1] felt that its importance
as the employer of 'more than a third of the work-force' and as the
'greatest single contributor to the national income' was not fully
appreciated. And primary industry, of course, felt powerless against 'the
great influence of manufacturers'.

If sections of business thought that they were entitled to more help
from the government, others interested in the cause of free enterprise
were afraid that governmental intervention in the economy had already gone
beyond the point allowable in a system of genuine free enterprise.
W.H. Anderson returned to this theme in his pamphlet Liberal Horizons and
in his last presidential address.[2] Recognising that liberalism should not
be inflexible, and that the state had legitimate functions to perform
where competition was not possible, he expressed his concern about a
'middle-of-the-road' economy with planning, controls, and high taxation.
Choice, responsibility, the right to change governments, and the Australian
tradition, he repeated from his earlier address, would be surrendered in
a socialist economy. Private enterprise, fettered by controls and
plundered by taxation, was now being forced to 'drift the socialist way'.
In an echo of the rhetoric of free enterprise of the 1940s he forcefully
reminded the party of the achievements of private enterprise in Liberal
Horizons. 'All material progress', he said, 'can be attributed to the
strivings of individual men and women to better their material circumstances
...to the profit motive in its broader sense'. Private enterprise, not
Government or bureaucrats,

> produced the internal combustion engine, conceived and
> built aeroplanes and pioneered routes with them. Profits
> of business, not Treasury funds, sponsored pioneer flights
> and lifted the Spitfires into the air over Britain in 1940.

1    For the general views of secondary industry, see, in addition to
     Canberra Letter, R.W.C. Anderson, A Brief History of the Associated
     Chambers of Manufactures of Australia, (Melbourne, 1960). (Anderson
     was Federal Director of ACMA.)

2    Liberal Horizons, and Dynamic Liberalism (1956), esp. pp. 5 and 5-6
     respectively (from which quotations are also taken).

The choice between liberalism and socialism, Anderson wrote, was clear-cut. It was impossible to have a little of both. If the first steps were taken towards socialism, Liberals would end up as socialists. There could be no compromise.

Anderson was the last prominent Liberal to present the alternatives in such a stark fashion and to employ the language of an individualistic and pioneering private enterprise. His successor as Federal President, Lyle H. Moore,[1] also saw free enterprise as playing the crucial part in national development, despite the necessary role of government in providing incentives and budgetary assistance to encourage individual effort and economic development. But Moore went on to strike a different emphasis. In his presidential address in 1957[2] he acknowledged that it had been suggested, 'and sometimes in odd quarters', that Liberals themselves were 'not strangers' to controls under the Menzies government. He therefore invited the Council to note the clear distinction between Liberal controls and the socialist intentions of the Labour party. There was a 'world of difference' between temporary controls to correct economic imbalance and Labour proposals for banking controls, the directing of investment and other policies designed to bring about 'ultimate state control' of key business organizations. Moore's tactful inversion of the problem of controls under a free enterprise government may be interpreted as signifying an acceptance by business and the Liberal party organization of the necessity for more controls and regulation than they had originally thought desirable. The IPA-Victoria, formerly the main spokesman in the business community for a more regulated private enterprise, was worried now that the socialists' revision of thinking on nationalisation and a weakening in the aversion of free enterprise to governmental planning had blurred the old distinction between free enterprise and socialism. There was a need, it thought, for 'clarification' of the meaning of free enterprise.[3]

Within its own ranks, the Liberal government was troubled by two matters on which it had persistently attacked the Labour party in the 1940s

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1   Moore, like Anderson, was a businessman. (He had been President of the Real Estate and Stock Institute of Australia 1947-56.) He was president of the NSW division of the Liberal party 1950-57.

2   Liberal Targets for 1958, esp. p. 10. Moore's subsequent presidential addresses, Challenges and Responsibilities (1958), After Ten Years: A Stock-Taking (1959), and The Political Parties: What They Stand For (1960), had almost nothing to say on this topic. They were mainly attacks on the 'socialism' of the ALP.

3   See the article 'Confusion about Free Enterprise', Review, Vol. II, No. 1, (January-March 1957), pp. 10-16. Quotation at p. 12.

-- socialisation and industrial relations. Having denounced socialism so vigorously in the forties, the Liberal party had created expectations among its members and supporting interests that it would immediately launch a vigorous programme of 'de-socialisation'. If a little too tardily for some of its members and supporters, the L-CP government did gradually sell to private enterprise such government-owned enterprises as Amalgamated Wireless (Australasia) Limited (1952), Commonwealth Oil Refineries Limited (1952), Commonwealth Whaling Commission (1956), Mining Operations of the Joint Coal Board (1957), and Australian Aluminium Production Commission (1960).[1] These were relatively insignificant. What had aroused the ire of members and supporters by the mid-fifties was the Liberal government's failure to completely 'free' the banks from government control, as its propaganda of the 1940s had seemed to promise it would.

The government began its reform of the banking system[2] by quickly honouring one pledge. In March 1950 it amended the Commonwealth Bank Act to provide for the establishment, under the control of parliament, of a board of directors who would replace the previous 'one-man' control of the Governor.[3] The first major reconstruction of the banking system came in 1953, when a Commonwealth Banking Act set up a Commonwealth Trading Bank to take over the business of the General Banking Division of the Commonwealth Bank. The object of this Act was to separate the central banking functions of the Bank from its trading bank functions and make the Commonwealth Trading Bank subject to the same rules as private trading banks. A Banking Act passed at the same time cancelled the uncalled liability of the private trading banks instituted under the special accounts system of the 1945 Act and placed a ceiling on future liability. The aim of this alteration was to prevent 'nationalisation by administration', as it was often called by Liberals.

Liberals -- and private bankers -- were far from satisfied that these reforms eliminated either unfair competition between the Commonwealth Bank and private banks or the possibility that a future Labour government could use the Bank for political ends. Liberal party backbenchers called for

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1    See David Corbett, <u>Politics and the Airlines</u>, (London, 1965), p. 55. Corbett's discussion of 'The Issue of Public Ownership' for Australia (pp. 42-57) is generally useful for this topic.

2    See May, <u>Battle for the Banks</u>, ch. 10. Menzies' own account of the reforms in ch. 11 of his (Sir Robert Gordon Menzies) <u>The Measure of the Years</u>, (Melbourne, 1970), is factually useful and accurate but otherwise unilluminating.

3    The government did not then have a majority in the Senate in 1950. The bill was not passed until after the elections of 1951.

further extensive reforms to completely separate the trading activities of the Commonwealth Bank from its central banking functions; to remove its Governor (Dr Coombs), who had not interpreted the legislation of 1953 'fairly'; and to liberalise present credit restraints.[1] The state Liberal executive in NSW had passed a resolution to this effect in 1953, and the Victorian state executive and later the Federal Executive supported these demands.[2] There were also numerous resolutions of the Federal Council to the same effect.

In 1957, possibly in response to this pressure, the government presented two further bills in its second major reconstruction of the banking system.[3] A Reserve Bank Bill set up a Reserve Bank, with the existing Board and Governor at its head. Its functions, with one minor exception, were to be those of a central bank. A Commonwealth Banks Bill set up a Commonwealth Banking Corporation, under a new board and separate management, to embrace the Commonwealth Trading Bank, the Commonwealth Savings Bank, and a new Commonwealth Development Bank. This last, designed to assist primary producers, was probably the price of Country party support for the reforms.[4] The Labour party opposed these, as it had opposed all of the previous reforms. It saw them as concessions to bankers who really wanted to stop free competition between the Commonwealth and private banks and who were using the Liberal fear of nationalisation as a pretext for emasculating the Commonwealth Bank.[5]

This second reform stifled most, but not all, of the dissent on the Liberal side. Two resolutions of the Federal Council in the early 1960s called for a 'detailed examination' of the Australian banking system to discover the 'proper role' of the trading banks and what reforms were

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1    See the _Age_, 14 April 1955, 10 and 17 May 1956; and the _Courier-Mail_
     6 November 1957.

2    West, _Power in the Liberal Party_, pp. 224-5.

3    The government again lacked a majority in the Senate (with the DLP
     voting against the bills). They were not passed until after the
     1958 elections.

4    West, p. 248; and May, p. 136.

5    See, for examples, Calwell's speech on the 1957 bills as reported in
     the _Age_, 11 November 1957. Labour speakers argued that the possibility
     of nationalisation had been ruled out by the High Court's (and Privy
     Council's) invalidation of Chifley's 1947 Act.

necessary to enable them to function effectively in that role.[1] It has, in fact, been doubted by many whether the reforms of 1957 really weakened the central bank.[2] The government's reforms were probably a compromise between the desire of the banks and some of the Liberal party's own members for a 'free' banking system and the executive's growing belief that even a private enterprise government should retain controls sufficient for the effective management and regulation of the economy through the Commonwealth Bank. The Liberal government's 'two-airlines' policy from 1952 was also essentially a compromise between the demands for 'fair competition' and private enterprise and the requirements of a broader national interest.[3]

Industrial relations had declined in importance as an inter-party issue. The Liberal government's success in maintaining full employment[4] and bringing about an advance in general prosperity had removed the most likely source of trouble in industry and hence of Labour propaganda. It was soon able to point to the contrast of the relatively peaceful fifties with the strike-ridden forties.[5] The Liberal party began to publicise the fact that it was gaining considerable support from trade unionists in elections. Confident that they could justifiably appeal to unions in an age of prosperity and full employment, the Federal Executive in 1954,[6]

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1    Minutes of the Sixteenth Annual Meeting of the Federal Council, 25-6 September 1961, p. 201; Minutes of the Seventeenth Annual Meeting of the Federal Council 12-13 November 1962, p. 214.

2    See, for example, Rawson, Australia Votes, pp. 67-8; May, p. 140; and West, p. 225 (where she cites the opinion of an authority on the banking structure.)

3    For a general discussion of the policies and legislation of both (ALP and Liberal) governments, see Corbett, Politics and the Airlines, pp. 84-98 and 118-37. See also Stanley Brogden, Australia's Two-Airline Policy, (Melbourne, 1968), esp. chs. 4-5.

4    There were, however, still occasional hints in Liberal and business statements in the 1950s that full employment was not acceptable if it led to lack of discipline (and low productivity) in industry and gave unions too much bargaining power. See, for example, Holt's statement on full employment in the Courier-Mail, 19 July 1955; and 'Industrial Relations', (IPA) Review, Vol. VI, No. 5, (October-December 1952), pp. 134-43.

5    See H.E. Holt (then Minister for Labour and National Service), 'Production Trends and Social Problems', in R.F. Holder and others, Australian Production at the Crossroads, (Sydney, 1952).

6    Mercury, 2 August 1954.

W. McMahon in 1960 and 1961,[1] and an Industrial Committee of the NSW
division in 1963[2] all urged that special efforts should be made by the
party to acquire the voting and general political support of unions.
With great optimism, they even suggested to unions that their interests
might be better served if they disaffiliated themselves from the Labour
party. Inter-party propaganda over unions continued, although now in a
slightly different form. The 'unity tickets' between ALP and Communist
candidates in union elections, which were often used to defeat pro-DLP
candidates after the ALP withdrew recognition of the anti-Communist
'industrial groups', enabled the Liberal party to embarrass the parlia-
mentary Labour party with insinuations that there was strong communist
influence in the Labour movement, extending,through the connections of the
unions with the parliamentary parties, into the FPLP itself.[3]

As it had promised, the Liberal party brought down legislation for
secret ballots in the election of union officers and for the strengthening
of the injunction power of the Commonwealth Arbitration Court.[4] The
arbitration system itself continued to worry conservatives, however.
Business, the IPA-Victoria,[5] and the Liberal party itself were firm in

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1    William McMahon, Address to the Liberal Party of Australia Federal
     Council 15th Annual Meeting, 16 November 1960; and 'Industrial
     Relations' 23 November 1961. (Roneod.) McMahon, MHR for Lowe (NSW)
     1949-    , was Minister for Labour and National Service 1958-66,
     after having held various portfolios since 1951.

2    Australian Liberal, June 1963, p. 9. In Queensland earlier an
     Industrial Relations Committee of the Liberal Party had been set up
     for the purpose of forming branches of unionists. Reported in
     Liberal Opinion, February 1951, p. 8. (Australian Liberal replaced
     -- and incorporated -- Liberal Opinion in 1957 as the official
     organ of the NSW division.)

3    For an example of Liberal propaganda on this point, see [Federal
     Secretariat], Unity Tickets Scandal - Why They Exist and How They
     Operate, (Canberra, 1962). Such collaboration was officially
     proscribed by the ALP but was still common, especially in Victoria.
     For a full account, see Murray, The Split, esp. chs. 2, 3, 17-19.

4    See Current Politics, Vol. 2, No. 3, (June 1951), pp. 66-8 and
     Vol. 2, No. 4, (July 1951), pp. 81-2. The FPLP opposed these pieces
     of legislation.

5    In an article on 'The Machinery of Arbitration' (Review, Vol. 9,
     No. 3, July-September 1953, pp. 68-74), the Institute expressed the
     view that voluntary negotiation might work better. Ever realistic,
     it added that the present compulsory system was likely to remain
     for a long time.

their support of the principle of compulsory arbitration and in their
denial that unions had a right to 'direct action'. But they were still
concerned that the machinery worked only slowly and often in such a way
as to aggravate and prolong disputes. In 1956 the government amended the
Conciliation and Arbitration Act -- mainly by appointing special
conciliators -- in an effort to speed up the system and remove the litigious
atmosphere of the whole process.[1] This was only partially successful.

The attempts of the state Labour governments of Victoria and NSW in
the early 1950s to introduce compulsory unionism revived that whole question.
Business, the IPA-Victoria and the Liberal party repeated their fundamental
opposition to it: the right to work was a basic liberty, and an obligatory
political levy violated the conscience of the unwilling contributor.[2]
Within the Liberal party itself, the Queensland division's acceptance of
compulsory unionism (without a compulsory political levy) was a regular
subject of controversy in party journals[3] and of occasional resolutions at
the Federal Council.[4] The official doctrine of the federal Liberal party,
as of all other state divisions, remained that compulsory unionism was wrong
in principle because it was 'undemocratic'.[5]

1    See the reports of the legislation in the Age, 13 April, and 11 and
     24 May 1956. A Liberal MHR, P.E. Joske, attributed the failure of
     the old Act to 'greed and politics', according to the report of 24 May.
     'Many people, because of the greed of human nature, were prepared to
     accept benefits but not the responsibilities they brought, he said.'

2    See, for example, the texts compiled by The Economics Division,
     Victorian Employers' Federation, in Compulsory Arbitration, (Melbourne,
     1956); and the Victorian Employers' Federation, A White Paper on
     Compulsory Unionism, (Melbourne, 1953); 'Compulsory Unionism' in
     Review, vol. 7, No. 3, (July-September 1953), pp. 78-84.

3    See, for example, Queensland Liberal, September 1958, p. 3, where
     the relevant part of the state platform is also quoted.

4    One such resolution of 1954 reads: 'That the Liberal Party is opposed
     to the principle of compulsory unionism and that...the Federal Govern-
     ment be urged to review the matter to ascertain if any adequate safe-
     guard can be provided against the enforcement of compulsory unionism
     in Australia'. (Minutes of the Eighth Annual Meeting of the Federal
     Council, 26-7 October 1953, p. 110).

5    Platform (1960) cl. 90; and [Federal Secretariat] Policy-Research
     Group, An Industrial Charter, (Canberra, 1960), p. 11. See also the
     report on the Industrial Charter, adopted by the L-CP State Council
     of Victoria, Age, 11 August 1955.

By the late 1950s the Liberal-Labour debate on economic matters had
turned very much in favour of the Liberals.[1] The aims of 'socialism' and
'nationalisation' had now become an electoral handicap to Labour; the
Liberals could use them as propaganda with which to keep the 'left-wing'
control of the ALP in public notice. Labour could attack the government
over inflation, unemployment, or housing; but these issues, potent in the
early fifties, had lost their capacity to arouse widespread dissatisfaction.
Labour's more effective attacks were directed to the lack of proper
economic planning and to the inadequate attention paid to the public sector
and to certain classes of society. Its spokesmen argued that the Liberal
economy was an erratic 'stop-and-go' affair whose alternating checks and
periods of relaxation were distressing to both employers and employees.
The economy, they said, should be planned in order to ensure a more even
rate of growth. Labour's own proposals for this emphasised stricter
control of banking and greater use of publiccorporations. Their second
main attack fell on the way Liberal economic policies preserved the status
quo or even favoured 'the rich'. Their two favourite instances of this
were the large incidence of taxation which was indirect, and therefore
biased against the less well-off sections of society, and the high company
profits made by firms like BHP.

Labour was even more hostile to the remittance of large profits to
the overseas parent companies of local firms; and, traditionally suspicious
of all big business, was rather sourly disposed towards inflow of foreign
capital.[2] Throughout, Labour argued that the state should do more for
the middle and poorer sections of society by improving public and social
services.[3]

Liberals dismissed these charges as being rooted in a conception of
the economic system formed in the thirties and as failing to recognise the
great progress that had been made in managing the economy. Labour's

1    The following conclusions are based on all of the references previously
     cited and, in addition, the 'Political Chronicle' (for the Common-
     wealth) of the Australian Journal of Politics and History, and the
     articles of the IPA Review of these years.

2    For some independent critical opinions on foreign investments, see
     Gruen, pp. 49-52, and Maxwell Newton, 'The Economy', in Davies and
     Encels eds., Australian Society, (first edition).

3    The IPA-Victoria was also concerned that the 'middle class' had not
     (in its judgement) shared fully in the prosperity since 1945. (See
     'The Forgotten Man - 1957', Review, Vol. 11, no. 2, April-June 1957,
     pp. 39-43; and, earlier on the same theme, 'The Silent Revolution',
     Vol. VI, No.3, May-June 1952, pp. 73-80).

rhetoric of 'bosses' and 'workers', they claimed, revealed an out-dated
class consciousness deriving from the Depression era. Many 'small' people
now held shares in companies and society and employees benefited from
company profits. The L-CP government welcomed, and defended, overseas
capital as an indispensable requirement for continued rapid development
which then brought further prosperity. Business profits also meant more
employment, and, indirectly, more social services. The economy had
progressed a long way from the days of rationing and blackmarkets in the
1940s; and the output of production and services in all sections of the
economy had increased greatly in the decade since 1949.[1] This was an age
of 'welfare' or 'people's' capitalism, in which the Liberal party had taken
the initiative away from the ALP. Labour could not present a reasonable
alternative, Liberals said. Its own solutions, founded on the idea of
state control and on public expenditure, would only destroy incentive,
aggravate inflation, and bring a halt to progress.

The 1960s

The main challenges to the established orthodoxies of Liberal economic
thought and practice after the mid-1950s came not from the Labour party but
from disturbances within the non-Labour ranks themselves. The credit crisis
of 1960-1 shook the confidence which the business community had slowly
developed in the Liberal government as a partner of private enterprise.
The government's Restrictive Trade Practices legislation, coming in the
aftermath of the credit crisis, made important sections of business and the
Liberal party apprehensive that it would sacrifice economic efficiency for
the sake of purity of doctrine and political popularity. And the Vernon
Report, which was an indirect consequence of the credit crisis, embarrassed
the government by forcing it to explicitly refute a case for planning
which had been proposed not just by Labour but also by some sections of
business. The Labour party's own role in all these events was not much
more than that of an onlooker trying to exploit the divisions and tensions
in the government and between the government and business community.

(10) The Credit Crisis

Sketched in broad outline, the sequence of events in what became
known as the 'credit squeeze' was as follows.[2] In February 1960 the

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1    The Federal Secretariat celebrated a decade of Liberal rule by
     publishing two glossy pamphlets, This is What We Have Done,
     [Canberra, 1960], and The First Ten Years, [Canberra, 1959], which
     purport to prove these claims.

2    This summary is based on the 'Political Review' in the issues of the
     Australian Quarterly for 1960, 1961 and 1962.

the government abolished the import licensing which it had maintained, apologetically, since March 1952. By November Australia's overseas reserves had fallen drastically and the Treasurer, H.E. Holt, introduced a series of fiscal measures designed to reduce the level of demand. The effects of these measures became noticeable early in the motor vehicle industry. In February 1961 General Motors-Holden and Ford both dismissed large numbers of men. By May the effects of the restrictions were being felt widely throughout the economy. State premiers or Liberal leaders,[1] business leaders, union spokesmen and some federal Liberal backbenchers were all strongly critical of the government. A frequent comment from Liberals was that the November measures were 'more socialistic than Liberal'.[2] Some retraction of the measures was made in March and May; the government also launched a campaign to increase export income by trade promotion, negotiation and tax incentives. The 1961/2 budget acknowledged the seriousness of the situation but it did not propose any broad remedies. Unemployment continued to increase and by the end of the year had reached 100,000 (3%), the highest level since the war. After it was returned with a majority of only one at the elections of December 1961, the government took a full series of corrective measures which were in apparent contra- diction of its complacent election-time assessment of the state of the economy.[3] These were eventually successful.

Commerce and manufacturing industry reacted to the events of the crisis according to their different perspectives on the workings of the economy.[4] Having long chafed under import restrictions, commerce naturally welcomed their removal. It had always argued that a number of inefficient industries were being 'over-protected' by excessively high

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1   State elections were due in NSW and SA in early 1962, and the Liberal government in SA and the Liberal opposition in NSW did worse than was commonly expected. Rightly or wrongly this was widely attributed to the unpopularity of the federal Liberal government.

2   For an example see the speech in parliament by Liberal MHR, R.C. Wheeler, CPD, HR 33, pp.1826-8. And see the SMH editorial of 12 October 1961 entitled 'Mr. Wheeler Speaks for Liberal Principles'. The Sydney Morning Herald was a vigorous critic of the government (and Menzies) throughout the crisis and editorially supported the ALP in the 1961 elections.

3   In his policy speech Menzies had scorned the need to make a 'long list of promises' after twelve years of government and was content to rely on his government's record of achievement and to again attack Labour's socialism and foreign policy. (Policy speech, p.3 and passim.)

4.   The following two paragraphs are based on the issues of Canberra Comments and Canberra Letter for this period.

tariffs. In its view of the operation of the economy, this protection had made for the high costs and inflationary pressures which made it difficult for Australia to compete in the world export market. The only long term solution to this problem was to make industry more competitive and efficient. Greater imports, by stimulating demand, development and employment, would help bring about a more competitive export economy. When the re-imposition of import licensing became imminent, commerce re-iterated its old objection that this would only be an expedient and not a genuine cure. If controls were necessary, it said, they should be conducted through tariffs, not through restrictions on imports. Resentful of the influence of manufacturers on the government, commerce called for an independent enquiry into the tariff system and the functions of the Tariff Board.

Manufacturing industry regarded the original decision as an error of judgement on the part of the government.[1] Throughout the controversy it claimed that the government's primary responsibility was to the national goals of full employment, development, immigration, and a high standard of living. It would have had no objection to a gradual removal of import licensing when Australia's international payments situation warranted it, the industry said. But to import cheap goods in order to sell a little more primary produce overseas was bad policy. Although international trading arrangements should be made as advantageous as possible, they should never be allowed to militate against the achievement of Australia's basic economic aims. It was a fallacy to believe that the existing tariff system offered effective protection, because tariffs were adjusted only belatedly to changes in import prices. Selective quantitative controls, rather than credit restrictions, should have been imposed to counter the inflationary pressures produced by excess demand. Manufacturing persistently reminded the government throughout the crisis that it was the 'greatest single' employer and producer. It was gratified to see evidence in the measures of February 1962 that the government had shown a new recognition of the importance of manufacturing to Australia's development.

With the exception of commerce and primary industry groups,[2] large official business organizations generally supported the kinds of arguments

1    The Director of the ACMA (Mr R.W.C. Anderson) thought that he could detect the influence of 'theorists' in the error: 'It had all the earmarks of an "academic" decision without account being taken of the views of, or the implications for, businessmen and their employees.' Quoted in Manufacturers' Bulletin, Vol. 30, No. 5, (May 1960), p. 1.

2    For an example of the reaction of one primary industry organization (The National Farmers' Union) see the Age, 15 February 1962.

put by the chambers of manufactures. They were bitterly critical of the
government, either for its lifting of import restrictions or for the way
in which it tried to curb its effects. Some even proposed long-term planning.
The NSW Employers' Federation suggested that a National Economic Development
Council should be set up to act as a consultative council assisting in the
planning of economic development.[1]  On this occasion the IPA-Victoria,
which had itself often castigated the government for its failure to consult
with business, was more sympathetic.[2]  Although it saw the restrictions as
a retreat from 'liberal free enterprise' principles and entertained doubts
that monetary and tax measures were the real solution to the problem, the
Institute deplored the 'dangerous talk' that followed the measures and said
that the widespread attacks on the government had overstepped the bounds of
responsible comment. Some of the criticism had a 'strangely ungrateful'
ring. There had been 'wild, generalised' attacks on the government's whole
record in economic policy. This was ungenerous  because business had
recently expanded and prospered to a degree that could not be paralleled in
any other period of Australian history. In bringing about a forced national
expansion, the government had taken risks to maintain conditions that
encouraged rapid industrial and business expansion. Now that the risks were
not paying off so well, and restraints had become necessary, there was a
tendency to assail the government in 'immoderate and extravagant' terms.
In sterner terms in early 1962, the Review condemned the 'savage attacks,
bordering on crass irresponsibility' which had been made upon the govern-
ment's economic policy and poured scorn on the 'expansion at all costs'
school of thought.[3]

The credit crisis had an advantageous outcome for business. Having
long complained that the government did not consult it frequently enough,
and then often used the occasions as 'public relations' exercises, business
demanded a regular and more effective method of consultation in which it
would be called upon for advice as dangerous trends developed  and not just
after a crisis had broken. It pointed out that proper consultation might
have prevented this crisis. The government, embarrassed by the spate of
criticism, and needing to shore up its own ranks after the nearly disastrous

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1   See SMH, 13 November 1961. A year later the president of the Chamber
    of Manufacturers of SA called for a '10-year national development
    programme'. (Advertiser, 22 November 1962.)

2   See the Review, Vol. 14, No. 4, (October-December 1960), pp. 101-8.

3   Review, Vol. 6, No. 1, (January-March 1962), pp. 15-19.

elections, consented. It re-convened the Advisory Council of 1956 and instituted regular biannual conferences between the major business organizations and an economic sub-committee of cabinet.[1]

The credit crisis not only gave rise to bad feeling between the state Liberal parties and business community and the federal Liberal party; it also brought the federal parliamentary party into one of its rare conflicts with the federal extra-parliamentary organization. Shortly before the government introduced its corrective measures in February 1962, the Federal Executive passed a unanimous resolution demanding that immediate steps be taken 'to arrest the downturn in employment and restore full confidence in the economy'.[2] The Executive also issued a statement[3] in which it said that 'our advisory role should be strengthened'. The federal president, Sir Philip McBride, explained that the Executive 'felt it desirable that there should be even more intimate and close consultation between the organization and [the] political wings of the party'. Ways of achieving this had been 'communicated to and accepted by' the prime minister. McBride delivered a blunt statement on the role of the extra-parliamentary organization. 'Our organizational leaders', he said, 'are in a special position to be a channel between the Government and the electorates, and to present to the Government representatives opinion on the major issues of the day, both political and economic'.

After an inquest into the party's setbacks in the federal, NSW and South Australian elections, the Executive took the unusual step of summoning all federal Liberal ministers before it.[4] This resulted, according to McBride, from its decision to bring about closer consultation, liaison and co-operation between the organizational and political wings of the Liberal party. The Executive announced that the parliamentary party had 'complete confidence' in the prime minister's leadership and declared that 'our leader and Prime Minister has the complete support and loyalty of the Liberal Party organization'. The Sydney Morning Herald took this to be an 'infallible indication that there are serious murmuring of discontent and rebellion within the party'.[5]

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1    The president of the Chamber of Automotive Industries was heartened by this, and hoped that Mr. Menzies would now listen to practical experience and 'not rely so heavily on the ill conceived advice of his economists'. (Age, 22 December 1961).

2    Age, 3 February 1962.

3    ibid., and SMH, 3 February 1962.

4    See report in SMH, 10 March 1962.

5    Editorial, 12 March 1962.

Although McBride called again for 'closer and intimate' consultation between the two wings in his presidential address in November of that year,[1] the success of the corrective measures taken in February soon quietened the 'discontent and rebellion'. After the government won back a safe majority in the elections of 1963,[2] Menzies' authority within the party, if ever really in question, was completely restored.

(11) Restrictive Trade Practices: 'Free Enterprise' in theory and reality.

The struggle over legislation against restrictive trade practices (1962-5) produced considerable tension between the Liberal party and the business community. The issue brought out differing conceptions held by conservatives of the historical and contemporary doctrines and practices of free enterprise. The Liberal party, with some dissenters, believed that the contemporary practices of private enterprise diverged considerably, and to the public detriment, from 'free' enterprise as traditionally understood and practised. The business community strenuously denied this, saying that the apparent divergences merely reflected economic realities in the mid-twentieth century.

The Liberal party's advocacy of 'free enterprise' had always contained qualifications. The original platform had recommended, in recognising their 'great value to the community', the 'encouragement, fostering and protection of small businesses' and the 'effective regulation and supervision of monopolies and trade combinations inimical to the public interest'.[3] Liberals argued in the debates on nationalisation that they were opposed to all kinds of monopolies, 'public or private'. In his policy speech of 1949, after claiming that 'private competitive industry' was more efficient than government ownership, Menzies had insisted in a section on 'De-Socialisation' that private industry'...must be non-monopolistic, efficient, and concerned with the satisfaction of the customer'. If those conditions existed, there would be 'no sensible case' for the setting up of any new government monopoly.[4]

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1    Consultation and Co-operation, pp. 6-7. The Sydney Morning Herald, still pursuing its vendetta against Menzies, took this in an editorial on 'The Liberal Party and its Dictator' to indicate that 'the Prime Minister has characteristically taken no notice of these reiterated pleas'. (14 November 1962).

2    In his policy speech of that year, Menzies noted that his government's periodical consultation with business in the last two years 'has proved to be of great value, and we will continue it'. (p.26)

3    'Employment', cls. 2 and 3.

4    p. 32.

The party's concern about monopolies did not re-appear until the Governor-General's speech of March 1960 foreshadowed some action.[1] The revised platform of November 1960 contained a similar clause[2] to the first above and a stronger clause in place of the second: 'Protection of the community against any monopolies, combines and industrial organizations where, through absence of competition or by restrictive practices, they operate in a manner contrary to the public interest'.[3] The supplementary statement of the policy speech of 1961 again referred to the desire of the government to 'protect and strengthen free productive and business enterprise against monopoly and restrictive practices'. While it would be most undesirable to have an 'elaborate system of government controls which restricted true development, efficiency, and enterprise', the public interest 'must be paramount; exploitation must not occur'.[4] The Federal Council of 1962 also requested legislation in accordance with clause 40 of the revised platform.[5] The long foreshadowed legislation was finally outlined to Parliament in December 1962.[6]

In view of the objections subsequently made to it, this orginal statement of proposals to curb restrictive trade practices is worth summarising at some length. Barwick's statement announced that the government had concluded from its investigations that there were practices current in the community which, by reason of their restrictive nature, were harmful to the public interest –

> that interest [as he defined it] being in the
> maintenance of free enterprise under which
> citizens are at liberty to participate in the
> production and distribution of the nation's wealth,
> thus ensuring competitive conditions which tend to
> initiative, resourcefulness, productive efficiency,
> high output and fair and resonable prices to the
> consumer.

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1    C.P.D., HR 26, p. 10.

2    cl. 75.

3    cl. 40.

4    p. 29.

5    Minutes of the Seventeenth Annual Meeting of the Federal Council, 12-13 November 1962, p. 218. The resolution did add, however, '...without imposing onus of proof of innocence upon the trader'.

6    CPD, HR37, pp. 3102-13. The statement had been drawn up by the Attorney-General, Sir Garfield Barwick, but was actually read in his absence by the acting Attorney-General, Freeth. The indented quotations which follow are at pp. 3103, 3103-4.

Although taking the view that free enterprise needed to be strengthened against tendencies to monopoly and restrictive practices in commerce and industry, the government was conscious of the fact that the lessening of competition might, in some sections of the economy, be unavoidable, and that it may be not only consistent with, but even a proper ingredient of, a truly free enterprise system. This was more likely to be so during a state of growth such as Australia was experiencing, and particularly when it was gearing itself more and more for the export of secondary goods. Some practices, restrictive in nature, might therefore be in the public interest. Legislation could only define certain classes of practices as unacceptable and provide for their examination in the light of a criterion applied by an 'independent umpire' who possessed fairness of mind and an overall knowledge of business and the economy. The criterion to be used was that a practice was harmful which in its operation 'substantially restricts competition, either in a particular area or areas of business activity or generally, and which can not be shown to be justified as either conferring a public benefit or as having no public detriment'. The government had not thought fit to follow the American legislation, which left little room to justify any reduction in competition, or the British approach, which placed the major emphasis upon combination.[1] Its schemes would cover bilateral and multilateral arrangements, which were the most common source of restrictive practices, and unilateral actions of a restrictive kind.

The scheme was proposing that certain multilateral and bilateral agreements must be registered. Failure to register them would render them unlawful. Such practices could be de-registered if it was shown to a Commission of laymen that they 'substantially reduced competition', unless it could also be shown, to a Tribunal consisting of a presiding judge and laymen, that they worked no detriment to the public or were otherwise justified. Fourteen grounds ('gateways') were specified as allowable grounds for maintaining the registration of agreements shown to be restrictive. Four practices would be defined as 'inexcusably unlawful': persistent price-cutting at a loss to drive a competitor out of business; collusive tendering; collusive bidding; and monopolisation.

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1    For a disinterested comparison of the anti-monopoly legislation of these three countries, see Alex Hunter, 'The Australian Monopolies Legislation', in T.N. Robertson ed., Monopolies and Management, (Melbourne, Canberra and Sydney, 1964). Hunter saw the Australian proposals as stronger in some respects than the British acts but weaker overall than the American.

This last was to mean '[the] acquiring or using [of] monopoly power with the intention of preventing a person from entering or expanding a business, or in a manner that is unreasonable and detrimental to consumers of goods and services'.

With the exception of small traders'[1] and primary producers' organizations,[2] the reaction of business to Barwick's proposals was indignant and hostile, despite the many warnings of impending government action.[3] Commerce and manufacturing industry were anxious to say that they were not opposed to the principle of curbing restrictive practices; indeed, they 'welcomed competition'. There might be some restrictive practices, they admitted; but these were almost always of the kind which were in no way harmful to the public interest. If legislation was required at all, it should be of a more limited kind, directed to those specific practices which could be clearly shown by an impartial enquiry to be contrary to the public interest. The proposals as they stood were too comprehensive and far reaching. They would be too costly and dangerous for the small tangible results that they would bring. Business in Australia was not so uncompetitive and inefficient that it needed to have competition forced upon it. It was, in any case, unjust for the government to impose such legislation on some sections of business when it sponsored orderly marketing in other areas. This cruder kind of argument frequently finished off with some speculation about the 'politicians' and 'crusading lawyers' who were supposedly behind the bill.[4]

A more sophisticated argument[5] was sometimes put, based on the notions of 'economy of scale' and the special needs of 'developing' economies.

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1    See, for example, the Daily Mirror, 25 October 1963.

2    See, for example, SMH, 7 March 1963, where the Australian Woolgrowers Graziers' Council is recorded as supporting the legislation.

3    The following two paragraphs are a composite summary based mainly on the large number of critical comments made by the ACCA and ACMA in their newsleters, Canberra Comments and Canberra Letter, over the years 1962-5.

4    Barwick was suspected of having ambitions to become prime minister. (He had become Liberal MHR for Parramatta, NSW, in 1958 after a distinguished legal career. He was Attorney-General 1958-64 and Minister for External Affairs 1961-4. He was appointed Chief Justice of the High Court in 1964.) The 'political' element was the precarious position of the government -- if it did not take some action, Labour might take much stronger action, if it got into power (which it had nearly done in 1961).

5    The best presentation of the more sophisticated argument is the article by a 'Special Correspondent' in the IPA Review, Vol. 17, No. 4, (October-December 1963), pp. 116-25.

Australia, according to this argument, was a geographically large country with a small population, with great distances between its major population centres, and possessed of only limited natural resources. It was not economically feasible for it to support large numbers of firms in all major sectors. Concentration meant greater efficiency, from which the consumer would get the benefit of cheaper prices. The necessary registration of mergers and takeovers and the automatic condemnation of some practices was therefore especially objectionable. Scientific and technological advance had rendered obsolete the old concept of competitiveness as a multitude of small firms competing in the same area, although there was still fierce competition in standards of quality and service and against substitute products. Modern economic advance, this argument continued, required heavy capital expenditure, expensive research, and long-range planning. Australia, as a relatively young country at a crucial stage in her industrial development, needed to give local businessmen and overseas investors sufficient confidence to risk initial outlays. The Barwick proposals, if put into effect, would create such uncertainty as to interrupt and even dislocate Australia's trade and future development. The opponents of the proposals also made objections to the procedure entailed. They argued that the scope of the practices required to be registered was so wide that virtually every kind of normal business practice could be subject to challenge and would therefore have to be registered as a precaution. The 'gateways' would have the effect of reversing normal legal procedure by putting the onus on the accused to prove that his practice was not contrary to the public interest.[1]

The supporters of the proposals, who of course included the Labour party, relied mainly on arguments about 'the rights of small businessmen', 'wider choice for consumers' and the 'protection of the public interest'. They liked to spice their case with stories of collusion between traders which had squeezed out individual entrepreneurs and exploited the public. They could point out that business had misunderstood -- or misrepresented -- Barwick's notion of competition. This had not assumed that the Australian economy should be a multiplicity of entrepreneurs in perfect competition; it had fully recognised that there might be occasions when restrictive practices were in the public interest. They argued that the

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1    In some of the more hysterical comments of businessmen this supposed reversal was made to seem like the end of the rule of law. It was a difficult and technical point, but Barwick himself strongly denied that normal legal procedures would not be followed.

main fears of businessmen about the procedure sprang from an exaggeration
or misinterpretation of the technicalities.

The 'discussion and representation' which Barwick had hoped his
statement would excite was so vigorous and prolonged that the bill itself
was not presented until May 1965.[1] The new Attorney-General, B.M. Snedden,[2]
said that the bill represented 'no change' in the philosophy behind the
proposals of 1962. But he reported that it contained a number of changes
which had been made after 'taking account of the representations that the
Government received' and after 'close and continuous study of the whole
problem'. These changes constituted 'improvements'; but they were so
designed as not to permit any dilution of the legislation which would
prevent it from achieving its original purpose. As outlined by Snedden
the changes were as follows. Persistent price-cutting and monopolisation,
previously denoted 'inexcusably unlawful', had been dropped from that list
and transferred to a list of 'examinable' practices in which the test of
monopolisation would be the 'taking of improper advantage of a dominant
position in the market'. Barwick's list of eight registrable practices
was replaced with five types of 'horizontal' agreements and four practices
subject to examination. The prohibition of resale price maintenance,
notably, was abandoned. The bill also simplified the administrative
machinery in a number of ways.

The business community welcomed the modifications, but it was far
from being completely appeased. The precise meaning of key parts of the
new bill, it insisted, was unclear; and the intent of the bill as a whole
still threatened to make for 'intrusion' into the affairs of business.
The IPA-Victoria, which in the forties had laid great stress on the
importance of small business and the dangers of monopolies,[3] repeated its
earlier objections to legislation of this kind;[4] these were similar to
the more sophisticated arguments of the business community generally.

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1    CPD, HR 46, pp. 1654-61. 'Restrictive' was now left off the title
     of the bill, presumably to make it sound less offensive.

2    MHR for Bruce, Vic., 1955 -  ; Attorney-General 1963-6.

3    Looking Forward, esp. Section VI, and 'Small Business', Review,
     Vol. 111, No. 4, (July-August 1949), pp. 120-8.

4    'Trade Practices Bill', Vol. 19, No. 2, (April-June 1965), pp. 44-51;
     see also 'Legislation on Restrictive Practices', ibid., Vol. 18, No. 2,
     (April-June 1964), pp. 33-41, and 'Restrictive Practices Legislation',
     ibid., Vol. 17, No. 1, (January-March 1963), pp. 10-19.

Most Liberal parliamentarians, while sounding uneasy about the bill's scope and the administrative problems that it would present, felt that the proposals were in accordance with the party's obligations to uphold and protect the principles of its platform.[1] Three backbenchers, however, believed that the bill was not only dangerous in its administrative aspects but misconceived in its very purpose. W.C. Haworth vigorously denied that Australian businesses had become accustomed to non-competitive conditions, as had often been said.[2] A. A. Buchanan said that strong competition already existed in Australia and that the bill would 'open the way for unjustifiable intrusion into the affairs of the business community'.[3] R.H. Whittorn thought that the bill represented a return to those restrictions on business of the 1940s which Liberals had promised to relieve and then boasted that they had. The bill would serve no useful purpose in trying to protect the public interest. 'Businesses know best what is good for themselves and for the community at large', he declared.[4] To the Labour party the effect of the change's was, despite the Attorney-General's assurances, to emasculate Barwick's original proposals. As Labour saw it, the Liberal party had capitulated yet again to pressure from big business.[5]

The bill passed easily; but the argument over 'free' enterprise, competition and the public interest was left in a curiously muddled state. Both the supporters and opponents of the bill (and Barwick's statement) had felt that they were upholding 'the public interest'. For the business community and the three Liberal 'rebels' the public interest was already well served by private enterprise in its existing state. In defending it against 'interference' from government they summoned up arguments and phraseology redolent of nineteenth-century capitalism. What they were

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1    See the debate on the bill, CPD, HR49.

2    ibid., pp. 3247-51

3    ibid., pp. 3251-4.

4    ibid., pp. 3269-74. Quotation at p. 3271. Coates' survey of backbenchers in 1966 gave the following result on the restrictive trade practices legislation: eighteen approved; eight disapproved; and six thought that it should have been stronger. (The Liberal Party of Australia..., p. 25.)

5    See, for example, the speech by E.G. Whitlam, deputy-leader of the parliamentary Labour party, CPD, HR49, pp. 3225-33.

defending was of course a highly regulated and -- by most impartial accounts -- 'concentrated' capitalism.[1] For their part, the advocates of intervention pointed to this very fact when they justified intervention for the purpose of restoring a degree of competition in the economy which, they believed, had existed in the past. They, too, spoke of the virtues of competition and capitalism and of the rights of individuals and especially of the 'small' entrepreneur, although in a lower tone than their opponents. Their conception of the public interest was based on the view that these virtues and rights were more important for the economy, country and general public in the long term than any immediate advantages of restrictive practices. In the debate on restrictive trade practices, then, the language of an outdated capitalism was used both to defend and condemn modern capitalism.

(12) The Vernon Report:  Politics, Economics, and Planning.

The repercussions of the 1960-1 credit crisis continued through into the mid-1960s in a second direction. The government, stung by business and press criticism of its 'stop-and-go' policies, set up a Committee of Economic Enquiry in 1962.[2] The Committee's terms of reference were to report on questions of 'fact and tendency' relating to specific objectives of the government's economic policy and to report its conclusions as to the bearing of these matters upon the achievement of the stated objectives. The 'Vernon Report', as the Committee's findings were popularly known, became the focus of a widespread controversy on the subject of economic planning. In its propaganda war with the Labour party, the government had so far been able to evade the question of central economic planning by reciting the story of the great progress which had been achieved without it. Now it had to counter the authoritative opinions of an independent body.

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1    For a convenient summary of evidence and authoritative assessments on this point, see Encel, Equality and Authority, pp. 326-39.

2    The requests for an enquiry by the Country party and primary industry from the late 1950s may also have been a factor in the government's decision to set up a committee. The chairman of the Committee was Dr (later Sir James) Vernon, General Manager and Director of the Colonial Sugar Refining Co.

Menzies' rejection of the committee's major recommendations,[1] although
made on grounds other than the actual demerits of planning, provides a
rare glimpse of the Liberal government's conception of politics in relation
to economics and planning.

Menzies observed first that the Committee had exceeded its terms of
reference by offering 'opinions or suggestions' on matters of policy. Its
Report, he said, had to be evaluated subject to two reservations. The
first was that in a free and self-governing country, policies would be
'political'. Opposing parties would be likely to have opposing policies,
and in no case was a political policy the product of purely expert opinion
on technical matters. Since it had to cover a wide area of localities and
circumstances and be flexible enough to meet the problems of international
and domestic change, policy was commonly pursued and applied 'in the light
of much accumulated experience and political judgement'. Secondly, when
advancing political policies, the Report could not be regarded as
possessing binding authority. No government or parliament, Menzies said,
could abdicate its own authority and responsibility for national policy.
It would welcome the opinion of economic experts, but its task would take
it far beyond the limits of economic expertise. Political policy in a
democratic community, he emphasised, did not depend upon purely economic
considerations.

Menzies proceeded to illustrate the difference between a 'purely
economic' approach and the 'necessarily wider and more complicated'
approach of the political policy-maker. The Committee's recommendation
of a ceiling on migration for a term of years had taken no account of a
variety of factors, such as availability of migrants and business confidence,
on which the government had to base its policy. The Committee had set up
a five per cent growth rate as 'something very like a ruling purpose for
economic policy'. This, Menzies said, could only be achieved if there was
a conscious diversion of resources from some areas of activity to others.

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[1]    In his Ministerial Statement on the Australian Economy, CPD, HR 47,
       pp. 1078-1086. This was made on 21 September 1965. There was a lot
       of subsequent speculation in the press and academic journals that the
       Treasury, anxious to preserve its own power and prestige, had
       'sabotaged' the Report. Whatever the truth of this, the reasons given
       by Menzies are entirely consistent with his general views on the role
       of experts and parliament in political decision-making. (See ch. 6,
       pp.224-6 and ch. 7, pp. 290-2.) For a good critical review of
       Menzies' statement and analysis of the Report generally see R.B.
       Scotton, 'The Vernon Report and the Australian Government', Public
       Administration, (Sydney), Vol. XXV, No. 2, (June 1966), pp. 133-45.

In individual cases, such as one of reducing the demand for particular commodities in order to meet an inflationary trend, the government was prepared to redirect resources; but the Report's projections predicated a degree of planning and direction of the economy which in the government's opinion would not be either appropriate or acceptable in Australia.[1]

The major emphasis in Menzies' statement on the Vernon Report was on the essentially 'political' nature of major economic decisions. His contention was that governments needed to retain the power to adapt and alter policies according to varying circumstances. The clear lesson of this was that a free enterprise government should not interfere with the workings of the free market mechanism in order to achieve a pre-established growth rate beyond taking urgent measures to redress dangerous imbalances. Liberal spokesmen defending the government's rejection of central planning[2] always argued that important economic factors, such as immigration rates, the balance of payments, and overseas investment, were largely beyond the control of governments. Long term predictions were hazardous and long-term planning would be futile. More than this: planning would be dangerous because the irrevocable commitment to a plan deprived a government of flexibility of action if circumstances changed drastically.

At the same time Liberals denied that their rejection of central planning meant a totally unplanned economy. In the first place, the government had broad objectives -- full employment, increased productivity, and stability of costs and prices -- whose attainment it aided through various budgetary and monetary techniques and the provision of public works. There had been sufficient 'planning' for these in the sense of co-ordination of policy between numerous government departments and boards and consultation between government and business. For this, its existing system of expert advisers was already quite adequate; any additional bodies would only duplicate it. What they opposed as a matter of principle, Liberals said, was any planning which went beyond the setting of broad objectives and beyond consultation and co-ordination for the sake of 'doctrine'. Full-scale planning or target-setting would require some

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1    See, especially, that part of his statement in which he argued that the Special Projects Commission and Advisory Council on Economic Growth recommended by the CEE unnecessary. (loc.cit., pp. 1084-5.)

2    See, for a good example, the speech by W. McMahon, the new Treasurer, in the debate on Menzies' statement (CPD, HR50, pp. 87-96) in March 1966.

unemployment and power to divert resources, including labour; this would be unacceptable to Australian opinion. It would also bring with it a bureaucratic structure which would eventually frustrate enterprise and lead back to the kinds of controls which existed in the 1940s.

Liberals did not deny that 'ad hoc' measures within a broad framework of management caused occasional difficulties.[1] But they argued that these were preferable to the bureaucracy and stagnation which would be the inevitable consequence of central planning. It was better, as they saw it, to let the free market mechanism harmonise the plans of individual consumers and business within a mildly regulated framework. Whereas Labour, always suspicious of the 'freedom' of private enterprise, took the range and extent of governmental activity to be a justification for more governmental control and in particular for systematic, long-term planning, Liberals and the business community, dedicated to the belief in the historical benefits conferred by entrepreneurs, appeared to argue from the same facts to the opposite conclusion: given that this much was inescapable, it was all the more important that Australia should preserve what freedom of enterprise had survived.

The Labour party, which by the 1960s was emphasising public enterprise and central economic planning in place of nationalisation,[2] looked on the Vernon Report more favourably. It took the same attitude as the government to the proper relationship between parliament and outside advisory bodies.[3] But it welcomed the substance of Committee's main recommendations as being in accordance with its own general policy and as confirming its long re-iterated criticism of the L-CP government.[4]

The business community as a whole was greatly impressed with the Report as a compendium of information. Commerce and manufacturing then each hastened to claim the Report as an impartial vindication of their own particular policies. Canberra Comments[5] was doubtful of the validity

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1  Although most of Coates' backbenchers favoured the existing degree of governmental control of the economy, eight saw (if somewhat vaguely) a need for more planning through government - instituted priorities. (The Liberal Party of Australia..., p. 25).

2  See the Federal Platform, as amended by the 26th Commonwealth Conference, 1965, section 5 (Economic Planning); A.A. Calwell, Labor's Role in Modern Society, (Revised edition, Melbourne, 1965), ch. 8; and Jupp, Australian Party Politics, ch. 8.

3  See the brief speech by Calwell in adjourning the debate after Menzies' statement, CPD, HR47, pp. 1086-7.

4  See the debate on the statement, CPD, HR50 and in particular the speeches by F. Crean and Dr. J.F. Cairns (pp. 81-7 and 96-9).

5  Vol. 19, No. 10, (October 1965), pp. 1-4.

of the Report's economic projections and implied that it differed with its taxation proposals, its suggestions for the diversion of resources, and its measurement of productivity in relation to tariffs. But it was pleased to find, and quote, long sections of the Report which were critical of indiscriminate protection. The ACMA noted[1] that the Committee had made clear its belief that the tariff had been, and would continue to be, an important factor in Australia's economic growth. It triumphantly quoted the Report to the effect that there 'were no grounds for thinking that the total disadvantages of protection had exceeded the benefits'. The Vernon Committee, it said, had now supported the Bridgen Committee of 1929 in rejecting free trade. It could not resist gloating that the rival doctrine had been rejected again. 'Free trade as a real issue in the Australian Federation', it said, 'has finally been laid to rest by the Vernon Committee Report. Requiescat in pace'.

The IPA-Victoria disliked the Vernon Report. This was slightly surprising because it had seemed to be a strong supporter of the idea of advisory bodies. Looking Forward had suggested the formation of a Representative Council of Industry to act as a single voice for business and as a medium of co-operation with the government, and an economic advisory council to help the co-ordination of budgetary and fiscal policies.[2] In 1952 the Review[3] had urged the need for a disinterested body, on the model of the Council of Economic Advisers in the United States, to inform the public and business community and to raise the level of economic debate through authoritative published surveys of trends and policies. As conceived by the Institute, this would have advised the government and counter-acted the 'Canberra departmental' viewpoint with the 'everyday business' viewpoint. In 1954 the IPA had again complained at length about the undemocratic nature of policy-making and repeated its call for reports on the overall state of the economy and for an advisory system through which the influence of 'Canberra departments' and 'sectional interests' could be checked.[4]

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1    Canberra Letter, No.948, November 1965, pp. 2-4.

2    Section 111, part 6, and section IX.

3    'A C.E.A. for Australia', Review, Vol. VI, No. 3, (May-June 1952), pp. 81-5.

4    Review, Vol. 8, No. 3, (July-September 1954), pp. 86-91; cf. 'The Making of Economic Policy', ibid., Vol. 8, No.2, (April-June 1954), pp. 33-40.

The same criticisms were later to be repeated, though usually in more moderate terms, on occasions when the Institute felt that the government had failed to consult with business or to explain its action fully. Possibly mollified by Treasury White Papers, an annual report on the state of the economy, and more stable economic conditions, the IPA-Victoria came out in the credit crisis as a strong opponent of planning and of the views of those businessmen who were mesmerised, as it thought, by the idea of painless, uninterrupted economic growth.[1] It argued, against the emphasis on 'theory' in the Report, for a 'practical commonsense' approach which recognised that economics was too mixed with factors of politics, technology and psychology to be amenable to strictly economic solutions.[2]

As on the issue of restrictive trade practices, the reactions of conservatives to the challenge posed by the Vernon Report seemed to reflect the tension between their traditional belief in the free market and their recognition of the realities of a highly regulated capitalism. Although some sections of the business community were more disposed to accept planning than others, the business community as a whole seemed to want planning -- in the sense of information, and 'inspiring leadership' from the government -- only when it was necessary or convenient for itself. At other times suggestions of government action drew forth loud cries of 'interference' and appeals to the harmonising properties of the 'free' market and the price mechanism. Probably the consultation which the business community had enjoyed with the L-CP government since 1962 had partially alleviated its old fear that its point of view was not properly heard or sufficiently appreciated. The IPA-Victoria was presumably satisfied that full employment, good industrial relations and rising productivity could be maintained under the existing degree of regulation. It fell back on arguments, typical of its opponents in the forties and early fifties, that planning might lead to coercion. The Liberal party itself seemed to combine its rhetoric of the 1940s with its arguments to business groups in the 1950s. It took the apparent position that regulation, supervision and management of the economy for the achievement of broad objectives was acceptable and desirable but not 'planning' for fixed rates of growth or for targets in individual sectors of the economy.

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1    See 'National Economic Planning', ibid. , Vol. 16, No. 1, (January-March 1962), pp. 20-4.

2    See 'The Vernon Report', ibid., Vol. 19, No. 3, (July-September 1965), pp. 101-10.

By the middle of the sixties Liberals, with ill-concealed satis-
faction, were able to eulogize the 'vast progress' which had taken place
under the 'wise management' of L-CP governments since 1949.  Labour had
offered larger social service payments and other benefits to various
groups in its policy speeches since 1951;[1] but the government had always
been able to throw doubt on their financial practicability, claiming that
they could only be achieved through increased taxation and at the risk of
inflation.  By contrast their own trusteeship had been 'sound',
'responsible' and 'balanced', always prepared to incur temporary
unpopularity for the sake of the long-term national interest.  They had
followed their principles and only occasionally resorted to expedients;
and they had fulfilled their promises.

(13) Conclusions

We can now pick out some broad trends and features of conservative
and business thought and make a brief assessment of the conservative
position as a whole in terms of 'liberalism' and 'conservatism'.

When the story is taken up in the present chapter, conservative
forces were proclaiming their acceptance of contracyclical economic theory
and denying that they believed in laissez-faire.  By the time the Liberals
came into government in 1949, the conservative orthodoxy was that govern-
ment's obligations to society superseded any rights of business to a
'pure' free enterprise, although this was disguised in the rhetoric of
the 1940s.  The depression had shattered any lingering notions of automatic
progress; but then during the later thirties and the war fatalistic
notions had been replaced by Keynesian economics.  As the techniques of
managing the economy were refined, the Liberal conception of the role of
government became that of a provider of a favourable climate.  Even more
than this, the government had to guide development and progress, and it
had a responsibility for the welfare of the community.

Modernised in this way, the conservative position as it emerged in
the argument of all these years was that the government could justifiably
interfere in business life for certain limited ends.  These were:  to help
provide the facilities of fuel, power and transport which were necessary
for national development or as a basis for profitable private enterprise;
to avert slumps by establishing public works and by the use of various
'contra-cyclical' monetary and fiscal techniques; and to curb combinations

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1     See Jupp, Australian Party Politics, pp. 114-7.

which restricted the freedom of free enterprise and which could not
otherwise be justified as being in the public interest. The role of the
state was ideally that of an active partner with the business community
in producing smooth and consistent progress.[1] The change in conservative
thought on the role of the government in the economy was not, of course,
unique to Australia; and the numerous occasions on which we saw conserva-
tives and others looking to the United States or Britain or quoted
Beveridge or 'the great Keynes' indicated that they interpreted their
own experience partly in the light of overseas trends.[2]

Within the broad conservative concept of 'free enterprise', three
main strands of thought can be detected. The first is that of 'controlled'
capitalism, as represented by Menzies and the IPA-Victoria. While he
often sounded as vigorously anti-socialist as any in the 1940s, Menzies
held the view that capitalism must be managed and controlled so as to
allay its known historical faults. In government Menzies justified
state expenditure and interference not only on the grounds of national
security and practical urgency but also by the argument that state action
in providing facilities and information was a necessary complement of
private enterprise activity.

Against the Liberal government orthodoxy of a managed capitalism,
Anderson and the ACCA spoke for what they saw as authentic economic
liberalism, warning of the dangers of controls and 'socialism in small
doses'. Any intervention was a necessary evil, and most other govern-
ment activity was open to attack in the name of the 'freedom of the
individual' and 'economy'. The state could intervene only to 'prime and
pump' briefly at times of depression or deep stagnation. This second

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1    See Eric Roll, A History of Economic Thought, (Second revised
     edition, London, 1961), chs. X, XI.  Cf. four articles in the IPA
     Review which assess post-war capitalism: 'Capitalism: Then and
     Now!', Vol. 7, No. 3, (July-September 1953), pp. 69-75; 'The 1930s
     and the 1950s, Vol. 16, No . 1, (January-March 1962), pp. 7-14;
     'Twenty Years After' [Looking Forward], Vol. 18, No. 3, (July-
     September 1964), pp. 71-8; and 'Striking Changes in Business Attitudes'
     Vol. 20, No. 3, (July-September 1966), pp. 90-6.

2    The Conservative government in Britain from 1951 had used the rhetoric
     of 'anti-planning' while preserving many indirect controls.  Later the
     concept of planning was institutionalised in the form of a National
     Economic Development Council (1962).  (See Andrew Shonfield, Modern
     Capitalism - The Changing Balance of Public and Private Power,
     (London, 1965), ch. VI.)  The United States, although slower than
     Britain and Europe to accept an enlarged role for government in
     economic affairs, was also moving cautiously and belatedly in the
     same direction.  (Ibid., chs. X111 - X1X).

strand recalled with nostalgia the era of pioneers and rugged individualism and mourned the passing of the kind of society which produced men of the calibre of H.V. McKay and Sydney Myer.

A third strand, more difficult to detect, either favoured more coherent planning or wanted particular things which could only be obtained through such planning. The ACMA occasionally came very close to this position in the 1960s. The natural ideological position of the Liberal party, though it took it some time to lose its distaste for controls, was that of the first type of managed capitalism of the late 1950s, with its overall indirect planning as described later in its rejection of the Vernon Report.

The views of the business community, which were especially important in conservative economic thought, contained inconsistencies brought about by the discrepancy between the rhetoric of the business world and its actual practices. Since the forties the Australian business community had held a 'managerial' rather than a 'classical' business ideology:[1] it saw government, at best, as a positive aid to its own long-term interests. Yet its rhetoric occasionally had the echo of the classical business ideology which viewed any government intervention as an unmitigated evil. The business community showed an ineradicable suspicion that governments, of whatever political complexion, did not understand its needs or the way it worked and that they courted political popularity and played party politics rather than served the national interest. It believed that Labour was hostile to it and that the Liberal and Country parties, while professing sympathy, often only paid lip-service to its needs. Clearly, then, the idea that the Liberal party was just the 'party of town capital'[2] is far too simple-minded. The L-CP government, though a business-oriented administration, saw as one of its main functions that of reconciling conflicting business interests with each other and with the long-term national interest and in doing this it often incurred the wrath of particular sections of business.

Although it was more socially-conscious by the sixties, the business community was still prone to fall back on old ideas. It had a number of simple-minded 'solutions' to the problems of politics and economics.

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1    Following Francis X. Sutton and others, The American Business Creed, (New York, 1962), chs. 9-10.

2    Crisp, Australian National Government, ch. 7 (Crisp does, however, write about the non-Labour parties in a way which softens the implications of this phrase.)

Governments 'should govern' and 'leave business to businessmen';[1] the
public service should be cut back and made more efficient, if necessary
by a commission of businessmen; men should work harder and display more
'goodwill' in industrial relations; management should be more enlightened
and efficient; and governments should provide more imaginative and resolute
leadership. The inconsistencies in these homilies, and their apparent
contradiction with the demands for assistance of even the advocates of
minimal intervention, always exasperated the government, which believed
that it had more information, that its task was to reconcile various
conflicting aims, that business often failed to recognise its own duties
and responsibilities, and that the business analogues of 'profit' and
'efficiency' were not always applicable to government itself. It also
seemed likely that on the occasions when business was vociferously angry
because government had failed to consult it -- such as in the early 1950s,
in the credit crisis, or over the restrictive trade practices legislation
-- the government had believed that it was simply not practicable to wait
for the agreement of business.

The outlook of the IPA-Victoria was more complex. It interpreted
business to government; but, almost as important, it tried to interpret
government to business. Especially in the 1940s, it spoke for a more
enlightened free enterprise against those sections of business which were
reluctant to make the changes necessary for their own survival. Later it
spoke as the guardian of consistency against both laissez-faire and
planning. It could, and frequently did, speak with these several voices
simultaneously.

The difference between the orthodox position and the position of
minimum intervention was often blurred in the 1940s by the shrill anti-
socialist propaganda of all conservatives and later by the habit of the
advocates of limited intervention of asking for government intervention
which suited their own cause. Though I have used the term 'conservative'
for both groups, the term is more properly applied to the former. For
they were, at least in rhetoric, looking back to a (possibly imaginary)
period when the state's functions were restricted to the preservation of
national security and internal law and order. The self-styled 'liberals'

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1    Independent critics have liked to point out that the government's
     connections with, and involvement in, business in various ways
     appeared to be at odds both with its own rhetoric of free enterprise
     and with the professed desire of business to be left alone. See
     Encel, Equality and Authority, pp. 319-26, 357-64; and P.H. Karmel
     and Maureen Brunt, The Structure of the Australian Economy,
     (Melbourne, 1962), pp. 21-4, 142-3.

of the 1940s had, as we saw, renounced the classical economic liberalism
of Smith and Ricardo and of nineteenth-century laissez-faire in which the
state was an 'umpire' which just 'held the ring'. In rhetoric,at least,
the difference between the two positions was roughly that between
Gladstonianism and Keynesianism. The state for the first was still a
Nightwatchman maintaining order; for the second, it was a Weathermaker
regulating the 'economic climate'.[1] The difference in tone often gave
a misleading impression of differences on specific issues and probably
also of the margin of real choice available within the confines of
Australian economic and political realities. For governments had probably
always intervened far more than old liberals, contemporary conservatives
or even modern liberals were willing to admit. They were, in practice,
all Keynesians now; but some of them were still reluctant to admit it.

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[1]   The terms of Paul Streeten in his chapter 'The Planned World of
      Today' in Robert L. Heilbroner, The Great Economists:  Their Lives
      and their Conceptions of the World, (Revised edition, London, 1955).
      See also Streeten's brilliant analysis of the ambiguous legacy of
      Keynes, 'Opium eaters and opium abstainers', ibid.

CHAPTER 5


LIBERALS' IDEAS ON SOCIAL POLICY

(1) Introduction

As on economic matters, non-Labour thought on questions of social security, housing, and education shows a clear continuity from the early Liberal parties through the Nationalists and UAP to the contemporary Liberal party. They all officially stood for social security, better housing for all people (especially the poor), universal education, and greater equality of opportunity in obtaining education.[1] There was often a noticeable defensiveness about non-Labour thought in these areas after Deakin, however. Non-Labour parties did, indeed, include the same general aims as the ALP; but they insisted that any insurance schemes should not violate the principles of 'self-help' and 'incentive'. With righteous indignation they all followed Deakin and Reid in disputing Labour's claim to have been the part which always brought about the great advances in industrial conditions and social welfare.[2]

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1    See, for the early Liberals on social welfare, Reid, Manifesto, p.10; Cook, The Policy of Liberalism, p.7; Liberal, 1 August 1912, p. 14. (For lists of welfare and industrial acts which Liberals of that era like to claim as achievements of their party, see ibid., 27 April 1912, pp. 231-2, and The Fighting Line, 18 March 1916, p.6). For the Nationalists see The Government Policy, A Speech delivered by the Rt. Hon. S.M. Bruce, Prime Minister of the Commonwealth, at Dandenong (Vic.), October 8, 1928, p.9. On housing see Liberal and Reform Association - New South Wales, Platform, [Sydney, 1910?], and The Fighting Line, 1 December 1920, p.6. For examples of UAP thought, policies, or claims regarding housing see: Nationalist, September 1936, pp. 12-13; Australian Statesman, June 1935, p. 5, and August 1938, p. 7; and the United Australia Review, 22 April 1937, pp. 11-12 and 6 January 1939, p.14. On education see Reid's 'Nine Greatest Needs' (no.6), given at the back of his Manifesto. Cf. Liberal, 22 July 1911, p.18 (the education objective of the Victorian state platform of the People's Liberal Party; and the Education section of the platform of the LRA-NSW; Bruce, The Government Policy, p. 3. (According to Edwards Bruce had an 'old-fashioned liberalistic belief in the pefectibility of human nature'. (Bruce of Melbourne, p. 460.) Cf. United Australia Review, 21 July 1933, p. 13; and Australian Statesman, September 1936, p.4; 23 February 1938, p. 1; January 1939, p. 1.

2    For two later examples see United Australia Review, 23 August 1932, pp. 13, 23; and Nationalist, 30 December 1937, which gave a list of progressive and welfare measures which had been passed by Forrest's administration and other Liberal governments in WA. (pp. 12-14).

Non-Labour governments in the past, however, had made few attempts to bring in new legislation in these fields.[1] A Liberal government had introduced old age and invalid pensions, subject to a means test, in 1908.[2] A Nationalist government,we have noticed, had set up a Federal Department of Health, a Royal Commission on National Insurance in 1923, and then a Federal Health Council in 1926. And a United Australia government had given child endowment for the second and subsequent children in 1941 and had set up a joint parliamentary committee on social security. The Nationalist government in 1928, we have noticed again, and the United Australia party ten years later, had tried to introduce contributory national insurance schemes; but these had foundered owing to the political troubles of both governments at the time and to the reluctance of the medical profession and friendly societies to co-operate. Labour's sole achievement in social welfare was to have brought in maternity allowances in 1912. Otherwise, legislation for social services, education and housing had been the prerogative of state and local governments until the 1940s.

In its period of office, beginning in late 1941, the Labour party instituted a wide range of benefits in the areas of social services, housing and education.[3] It enacted legislation for widows' pensions, subject to a means test (1942); funeral benefits for pensioners (1943); unemployment and sickness benefits (1944); pharmaceutical benefits (1944);[4] hospital benefits (1945); a scheme to eradicate tuberculosis (1945-8); mental institution benefits (1948); and a national health scheme (1948-9).[5]

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1    For the history of social services in Australia see T.H. Kewley, Social Security in Australia - The Development of Social Security and Health Benefits from 1900 to the Present, (Sydney, 1965), and Australia's Welfare State - The Development of Social Security Benefits, (Melbourne, 1969); A.H. Birch, Federalism, Finance and Social Legislation in Canada, Australia and the United States, (Oxford, 1955), esp. ch. 8; Ronald Mendelsohn, Social Security in the British Commonwealth: Great Britain, Canada, Australia, New Zealand, (London, 1954), esp. ch. IV, and 'Social Services' in R.N. Spann ed., Public Administration in Australia, (Sydney, 1958); Leonard Tierney, 'Social Policy', in Davies and Encel eds., Australian Society, (1970); and Garnett, op.cit., ch. 6. This whole chapter, as well as the present section, draws heavily on these general sources.

2    This, the Invalid and Old Age Pensions Act 1908, had actually come into effect only in 1910.

3    In addition to the general sources already cited, see, for the details of these acts, Sawer, Australian Federal Politics and Law 1929-1949, chs. 5-7; Crisp, Ben Chifley, ch. XIII; and Hasluck, The Government and the People 1942-1945, pp. 508-23.

4    Later declared invalid by the High Court.

5    Parts of this were also declared invalid by the High Court.

In 1943 it had set up a National Welfare Fund as a non-contributory means of financing benefits; and in 1947, following a successful referendum on the question in 1946,[1] it passed an act which put the constitutional legitimacy of commonwealth action, previously uncertain, beyond doubt. For the first time in federation a commonwealth government also took major initiatives in the fields of housing and education. The Labour government in 1945 made an agreement on housing with the states under which it would subsidise the construction of houses by state authorities. For education it set up a universities' commission in 1943 and subsidised needy students. It then passed an Education Act in 1945 which established a Commonwealth Office of Education to administer a system of scholarships and to assist in a scheme of tertiary education for ex-servicemen. Its Australian National University Act of 1946 established a university of that name in the Australian Capital Territory.

The social legislation proposed by the Labour government presented the new Liberal party with a difficult challenge. The Labour party, traditionally more concerned with social legislation than non-Labour, had been further influenced by the depression[2] to believe that the government's foremost obligation in the post-war period must be to provide social security for its citizens. Full employment, as we have seen, was to be the primary and 'positive' element of this security. Various services for social welfare, housing and education were to complement this; together they would constitute the basic part of that social justice which the Labour party said it stood for.

As an ideal, Labour's aim of social security for all was probably accepted by the great majority of people, including most conservatives.[3] The goals of 'justice for the common man', social and economic security, and greater equality of opportunity had entered wartime idealism as part of the Allies' 'cause'. They had first found popular expression in the call of the Atlantic Charter of 1941 for 'an improved standard of labour, economic advancement and social security'[4] and then in President Roosevelt's slogan

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1    For a brief description of this referendum see pp. 222-3.

2    For a brief summary of some surveys of social conditions in the 1930s, see Garnett, _Freedom and Planning in Australia_, pp. 136-8.

3    For some statistical evidence on this see Goot's data in his _Policies and Partisans_, pp. 18-24.

4    See, on this point, Julius Stone, _The Atlantic Charter: New Worlds for Old_, (Sydney, 1943), ch. VIII, For Menzies' eulogistic comment on the Charter as Prime Minister see _CPD_, Vol. 168, p. 9, (20 August 1941).

'freedom from want'. The report of Sir William Beveridge on social insurance,[1] drawing attention to the 'five giant evils' of Want, Disease, Ignorance, Squalor, and Idleness, and arguing that mass unemployment was avoidable, had been widely read and applauded. And Churchill's much-cited Four-Year Plan of 1943, already referred to,[2] had advocated 'natural compulsory insurance for all classes for all purposes from the cradle to the grave'. Without these declarations Australian Liberals would probably still have accommodated their ideas to the reformist mood of the electorate; the fact that Roosevelt, Beveridge and Churchill were all believers in a free enterprise system probably made local ideas on social security more palatable.

The Liberal party could not, even had it wanted to, speak against the aim of a better post-war world, nor could it deny that for this purpose the commonwealth had to maintain controls and do far more than it had after the first world war. Liberals could not therefore offer outright opposition to Labour's proposals.[3] What they could -- and did -- oppose on grounds of principle was the form of some of the legislation. Their arguments differed in detail on each piece of legislation, but behind them lay a distinctive and consistent set of values. To anticipate, this set of values was one in which the primary purpose of social security was taken to be the relief of undeserved misfortune, and that of state action for housing and education was thought justified only to preserve social stability and 'decent' standards and to remove extreme inequalities of opportunity. Though it also accepted in this scheme of values that the state had a responsibility to ensure minimum, nation-wide standards of welfare and security, there was some equivocation evident in the later record of the Liberal governments about the ideas of guaranteed security, equality of opportunity, and human rights.

Three typical statements from Liberals on social welfare serve to exemplify the two sides of the modern conservative attitude which recurred, almost antiphonically, in all Liberal discussions of social policy. Menzies, speaking in 1942 on the topic of Roosevelt's 'Freedom From Want',[4]

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1    Sir William Beveridge, Report on Social Insurance and Allied
      Services, (HMSO, London, 1942).

2    Above, p. 95.

3    In his 1946 policy speech, however, Menzies was forced to scotch
      the 'fantastic rumours' that the Liberal party would take away or
      reduce some social service payments. (p. 9)

4    The Forgotten People, pp. 27-9,  Cf. the ACL's pamphlet Are You a
      Liberal?

found himself pressed by two opposing considerations.  One was that the
struggle for existence and progress brought out 'the best in man'; the other,
that a never-ending struggle on the fringe of reasonable existence was
'destructive of hope and of humanity'.  Government paternalism had a
'corroding effect' on individualism and self-reliance, yet the government
had 'great and imperative obligations' to the weak, sick and unfortunate.
'We look forward', he said ' to social and unemployment insurances, to
improved health services, to a wiser control of our economy to avert if
possible all booms and slumps which tend to convert labour into a commodity,
to a better distribution of wealth, to a keener sense of social justice
and responsibility.'  In government later, Menzies would continually warn
against the dangers to individualism of too much reliance on the 'welfare
state' while talking at the same time with pride of his government's achieve-
ments and 'humane record' in the field of social welfare.[1]

The NSW division of the Liberal party, in a pamphlet on social security,[2]
argued that 'It would be un-Christianlike that people who are cast on the
Industrial scrapheap, owing to advancing age or other reasons, should not
have some provision made for them'.  And J.L. Carrick, secretary of that
division from 1948, made the same point and then qualified the conservative's
acceptance of welfarism in the standard way.

> Liberalism [he said] fully appreciates the need for a
> society to make adequate provision for those less fortunate
> in the community who, through no fault of their own, cannot
> maintain themselves...But Liberalsim does not regard social
> services as ends in themselves but rather as a minimum
> below which none may fall and upon which all may build.[3]

The strain between these dual themes, as the Australian Liberals suddenly
faced the conflict which had confronted the British Liberals more than
fifty years before,[4] is the most striking feature of Liberal attitudes and
policies in all three fields of social policy.

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1    See, for one example, his comments on the welfare state as reported
     briefly in the _Age_, 20 August 1955, and more extensively in _Liberal_
     _Opinion_, June 1955, pp. 1, 7.

2    _Social Security_, [Sydney, 1946].  Quotation at p. 2.

3    See his pamphlet, _The Liberal Way of Progress_, (Sydney, 1949), p. 11.
     (Published by the Liberal Party of Australia.)

4    See T.H. Marshall's essay, 'Citizenship and Social Class', in his
     _Citizenship and Social Class and other essays_, (Cambridge, 1950), for
     and illuminating account of the development of social rights in
     Britain in the twentieth century.  Presumably federation and the
     troubles in non-Labour parties delayed the time when the Australian
     conservatives had to deal with this conflict.

## (2) Social Security

Liberals, while not challenging the objectives of Labour's major pieces of welfare legislation, questioned the financial soundness and moral consequences of the means by which Labour proposed to finance them. The Liberal party in parliament argued[1] that welfare schemes would not be viable if they were financed from general taxation; and that in any proper system of social security the beneficiaries should be required to make contributions. Its speakers warned that payments of the kind proposed by Labour would, like the 'dole', weaken the spirit of independence and self-reliance in the recipients and encourage a general drift towards indolence and thriftlessness. The right method of financing benefits was through a contributory insurance system.

Here Liberals like to enlist the authority and prestige of Beveridge, whose Report of 1942, they said, had weighed the merits of both contributory and non-contributory schemes and concluded that contributions were necessary for the preservation of self-respect and for the solvency of security schemes. As Menzies summarised Beveridge's position,[2] contributions dispensed with the humiliation of a means test which was 'inconsistent' with 'the proper dignity of the citizen in a democratic country'.[3] Beveridge was also quoted widely as saying that the duty of the state in organizing society was 'not to stifle incentive, opportunity or responsibility' and that, in establishing a national minimum, the state should 'leave room and encouragement for voluntary action by each individual to provide more than the minimum for himself and his family'.[4] Menzies, speaking on the

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1  See, for example, the speeches of Senator McLeay (then leader of the UAP in the Senate), and R.G. Menzies on the Unemployment and Sickness Benefits Bill, CPD, Vol. 177, pp. 190-5, and Vol. 178, pp. 2261-8; Sir Earle Page on the Pharmaceutical Benefits Bill and Hospital Benefits Bill, ibid., Vol. 178, pp. 2430-5, and Vol. 185, pp. 6244-7. Page, a senior member still of the Country party, became the first minister for Health in the Menzies government. (Until February 1945 the 'Liberals' were, strictly speaking, still of the United Australia party.)

2  The sections of his Report cited by Liberals came from Part 1 (Introduction and Summary), 'The Nature of Social Insurance' (pp. 11-13). They also claimed the support of the Joint Parliamentary Committee on Social Security in recommending the contributory principle, but its reports were, according to one authority, ambiguous on this matter. (See Kewley, Social Security in Australia, pp. 237-241.)

3  CPD, Vol. 178, p. 2264.

4  This was one of Beveridge's 'Three Guiding Principles of Recommendations' given in his Report's Introduction and Summary (pp. 6-7).

Unemployment and Sickness Benefits bill, pronounced it the 'first duty' of the citizen to contribute 'to the limit of his capacity' in matters of welfare benefits.[1] In his speech on the Hospital Benefits bill, he invoked the general rule by which Liberals questioned the financial soundness of Labour's proposals. Experience indicated, he said that

> When [a] government undertakes responsibilites private citizens are not so willing to undertake [these] as they were before...as soon as the State undertakes responsibilities out of the revenues of the State the people tend to be less free with their donations to the same cause.[2]

Liberals believed that a non-contributory system, besides depriving people of their self-respect, would be very difficult to finance in a post-war world in which there would be so many pressing demands and, as well, a rate of unemployment likely to be about five per cent.

The Liberal-Country party opposition[3] denounced the National Health Act of 1948 as a political tactic contrived to by-pass the 1946 constitutional limitation[4] which prohibited the 'civil conscription' of the medical profession. The act was designed, they said, to bring about the nationalisation of medicine through economic pressure. Page criticised as a fundamental weakness of the bill the fact that, as with the benefits of 1944-5, it was of a purely remedial kind and would do nothing to advance the course of 'preventive' medicine. A national health scheme, he and other conservatives argued, should begin with a series of measures which would reduce the eventual need for medical care. The main weight of the arguments of Liberal-Country party members fell upon the 'socialised' nature of the scheme. They deplored its 'mechanical' aspects, which they felt would destroy the 'special relationship' between doctor and patient. There would be a deterioration in the quality of medical treatment, they suggested, under a scheme in which a salaried medical service was subject to direction from a government department. Another effect of the scheme would be the undermining of the voluntary insurance organizations and the consequent loss by patients of their right of free choice among insurance schemes.

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1    loc. cit., p. 2264

2    loc. cit., p. 6245.

3    See, for example, the parliamentary speeches of Senator N. O'Sullivan, E.J. Harrison (then acting leader of the opposition), and Sir Earle Page on the National Health Service bill of 1948, CPD, Vol. 200 , pp. 3703-12, 4133-41, 4168-75.

4    See Sawer, Australian Federal Politics and Law 1929-1949, p. 173, for an account of this clause. The 1948 act itself was only an enabling act.

In all of the welfare debates the attitude of the medical profession was a crucial point of interest.  The British Medical Association in Australia (BMA) had laid down several conditions as pre-requisites for the acceptability to it of a national health scheme.[1]  Such a scheme must be controlled by a non-ministerial body on which doctors formed a majority; it must allow a free choice of doctor by the patient, payment being made on a fee-for-service basis; and it must preserve the contract between patient and doctor and make no contract between government and doctors.

The right claimed by the medical profession to stipulate the conditions of service under which it would co-operate in any government health scheme was strongly supported by Liberals.  Senator N. O'Sullivan, deputy-leader of the opposition in the Senate, contended that the real function of a government was 'to provide the finance for a medical service to be carried out by medical men themselves'.[2]  Liberals insisted that a scheme foisted upon the medical profession without its consent could not succeed and would only work to the detriment of the public.  A practicable national health scheme required 'co-operation' and 'partnership' between patients, the medical profession, voluntary insurance organizations, and existing state health services.  Labour had not obtained this  nor even made a reasonable attempt to get it.[3]  In the event, the scheme had not been put into effect by the time the Labour government was defeated in late 1949.

In government, the Liberal and Country parties' major innovations were those of endowment for the first child (1950), free pharmaceutical and medical benefits for pensioners on full pension and their dependents,[4] and a national health scheme (1950-3).  The first was in accordance with an election promise of 1946 (and 1949),[5] which caught the Labour party

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1    For a partisan account of the BMA's point of view on a national health service see Margery Scott Young, 'The Nationalisation of Medicine', The Medical Journal of Australia, Vol. 1, No. 4, (August 18 1962), supplement, pp. 21-5.  See also Kewley, Social Security in Australia, pp. 342-7.  In 1962 the BMA became the Australian Medical Association (AMA).  For a full account of the political aspects of the proposed national health scheme, see Thelma Hunter, The Politics of National Health, unpublished Ph.D. thesis, ANU, 1969, esp. Part Two.

2    loc. cit., p. 3705.

3    From the Labour government's point of view, the BMA was the obstructor. See Crisp, Ben Chifley, pp. 315-18.

4    In 1960, however, the government imposed a charge of five shillings per prescription subject to pharmaceutical benefits.

5    Federal policy speeches, 1946 and 1949, pp. 6-7 and p. 23.

unawares but also incurred criticism within the Liberal party for its inconsistency with Liberal policies of economy and tax reduction.[1] The government's national health scheme, to which we now turn, was the main act in its whole period of office to the mid-1960s.

The Liberal-Country party government's Act of 1953 implemented a comprehensive health service on the basis of stated Liberal principles. It established a scheme of benefits under which the commonwealth subsidised the hospital and medical expenses of individuals who contributed to an approved hospital or medical benefits fund. In his speeches to parliament on the bill, Page enumerated the major features of its concept and design.[2] It was based on a partnership with state governments, the professions, and insurance organisations; it applied universally throughout Australia; it 'touched every stage of life' in its successive steps; it had the 'active and voluntary' partnership of the professions, so ensuring that it worked smoothly, economically, and without abuse; and it promised to be self-supporting. It would also be an 'effective bulwark against the socialisation of medicine'. The great danger of government-aided health schemes, which was their tendency to develop a psychology of dependence and to diminish personal and communal responsibility, had been avoided by the device of stimulating voluntary insurance through government subsidies. This would encourage self-reliance and direct contributions. The scheme was, as many on the government side like to characterise it, one of 'helping people to help themselves'. Page, himself a former surgeon, went further and eulogised the 'social and moral uplift' which would derive from the co-operative and 'self-help' aspects of the scheme. The BMA, which Page had consulted closely in drawing it up, accepted the bill as meeting its requirements for a national scheme.[3]

Labour[4] attacked the L-CP scheme on the grounds that its contributory methods would make it more difficult for the poorer sections of the population to get adequate medical attention. Citizens were entitled to full medical attention as taxpayers, Labour spokesmen said; they should not have to make additional contributions to medical benefits societies which were, in any case, controlled by doctors themselves. The scheme did not cover mental and dental care, nor did it initiate measures which would

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1    Garnett, Freedom and Planning in Australia, p. 142.

2    CPD, Vol. 221, pp. 1755-62, and HR2, pp. 154-67.

3    Labour, however, believed that the BMA had accepted from the Liberal government parts of the Labour scheme which it had previously rejected. (See Kewley op. cit., p. 346n, and Crisp, op. cit., p. 318.)

4    See, for example, the speech of Allan Fraser, Labour's spokesman on health, CPD, HR2, pp. 225-34.

promote good health in the community.  Replying to these charges, Liberals were mainly content to rely on the proclaimed superiority of their principles of self-help, voluntarism and co-operation  and to embarrass Labour by recalling the constitutional troubles which Chifley's scheme had encountered and also Labour's difficulties with the BMA.[1]

After it had enacted its own health scheme, the Liberal government's major problem in social policy was to find a way by which it could eliminate the means test on aged pensions.  The original creed of the LPA had stated that social provisions should be 'on a contributory basis' and 'free from a means test'.[2]  The means test was, according to the later platform, a 'deterrent to thrift'.[3]  Menzies' policy speech of 1946 recommended a 'contributory social insurance scheme' in which every contributor would have the right of benefit 'without means test at all'; national insurance, he said, was 'democratic, fair and self-respecting'.[4] The joint policy speech of 1949 re-stated this idea and promised to 'further investigate this complicated problem' with a view to presenting a scheme for approval at the next election.[5]  After the double dissolution of 1951 had set back the government's time-table, Menzies reported in his policy speech of 1954 that, because of the high level of taxation and social services expenditure, it was now 'not practicable completely to abolish the Means Test'.  The government would, however, 'continue vigorously the work of modifying it, having in mind the majority of hard cases'.[6]  Policy speeches after 1954 usually promised further relaxation of the means test.  In 1960, however, in what probably signalled the end of the battle for a full contributory system, the 'no means test' and 'contributory' clauses of the original platform were altered to 'progressive liberalisation' and 'incentive'.[7]

The main argument used by Liberals for a contributory system in respect of age pensions[8] was that it permitted payments to be made as a matter of 'right', whereas a non-contributory system inevitably required

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1    See the debate on the bill, CPD, HR2.

2    See Forming the Liberal Party of Australia, pp. 14-15.

3    'Social Security', cl. 2. (1948).

4    p. 9.

5    p. 22.

6    p. 18.

7    cl. 100(b).  The phrase 'on a contributory basis, free from a means test' was also deleted from the revised platform.

8    See Kewley, Social Security in Australia, chs. VIII and X, and Australia's Welfare State, ch. 5.

a means test which involved a person in the 'humiliation' of having to reveal his assets. Obtaining their benefits as an entitlement from contributions, without any of the 'stigma of charity', enabled recipients to preserve their self-respect. In their most telling argument, critics of the non-contributory system argued that the means test was intrinsically unjust because it penalised thrift, often leaving the person who had saved conscientiously no better off than the less deserving person who had not bothered to make any provision for himself.

The Liberal government's compromise solution to the problem -- to encourage contributions through a subsidised medical benefits system and to progressively liberalise the means test -- did not satisfy some sections of the Liberal party and its supporters. The Federal Council regularly passed resolutions calling for the abolition or swifter liberalisation of the means test.[1] An investigation of the means test in 1959 by the social services committee of government members resulted in criticism which forced the government to review the operation of the test. This led to the greatly liberalised means test of 1961 in which 'property' and 'income' were merged.[2] Individual back-benchers occasionally pressed for its complete abolition or for the removal of its more objectionable features. K.C. Wilson, chairman for many years of the social services committee, advocated the abolition of the means test for persons reaching 70 years of age. He suggested that his scheme could be financed by a compulsory contribution.[3] W.C. Wentworth persistently argued for the removal of the means test over three years.[4] Among the Liberal party's supporting interests, the ACCA was a staunch proponent of national contributory insurance.[5] These critics together made four main points in their argument against the principle or actual operation of the means test. It discriminated unfairly against the more provident person; it discouraged people from working and saving; it tempted people to deliberately dissipate or hide their assets in order to avoid disqualification and it obliged departments to pry into an applicant's private affairs.

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1    As one example: 'That this Council request the Federal Government to continue its policy of liberalising the means test on age pensions in ways that will encourage thrift'. (Minutes of the Thirteenth Annual Meeting of the Federal Council. 29-30 September 1958, p. 158.)

2    Kewley, Social Security in Australia, pp. 296-7.

3    ibid., p. 299; cf. Tierney, 'Social Policy', p. 215.

4    ibid., pp. 300-1; and see a report on one of his speeches in the Australian Liberal, November 1965, pp.11, 13. Wentworth, MHR for MacKellar (NSW) 1949- , was a prolific publicist for this and other favourite causes.

5    Kewley, Social Security in Australia, p. 299.

While they did not openly repudiate the principle behind the compulsory contributory system of insurance, ministers for social services and others replying to these arguments[1] threw doubt upon the reputedly just and self-supporting nature of contributory insurance. Not all citizens, they pointed out, were able to contribute, and frequently the most needy could not contribute at all. The classical notion of insurance was, in any case, for a 'pooling' of risks.[2] Furthermore, the evidence of overseas schemes indicated that inflation and the inevitable expansion of social services produced deficits which could only be made up through taxation. Their most practical argument drew attention to the enormous cost of abolishing the means test completely. The effect of abolition, they added, would be not to make any more aid available to those already dependent upon pensions, but to make eligible for pensions those whose circumstances had been sufficiently favourable for them previously to have been disqualified.

From 1956 the L-CP government departed even further from the strict principle of contributory insurance by paying special attention to the needs of more indigent groups.[3] In that year it provided for the payment of an additional pension for second and subsequent children of widow pensioners. Two years later it introduced supplementary assistance for single pensioners. The Minister for Social Services explained that the government was recognising for the first time in Australia's history that there were groups of pensioners 'with special needs' even within the general scheme of social services. New standard rates for single pensioners and a new benefit (mothers' allowances) were also introduced in 1965 on the basis of the principle of special needs. The principle underlying this series of acts was then publicly defined in 1965 by the minister of the day as being that of the 'relative needs of households'. In framing a more equitable structure of social services, the minister said, the government had been guided by the general policy of 'ensuring that people in the poorest circumstances received the most assistance'.

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1    See, for example, A.G. Townley (then Minister for Social Services), A Few Thoughts on Social Services, [Canberra, 1952]. This is a summary of an address given by Townley to the Federal Council on 27 October 1952. See also his article on 'Social Service Benefits the Means Test', Canberra Comments, Vol. IX, No. 2, (February 1952), pp. 1-3. Cf. the extracts from the speeches by H. Roberton, a later L-CP Minister for Social Services, in Kewley, Social Security in Australia, pp. 254, 386.

2    This phrase was used by Beveridge in his Report, p. 13.

3    This paragraph is based on Kewley, Australia's Welfare State, ch. 8, esp. pp. 109-17. The quotation at the end of the paragraph is from p. 114. The minister was I.M. Sinclair (Country Party).

To the mid-sixties only minor amendments had been made to the main items of Liberal social service legislation. The debate between the parties after the National Health Act of 1953 continued to turn on those same differences of principle which had emerged in the debates between 1944 and 1953.[1] Liberals lauded a structure which in their own terms incorporated aid to the unfortunate who were unable to provide for themselves and still rewarded self-help. Labour contended that the fundamental right of every citizen to proper medical care demanded the setting up of a comprehensive system in which full hospital and medical care was available to all without charge and without means test. It promised to introduce a scheme in which commonwealth benefits were not conditional upon subscription to voluntary insurance funds. It also pressed for the extension of medical services to cover chronic illness, mental health and dental care and to provide special facilities for all disadvantaged people. Liberals did not deny that the health scheme had shown some weaknesses; but they argued that their government had done as much as possible for social welfare and security consistent with its other commitments and with the need to retain incentives. They claimed that the controls and salaried medical service which were entailed by Labour's proposals constituted the basis of that same system of socialised medicine which had proved unworkable in the 1940s.

From the late 1950s criticism of the entire Liberal social service structure began to mount in more conservative quarters. In 1961 and again in 1964 the Federal Council passed resolutions calling for a thorough examination of the national health scheme.[2] The Federal Women's Committee, which had earlier expressed concern at the plight of civilian widows and deserted migrant women,[3] urged the government in 1959 to establish pensions on a basis in keeping with the cost of living.[4] The State Council of the NSW division made an examination of the problems of aboriginals in 1965.[5] A contributor to Australian Liberal who declared herself to be both a Liberal and pensioner pointed out the suffering -- and possible electoral antagonism to

1    See, for example, the debates on the National Health Bill 1957, CPD, HR17, pp. 1935 ff.; and on the Social Services Bill 1962, ibid., HR32, pp. 33ff.

2    Minutes of the Seventeenth Annual Meeting of the Federal Council, 12-13 November 1962, p. 215; and Minutes of the Eighteenth Annual Meeting of the Federal Council, 6-7April 1964, p. 229. In 1964 the Council set up a committee to report on ways and means of abolishing the means test on social service pensions.

3    See Liberal Opinion, September, 1955, p.6.

4    Australian Liberal, September 1959, p. 8.

5    ibid., September, 1965, p. 6.

the Liberal party -- of those from the middle and lower middle classes who now had to live on the pension.[1] A 'special correspondent' for the same journal presented evidence that Australia was lagging behind other countries in its provision of benefits for the aged.[2]

The press also found fault with the national health scheme. The Sydney Morning Herald criticised a system under which the average rebate from benefit societies was only 63 per cent.[3] The Age said that dental and optical services should be included under the health scheme.[4] The Australian was critical of the structure of the medical benefits funds and wondered if the national health scheme 'was created for the benefit of doctors, rather than for the paying patient'.[5] Government spokesmen persisted with their claims that Australia's voluntary national health scheme was the 'best in the world' and that a multiplicity of medical benefit funds did not add to the costs of management.[6] To the Labour party they liked to point out not just the absolute increase in expenditure on social services since 1949 but also the increase in the proportion of total government expenditure devoted to them.[7]

The Liberal party's dilemma as a government had been that it had to reconcile its preference for helping the most deserving with the more urgent claims to assistance of the neediest and least fortunate. It believed that social services should be only a supplement to personal savings and help from private charity organizations; but it had to recognise, as Townley did at the Federal Council in 1952, that the social service structure was based more on need than on rewards for the thrifty.[8]

1    ibid., May 1965, p. 14.

2    ibid., September 1965, p. 4.

3    8 February 1964, editorial.

4    14 July 1964, editorial.

5    3 December 1964, and 27 March 1965, editorials. Most academic commentators had also pointed out these faults. See, for example, Tierney, 'Social Policy' pp. 220-3; Birch, Federalism, Finance and Social Legislation, pp. 266-7; Mendelsohn, Social Security in the British Commonwealth, pp. 154-60; and Hunter, The Politics of National Health, Parts Three and Four.

6    See for example, reports of statements by L-CP ministers for health in SMH, 29 April 1960 and 19 May 1964; Age, 4 April 1964 and 24 March 1965; and Daily Telegraph, 23 January 1965.

7    It was true that this had risen in the decade after 1949. See Karmel and Brunt, The Structure of the Australian Economy, pp. 119-20.

8    A Few Thoughts on Social Services pp. 9-11.

The clash between the principles of helping the needy and rewarding the deserving did not apply in the case of universal benefits such as child endowment or maternity allowances, and it was partly avoided in health benefits through the dual system of universal benefits and subsidised insurance. Needs and deserts did come into direct conflict in the means test for age pensions, however. The discontent caused by the party's failure to implement a contributory system was allayed to some extent by the merged means test of 1961 and further liberalisation later; but the government still had to appeal to the practical argument of 'cost' against voices protesting its inherent inequity. The adoption in the sixties of the 'relative needs of households' basis of assessment made it even more unlikely that the Liberal party would ever revert to the contributory principle as a practicable policy. By the mid-1960s the whole administrative basis of the Liberal social service structure, and consequently the principle on which it was founded, was coming under question.

(3) Housing

Better housing, like social security, was part of the common vision of requirements for a better post-war world. As revealed by surveys,[1] the shortage of houses resulting from the depression and war was of such magnitude that the states could obviously not overcome it alone. All parties accepted that the commonwealth would have to take some action to help the states reduce the backlog. It was also common ground between the Labour and non-Labour parties that the federal government had special obligations to ensure the availability of proper houses for ex-servicemen and for those migrants whom it was hoped to attract to Australia. A widely accepted belief that poor housing conditions had been responsible for juvenile delinquency, loose morals and crime -- what was called, collectively, 'social evil'[2] -- accentuated the importance of good housing in the eyes of both parties, and especially non-Labour.

Conservatives, particularly, tended to emphasise the value which home ownership had in giving people a 'stake in the country' and in instilling in them a sense of 'citizenship'. Menzies had made the classic statement here when he talked in the opening address in his Forgotten People series[3]

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1    See Hasluck, The Government and the People 1942-1945, pp. 513-5;
     cf. Walker The Australian Economy in War and Reconstruction, pp. 349-52,
     and Kewley, Social Security in Australia, pp. 312-3.

2    See Walker, pp. 349-50. Hasluck has some interesting (and more
     sceptical) comments on this 'social evil'. (pp. 627-8.)

3    The Forgotten People, ch. I. (entitled The Forgotten People').
     Quotations from pp. 3-5.

of the 'material, human and spiritual' values of the home. The middle
class, he said, had a stake in the country through its responsibility for
homes. The home was 'the foundation of sanity and sobriety...the
indispensable condition of continuity...[whose] health determines the
health of society as a whole'. The 'material' home represented the
'concrete expression of the habits of frugality and saving for "a home of
our own"'. The instinct to be with one's wife and children in the 'human'
home was one of the 'great instincts of civilised man'. 'Homes spiritual'
meant that human nature was at its greatest when it 'combined dependence
upon God with independence of man'. Another striking expression of this
attitude, containing strong political overtones, was made by a writer for
the Australian Statesman who advocated plans for slum clearance and
assistance for housing to lower income groups in the community.

> Home ownership [he wrote] gives every family a stake
> in the community, and is the biggest deterrent to those
> pernicious doctrines of Socialisation and Communism.
> People who have some possessions do not want to be
> socialised or communised.[1]

Just before this he had stated: 'We [should] give opportunities to many
people at present living in congested areas to obtain homes in more
congenial and healthier surroundings, and with the possibility of bringing
their children up under infinitely superior conditions. This means better
citizenship.'

Examples like this could be multiplied; three more will suffice.
H.E. Holt, speaking in a debate shortly to be described,[2] thought that
there would be general agreement as to the 'stabilising influence' in
the life of a community that adequate housing provided. If people could
be comfortably and hygienically housed, Australia could 'solve at its
root much of the social evil that can otherwise afflict a community'.
R.G. Casey saw it as essential for the well-being of the Australian
community that 'slum areas should be eliminated and that every bread-
winner should have a decent home of his own or one available at a rental
within his means'.[3] Australia needed more home ownership, he went on. It
should substitute 'a vested interest in content among many who at present
have a vested interest in discontent'. And in 1964 a Liberal MHR,
referring to the government's new scheme to assist young people saving for

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1    Australian Statesman, December 1943, p.3.

2    On The Commonwealth and State Housing Agreement of 1945, CPD, Vol. 185,
     p. 6259.

3    Double or Quit, pp. 42-5 (entitled 'A Roof over our Heads')
     Quotations at p. 42.

their future home, wrote in praise of his government's belief that

> the home is the focal point in the building of national
> character...[It] is, as it were, the cell that is the
> basis of our national body. It is the foundation upon
> which the whole national character is built.[1]

As it emerges from these statements taken together, the Liberal approach to housing as a social service is determined by the association which Liberals make of 'housing' with 'homes' and a way of life. The idea of 'housing' is infused with the sense of the 'home'; and the home is invested with sentiments which make it a symbolic centre and source of all values. To Liberals the home is the centre of family life and friendship; the source of social health, stability, and good citizenship; the inculcator of religion and morality; and a material expression of self-help and worldly success. There is also a clear political message in the overtones of the statements: a home-owning community will be more conservative and law-abiding, unlikely to want or to accept radical change in society. These were the basic assumptions and views which underlay the specific Liberal attitudes and policies now to be described in the context of commonwealth legislation on housing since 1945.

The Labour government's primary concern was, of course, to help the under-privileged who had suffered most from poor quality housing. Liberals, while recognising that low-income earners should have priority to government assistance, were anxious that middle-class wage earners and ex-servicemen should receive adequate consideration. After negotiating with the states over a prolonged period[2], the government had announced the Commonwealth and State Housing Agreement[3] in 1945.

Liberals[4] were not opposed to the aim of the agreement; but they objected to the administrative provision under which houses were to be rented at no greater than one-fifth of the tenant's income, with no option of purchase. They condemned this provision as one of 'state landlordism' which unjustly deprived tenants of the option to purchase their homes.

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1    Sir John Cramer, in the Australian Liberal, July 1964, p. 4.
     (Cramer, MHR for Bennelong, NSW, from 1949 and Minister for the Army
     1956-63, had been one of the founding fathers of the Liberal party in
     NSW.)

2    See Hasluck, The Government and the People 1942-1945, pp. 514-7.

3    For a brief description of the act see Sawer, Australian Federal
     Politics and Law 1929-1949, p. 166, & Hasluck, pp. 516-7.

4    See, for example, the speeches on the agreement by Menzies and Holt,
     CPD, Vol. 185, pp. 6251-3, 6259-62.

Because the agreement applied only to government houses, they said, it would help only those on low incomes and would not make any permanent contribution to the solution of the housing shortage. Between 1944 and 1946 the Liberal party urged that men and materials should be released more quickly from usage in war purposes so that private enterprise could operate more effectively in the housing industry. Tax incentives for building should be given, and the prices of materials should be controlled during the transitional post-war period.[1]

The debate on housing in the forties, and for long afterwards, was coloured by the 'little capitalists' controversy. In summing up the debate on the agreement, the Minister for Post-War Reconstruction referred in passing to one member's suggestion that the money paid in child endowment could be used to amortise the cost of providing for the sale of houses at lower prices, in this way making the average worker a capitalist. Dedman replied to this with the following words:

> The Commonwealth Government is concerned to provide adequate and good housing for the workers; it is not concerned with making the workers into little capitalists.

He went on, in answer to a query from an opposition member about this remark, to criticise past non-Labour governments:

> Too much of their legislative programmes was deliberately designed to place the workers in a position where they would have a vested interest in the continuance of capitalism.[2]

Whatever Dedman really meant by this, Liberals seized upon the phrase 'little capitalists' as an unwitting admission that the Labour government, despite its previous and subsequent professions to the contrary, bore a socialistic antagonism to the private ownership of homes. 'Little capitalists' then became the catch-phrase by which the Liberal party contrasted its own views in favour of home ownership with Labour's imputed dislike of it. In their election campaigns of 1946 and 1949 Liberals gloried in their role as defenders of 'little capitalism' against Dedman's 'socialist control'.

The failure of the Liberal party to drastically reduce the shortage in housing was a frequent target of Labour attacks in the early 1950s.[3] The

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1    See the Liberal Party - NSW division, This or This? -- This Question of Housing, [Sydney, 1946], and the federal policy speech of 1946, pp. 9-10.

2    CPD, Vol. 185, p. 6265. Both earlier and later, Labour denied that it was opposed in principle to the private ownership of homes.

3    See, for example, the debate on the Loan (Housing) Bill 1952, CPD, Vol. 218, pp. 639ff.

principles of the housing agreement itself, however, did not become the
subject of full-scale debate again until its expiration in 1955. The
L-CP government was now able to alter the basis of the legislation in
accordance with its own doctrines. It put through an amending bill in
1955 which allowed for the sale of government dwellings in such a way
that the purchaser could pay off the price over a long period.[1] In the
revision of the agreement itself in 1956, the government allocated a
certain percentage of the total money available for housing as funds for
home-building accounts.

Publicising the changes in an article in the <u>Sydney Morning Herald</u>,[2]
the Minister for National Development, Senator W.H. Spooner, claimed that
the wartime backlog had largely been made up and that good rental housing
had been provided for several hundred thousand people. The commonwealth,
however, recognised that modern governments were expected to provide
housing for the unhoused, and so it would continue to aid state housing.
But it also saw a 'big unsatisfied demand' from people who wanted to be
homeowners and who were unable to raise the finance. The present govern-
ment, differing in outlook from the Labour administration which had
negotiated the original agreement, was proposing several changes. If the
commonwealth was to continue to aid state housing, as it agreed that it
should, it preferred that as much as possible of that aid should be used
to assist people to build and own their own homes. Spooner explained his
government's reasoning as follows:

> We take the view that people who have worked and
> saved to get enough money to put a deposit on
> their own homes are at least as entitled to receive
> some aid from the community's funds as is the person
> who seeks to solve his housing problem by going on a
> Housing Commission waiting list.

He was not denying the need of those in the latter category. But, he
went on, 'no one could argue that they have an even stronger and better
right to community aid than the would-be home builder'. Both categories,
Spooner said, must be catered for in commonwealth allocations, but the
total should be shared among the two groups. The federal government
believed that a fair distribution was 20 per cent to potential home
builders for the first two years of a proposed five-year agreement and

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1    See the second reading speech of the Treasurer, Sir Arthur Fadden,
     on the Commonwealth and State Housing Agreement Bill 1955, <u>CPD</u>,
     HR6, pp. 579-80.

2    13 October 1955. ('Why the Commonwealth revised its Housing Policy'.)
     Spooner, Minister for National Development since 1951, was also
     government leader in the Senate 1958-64.

then 30 per cent for the final three years. The interest rate on commonwealth loans to the states was being increased because it was 'unfair and inequitable' to ask the general taxpayer to subsidise low-interest loans that were to be used to provide lower rentals for housing commission dwellings. The government's preference, Spooner declared again when he presented the 1956 bill,[1] was to help home seekers to build their own homes rather than do it for them through government authorities.

The FPLP was strongly opposed to the changes. It saw the poorer person or worker, unable to buy a home, as being disadvantaged by the diversion to building societies of some of the money previously allocated for rental housing. The government, it believed, should not seek to reduce its financial commitments in this way. It should be prepared, as one Labour spokesman put it colloquially, to 'write off millions' for housing instead of 'trying to make a business proposition out of it'. Labour wanted houses to be sold at low interest rates on small deposits, with no limits on loans. The debate on the changes brought out a clear conflict in priorities between Labour's concern for the neediest[2] and the Liberals' preference for helping those aspiring home-owners who were 'at least as entitled' to government assistance.

The two main Liberal measures in housing after 1956 were further instalments of the policy of assisting people to buy or build their own homes and of creating a 'home-owning democracy'.[3] The Homes Savings Grants scheme of 1964[4] gave tax-free grants to young married couples. The act establishing a Housing Loans Insurance Corporation in 1965[5] aimed to close the 'deposit gap' for home seekers by insuring lenders against risk of loss on low deposit, long-term loans.

The inter-party debate remained within the same pre-conceptions which had become evident earlier. Labour[6] argued that the effect of the changes made by the Liberals -- in abolishing rental rebates, diverting

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1    See his second reading speech, ibid., S8, pp. 1303-7.

2    See the speeches of L.C. Haylen and Senator W.P. Ashley, CPD, HR6, pp. 807-14; and S8, pp. 1476-1481; and the debate generally, ibid., and ibid.

3    This phrase seems to occur for the first time in the 1961 policy speech: 'Above all things we want a home-owning democracy'. (p. 28.)

4    See the second reading speech by the Minister for Housing (L.H.E. Bury), CPD, HR42, pp. 1527-34. (A Ministry of Housing had been set up in 1964 following a promise made in the election campaign of the year before.)

5    See CPD, HR44, pp. 2874-2881 and the subsequent debate, HR44-5.

6    See the speech on the Homes Savings Grants Bill by E.G. Whitlam, CPD, HR42, pp. 1766-74.

funds to building societies, and excluding home purchasers from the housing commissions of the right to grants -- had all eroded the principle that governments should give help to the neediest. It urged that a national inquiry into housing should be instituted and that a referendum should be held to acquire power for the commonwealth over the whole field of housing and urban renewal. Liberals re-stated their belief that the thrifty had as much moral right to government assistance as low income earners[1] and countered Labour's line of argument by saying that the government had done as much as was financially and constitutionally possible for the aged,[2] low income earners, ex-servicemen and young married couples. They pointed out that the government made indirect and intangible contributions to housing. It provided a favourable economic climate for a building industry whose well-being, as the largest single industry, was vital for the general health of the economy, for employment and for the attraction of migrants. It facilitated a steady supply of mortgage finance for housing from lending institutions. And it had done all of this, Liberals reminded critics, in an area which was constitution-ally the main responsibility of the states. Liberals could point to the high rate of home ownership in Australia as final, irrefutable testimony to the government's interest in housing.[3]

(4) Education

The ideal of greater equality of opportunity in a better post-war world also manifested itself in commonwealth initiatives in education.

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1    Cf. the statement attributed to Bury when speaking about the home savings scheme: 'The scheme is not meant to be a soup kitchen hand-out for all. It is to encourage young people to save for homes during a period when many young people tend to spend their money on unim-portant things and lose sight of the necessity to make some provision to obtain a home for themselves'. (Age, 11 June 1964.)

2    In 1954 the L-CP government had passed an Aged Persons Homes Act under which it provided on a pound-for-pound basis money towards the capital costs incurred by churches and other recognised charitable organizations for the building of homes for the aged. (See Kewley, Social Security in Australia, pp. 313-4.) The constitutional power of the Commonwealth in respect of housing appeared to be limited to assistance with housing for the territories, services, and ex-servicemen, (ibid., p. 315.)

3    Whatever tendentious use the Liberal party made of the figures, it was true that the percentage of homes owned (or being bought) in Australia in the mid-1960s (about 75) was much higher than those of, say, the US and Britain (about 60 and 50 respectively.)

Here, as in many other areas, the war had brought to a peak a growing sense of the inadequacy of previous public achievements. It was widely believed that the lack of a far-seeing leadership and an educated public had been one of the main causes of the failures of the inter-war period -- the lost hopes for peace and prosperity after the Great War; the economic disaster of the depression; and the refusal of governments to heed, or to act on, the evident dangers of war in the later 1930s. The war had also made Australia more conscious of the fact that it would fall behind the major industrial countries in its level of technological skill, and would have difficulty competing as an exporter on the international market, unless it developed a more highly skilled work-force and engaged in more scientific research. Two specific, practical motives contributed further to the conviction that large-scale commonwealth initiatives in education should be undertaken: the need to provide university training for ex-servicemen; and the recognition that the financial disabilities of the states resulting from the Uniform Taxation agreement of 1942[2] made it unlikely that state governments could tackle the problem successfully.

The Liberal party approved the acts by which the Labour government set up a Universities Commission to administer scholarships and established the Australian National University;[3] and in its own long term of office it extended the commonwealth's role in education in a variety of ways. By the mid-1960s it had long since become part of the platitudinous rhetoric of Australian political life that education was the key to scientific and technological progress, national development, social mobility, and personal advancement in life; but the respective responsibilities in this field of the commonwealth and states, which had never been precisely demarcated, had become a matter of intense public and inter-party debate.

Liberal attitudes to education, as to the other areas of social policy discussed above, shared in the wartime and post-war sentiments for greater equality of opportunity. Education was 'the right of all' according to common Liberal rhetoric of the time, and 'no consideration of

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1    For one striking expression of this belief on the conservative side, see Menzies, The Forgotten People p.156.

2    See pp. 194-5.

3    See Sawer, Australian Federal Politics and Law 1929-1949, pp. 162, 171. See also Menzies' speeches on the Education and Australian National Universities bills, CPD, Vol. 185, pp. 6558-61, and Vol. 187, pp. 2290-4. Menzies was slightly sceptical about the latter, fearing that the standards of the new university might not be first-rate (and worrying about its unimaginative architecture).

wealth or privilege' should be a determining factor in a modern system of education.[1] But Liberals imparted emphases to their statements, derived from their distinctive and conservative set of values, which were partially in conflict with the egalitarian conception of equality of opportunity. Liberals often said, or appeared to assume, that equal opportunity would -- and indeed should -- lead to unequal achievement. The process of education should discover and encourage those of superior will and natural talents; and these 'leaders', having risen to the top in a competitive struggle, deserved to prosper and enjoy positions of power in society. Liberals also emphasised the importance of religion and ethics as ingredients in the educational curriculum which inculated 'character' and made the individual into a more dutiful and socially-conscious citizen.

The Labour party, for its part, was never able to fully reconcile its ideal of equal opportunity with the fact of unequal individual talents. Its general line of argument appeared to be that governments, besides creating opportunities for the individual through more expenditure on education, should make special compensatory provision for those who were disadvantaged by social and psychological, as well as purely economic, circumstances and, perhaps also, that they should help those who had fallen behind after an equal start.

Three illustrations which evince the broad substance and tone of Liberal thought on education may be given. W.B. Edwards, who was prominent in the founding of the Services and Citizens Party and later a member of the first Victorian state executive, wrote in the Australian Statesman in 1945 that the aims of teaching 'should include the building of character, and the development of citizenship'. Australia could become an even greater country,

> if [her] education is aimed at fitting people for
> citizenship, at making men and women capable of helping
> themselves, and lifting their less fortunate fellows
> along with them -- education that teaches people that
> there can be no civil rights, without civil obligations.[2]

W.H. Anderson argued in the Victorian Liberal of the same year that the appreciation of spiritual and ethical values was vital in an age of science

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1    The latter phrase is from the original objectives, no. 9.
     (Forming the Liberal Party of Australia, p. 15)

2    Australian Statesman, March 1945, p. 3.

and cynicism. The values that formed character were more important, he wrote, than factual knowledge. 'Education'

> ...must be concerned not so much with the cult of the open mind as in discernment between right and wrong, in capacity to refuse the evil and choose the good, in less cynicism and more belief, in resolution and calm conviction.[1]

And in 1955 a Liberal MLA in NSW,[2] giving evidence before a committee inquiring into secondary education in that state, thought that the utility of competition and examinations had been wrongly down-graded by the Labour government. 'The fundamental aim of an education system should be to develop to the maximum the aptitudes and character of each individual pupil', he said. But human beings were not equal in potential to begin with. A system of education, he insisted,

> should recognise competitive striving as an outstanding virtue. It should realise that struggle is fundamental to all forms of life and brings out the best of characteristics.

The system in NSW 'incline[d] towards the removal of difficulties rather than the encouragement of struggle'.

Another Liberal broached the difficulty of properly educating that section of the population below university level. In an address[3] in which he first pleaded for a less haphazard method of reducing inequality of opportunity within tertiary education, Casey argued that more should be done for the fostering of talent, competence and leadership in other lines of work. Education of a practical, technical kind should be provided for those who talents did not lie in the direction of advanced scholarship. There should be a widespread extension of vocational guidance to direct people into the right channels and to provide improvement in the quality of Australia's population, as well as greater numbers, and it could get this by giving its oncoming youth the best opportunity possible for self-development.

Menzies had outlined Liberal views on the problem of post-war tertiary education in a statement in 1945 which called for a 'revised and

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1    Victorian Liberal, December 1945, p. 4. (This journal was the official organ of the Liberal party of Australia - Victorian Division.)

2    K.M. McCaw, as reported in Liberal Opinion, March 1955, p. 6. (Cf. J.L. Carrick in Australian Liberal, June 1963, p. 31.) McCaw, a solicitor, was MLA for Lane Cove 1947 - and Attorney-General 1965- .

3    'Give Youth a Chance', in Double or Quit, pp. 82-7.

extended' educational system as being of 'prime importance' in post-war reconstructions.[1] He mentioned first the need for better rural education, more universities and research, and expanded systems of adult, technical and pre-school education. All this, he said, led up to the problem of citizenship. The greatest failure of the world in his lifetime had not been the failure in technical or manual capacity 'half as much as it has been the failure of the human spirit'. War after war had been the result of this failure of the human spirit, 'not of some superficial elements but of the fatal inability of man to adjust himself to other men in a social world'. In becoming absorbed with the techniques of material living people had become negligent of their social responsibilities and of the problems of popular self-government.

Menzies attributed this decline to two main factors: the 'increasingly pagan and materialistic' quality of education; and the contempt that had fallen upon 'useless learning'. Religion gave people a 'sensitive understanding of their obligations'. Nobody could suppose that the country was educating her children, 'except for disaster', by turning them out of purely secular establishments at the age of around fifteen years, when they were merely educated to a point at which they thought that there was nothing left for them to learn and 'aggressively conscious of what they suppose to be their rights, and oblivious of that penetrating feeling of moral obligation to others, which alone can make a community of men successful'.[2] The old classical notion of education may have been limited, Menzies acknowledged. But the study of humanities in schools and universities could at least develop a 'sense of proportion'

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1    CPD, Vol. 184, pp. 4612-9. Menzies took a special interest in education, and was later to pride himself on his government's achievements in that field. (see CPD, HR17    , p. 2701 for the occasion when he presented the 'Murray' report.) His views on education are also integrally linked with his personal vision of politics, history and society. (See pp. 282-86). More so even than in most other fields, Liberal thought was expressed best (and probably influenced most) by Menzies.

2    This was a basic and recurrent theme in Menzies' philosophy of education, which he expressed on almost every occasion when he spoke about education. (For an expression of this same idea twenty years later, on the occasion of his opening a Baptist university college, see the Age, 1 March 1965.) In his statement in 1945 he also referred approvingly to the British Education Act of 1944, which, as he described and quoted it, imposed a duty on local authorities to contribute towards 'the spiritual, moral, mental and physical development of the community'. He thought that this was a 'very fine charter for education'. (loc. cit., p. 4616.)

-- that 'balancing of all special knowledge against general knowledge of
the world, of the men in it, and of their problems'. This kind of
learning had to come back into its own 'if Australia is to produce a
really civilised point of view'. The first function of education was to
produce a 'good man and a good citizen'. The second function was to
produce a 'good carpenter or a good lawyer', who would be all the better
at his respective craft if he 'has become aware of the problems of the
world, has acquired some quality of intellectual criticism, and has
developed that comparative sense which produces detachment of judgement
and tends always to moderate passion and prejudice'.

Menzies recommended, as necessary steps to practical improvements in
education, that the qualifications, status and remuneration of the teaching
profession should be raised and that the commonwealth should come to the
financial aid of the states. He summed up his broad sentiments in a
striking peroration:

> As a nation we cannot afford to do anything less than
> our best in a campaign the result of which will be to
> determine whether, in the new world, we are to be a
> nation of strong, self-reliant, trained and civilised
> people, or whether we are to be content with second-rate
> standards, and more devoted to the pursuits of material
> advantage than to the achievements of a genuine, humane
> community spirit.

As prime minister Menzies was frequently censured for having done too
little to convert these lofty sentiments and exhortations into practical
achievement.

The main activities of the federal Liberal government in education
were, in chronological sequence, as follows. In 1951 the Menzies-Fadden
government inaugurated a scholarships scheme which paid the tuition fees
of students selected on the basis of examination results and provided them
with a living allowance, subject to a means test. In the same year it
gave 'earmarked' grants to states as subsidies for state expenditure on
universities. In 1956 it established the Universities ('Murray')
Committee to enquire into the needs of universities, and the following
year it accepted its major recommendations for a massive increase in
financial aid to universities.[1] Three years later it established a
representative committee (the 'Martin' committee) to examine the whole
field of post-secondary education in Australia. The government accepted

1    See Menzies speech in reporting the bill, CPD, HR17, pp. 2694-2702.

the concept of a system of colleges of advanced education in this committee's third report of 1964,[1] but it did not endorse most other recommendations which would have involved it in heavy financial expenditure. The commonwealth scholarship system was extended in 1963 to include a secondary schools and technical education. The states in that year were also given five million pounds for the building of technical schools. The next year saw the introduction of 'state aid', when five million pounds, 'to be distributed among all secondary schools, Government or indepedent, without discrimination',[2] was provided for science laboratories. A minister for education assisting the prime minister was appointed within the prime minister's department in 1964 and a full ministry of Education and Science was established in 1966.

Of these measures, the ALP opposed only state aid in principle. But Labour frequently criticised the government's whole record.[3] It alleged that primary and secondary education were in desperate need of federal aid and that many capable students, despite the help given by the commonwealth in the form of scholarships, were effectively deprived of a tertiary education because of under-privileged social and economic backgrounds.

The Liberal government attempted to meet this criticism with a variety of arguments.[4] Education, it frequently pointed out, was the 'normal constitutional responsibility' of the states; nevertheless the federal government had used every direct and indirect means open to it by

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1    See Rt. Hon. Sir Robert Menzies, Tertiary Education in Australia, Ministerial Statement, CPD, HR45, pp. 267-74.

2    1963 policy speech, p.5. This was a departure from the system of 'free compulsory and secular' public education which had existed in Australia since 1880. It was popularly interpreted as an attempt to 'buy' the votes of Catholics, who until then had to pay the entire cost of their own denominational school system. State aid incurred criticism from Liberals who saw the separation of church and state as a cardinal historic principle of liberalism. (See Australian Liberal, August 1962, p. 12.) State aid also helped the wealthier independent (Protestant) schools which, in the opinion of many, had been a source of harmful social power and privilege in Australian society. (See Encel Equality and Authority, ch. 8, pp. 152-64.)

3    See, for example, the speeches by H.V. Evatt and J.F. Cairns on the Murray report, CPD, HR17, pp. 2702-5 and 2707-11. (Cf. Calwell, Labor's Role in Modern Society, pp. 86-7.) See also the comments by Whitlam on the statement The Commonwealth and Education (cited below), ibid., HR37, pp. 3114-7.

4    See the debates on the reports and statements cited above.

which to assist the states' efforts. It had given financial support in various ways and contributed to the building up of the states' general financial resources. It had also made a lot of less obvious and other unrecognised contributions to the advancement of education. These were: tax concessions; grants to various professional associations; training programmes for its own employees; aid for various cultural activities; maintenance of the Australian National University and education in its own territories; aid for teachers' training colleges and teaching hospitals; and, in the field of primary and secondary education, help through the Australian Broadcasting Commission and special assistance for the education of migrants.[1] These added up in Liberal eyes to an impressive contribution made, as they liked to remind critics, 'despite the fact' that education was primarily the responsibility of the states. Liberals also argued that it was desirable for state educational authorities to retain the freedom to adapt their administrative organizations and curricula to varying local circumstances. Centralisation, they said, would bring a dull uniformity in teaching methods and content matter. Each state, the Liberal platform of 1960 declared, 'is best able to judge the educational programme and organization most suitable for its requirements'.[2]

By the early sixties the pressure on the educational system caused by migration, the 'baby boom' of the late 1940s,[3] and rising educational expectations had brought about a situation which put more pressure on the educational system. Commonly described as a 'crisis', this situation helped to make education a more important political issue. Quotas had been imposed in many faculties at universities, and primary and secondary education were in desperate need of funds. Labour spokesmen, employers and members of professions all expressed dissatisfaction with the state of affairs as it showed up in the plight of students applying for admission

1    The Commonwealth and Education. Tabled in the House of Representatives by the Right Honourable the Prime Minister on 6th November 1962. [Government Printer, Canberra, 1962.]

2    cl. 135. This represented a significant change from the original platform, whose equivalent clause had stated: 'While education is the primary responsibility of the states, recognition of the national need for increased facilities for all phases of education...), and 'The acceptance of Commonwealth responsibility for the provision of generous financial aid to the States in relation to the above matters.' ('Education', 1, 3.)

3    See the figures for total population and immigration in R.T. Apple-yard, 'The Population', in Davies and Encel eds., Australian Society (1970), and the chapter by Charles A. Price on 'Immigrants', ibid.

to Victorian universities.[1]  The _Age_ editorially complained that
matriculants from secondary school were often unable to gain admission
to university and that economic circumstances often debarred students
from taking up places which they had won in open competition.[2]

The response of the government to this kind of criticism was to deny
the existence of a 'crisis' or of severe inequality of opportunity, though
it admitted that there were 'problems' in catering for the expanding
educational needs of the nation.  The minister assisting the prime
minister in Education and Science, Senator J.G. Gorton, rejected the
assertion that the mass of eligible students were being denied a
university education and that the scholarships system worked to favour
the sons and daughters of wealthy people.[3]  He said that scholarships
were awarded on matriculation results and appeared to go to a 'complete
cross-section of the community' according to merit rather than to wealth.
Neither could it be said that the eighty per cent of students who did not
win open entrance scholarships, but who attended universities, were the
sons and daughters of only wealthy men.  Menzies, who had expressed
concern in 1957 that universities must not be any longer the 'home of
privilege for a few',[4] said that the greatest problem for universities
as they expanded was to secure highly qualified staff, not just to obtain
money.  His government's task was to provide a tertiary education for
the great number who were seeking it without causing a decline in
standards.  For the value of a university to society was not in its
numbers and buildings, but in the quality of its research and teaching.[5]

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1    See the story 'Quotas for Students under Attack' in the _Age_,
     6 March 1963.  Cf. 'The Crisis on the Campus', _ibid_., 2 September
     1964, and _Australian_ of 26 March 1965 on the reaction to Menzies'
     refusal to implement sections of the Martin report.

2    6 March 1963; and 30 December 1964.

3    _SMH_, 3 February 1965.  The _Australian_ replied sarcastically to this
     in an editorial entitled 'Education Minister in real need'.
     (4 February 1965).  Gorton, Senator for Victoria 1950-  , was
     Minister for Navy 1958-63, Interior 1963-4, in charge of Education
     and Research (and Works) 1963-6.

4    _CPD_, HR17, p. 2710.

5    At 1958 Australia's current and total expenditure on education in
     relation to GNP was much lower than that of the US and UK and most
     European countries.  (see P.H. Marmel, _Some Economic Aspects of
     Education_, Melbourne, 1962, p. 16.)  Expenditure on primary
     education was declining proportionately at the mid-1960s.  (see
     S. Encel, 'Education and Society', in Davies and Encel eds.,
     _Australian Society_, 1970, pp. 432-3, for this and other figures on
     expenditure on education.)

The government's critics, unconvinced by arguments of this kind, often pointed to the comparatively low rate of expenditure on education in Australia as proof that the commonwealth should either do more itself or give greater assistance to the states. Labour, questioning the adequacy of the government's achievements, pressed repeatedly for a full national enquiry into education and castigated the government for what it saw as its passive acceptance of an educational élitism operating through social privilege.

## (5) Conclusion

We can now make an overall assessment of Liberal thought on matters of social policy -- the broad factors which brought about a change in conservative attitudes; Liberal pre-conceptions about 'social justice' as compared to Labour's; and the main points of dispute in the Liberal party's debate with Labour on social policy.

By the mid-1940s conservatives in Australia were acknowledging the obligation of governments (and the federal government in particular) to provide a more comprehensive system of social services. Until then, social services had been mainly the responsibility of state and local governments and charitable organizations; and since federation Australia had fallen behind other countries in its standards of social services and had lost its early reputation as a pioneering 'social laboratory'.[1] Government, it was now conceded, had a duty to provide 'decent' standards of social services, housing and education. The suffering of the poor and unemployed in the depression; the ideal of a better world generated in the war; a sense of the failures of the inter-war period; and revised conservative ideas in other countries -- these all contributed to the growing conviction among Australian conservatives that governments must take a more active role in ensuring minimum levels of welfare.

The Liberal acceptance of the principle of social security had, to this extent, come about from a genuine conversion in attitudes. But it was also mixed with considerations of political expediency and governmental finance. As we saw earlier, Liberals were sensitive about the reputation of their predecessors for having held 'negative' attitudes; to make themselves less vulnerable to similar accusations they would have to be 'constructive' and 'progressive' in their social policies.

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1    See, for example, Tierney, 'Social Policy', pp. 201-12; and
     Mendelsohn, Social Security in the British Commonwealth, ch. IV.
     This reputation was probably undeserved.

Keynesian economic theory also made it easier for them to reconcile welfarism with their predilection for strict restraints on public expenditure. Expenditure on social security, the Liberal platform recognised, was 'of itself a great stabiliser of business and therefore of employment'.[1] And the prospect of ever-increasing prosperity in a free market had enabled twentieth-century conservatives to believe that the state could carry the burden of large expenditure on social security.[2]

The Liberal party's acceptance of social security was, however, always subject to qualifications, some of which were stated as principles to be preserved, others of which were implicit in its language and tone. Conservatives did not fully admit that citizens had a right to security as human beings; to them, welfare was still to be at least partly earned by the individual through 'self-reliance'. The state should succour the weak and unfortunate; but it must also encourage those deserving citizens, like home-buyers and contributors to health schemes, who made 'self-respecting' efforts on their own behalf. Modern conservatism, having acknowledged that a full citizenship (and a better community) required a formal recognition of a basic human equality, tolerated -- indeed approved -- economic and social inequalities. For all citizens, even if they now required equal social rights to complement civil and political rights won in previous centuries, were still not of equal worth. Although making concessions to the idea of human rights, therefore, conservatism preserved the notions of ability, skill and competitiveness and used them to give legitimacy to continuing or new inequalities.[3] The Liberals' 'minimum' was probably one of sheer physical subsistence; the state, they liked to say, should leave room for help from private individuals and charitable organizations.

Labour's conception of social justice, by contrast, was one in which the state redistributed taxation revenue through social services and equalised opportunities in order to alleviate the inherited or social disadvantages of under-privileged citizens. Poverty was the consequence of an inherently unjust social and political system, not the fault of the poor themselves. Liberals believed only that the state should relieve unavoidable need and suffering and remove extreme inequalities of opportunity which resulted from temporary faults and imbalances in the

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1   Platform (1948), 'Social Security', cl. 11.

2   See Marshall, 'Citizenship and Social Class', loc.cit.

3   ibid., esp. pp. 46-74.

economic system. Although they no longer said directly, as they had in the nineteenth and early twentieth centuries, that poverty was the result of moral weakness in the individual,[1] conservatives used the terms 'pauper', 'hand-out' and 'dole' in ways which suggested an implicit belief that guaranteed social security not only deterred thrift but also tempted some people to laziness and irresponsibility and in addition imposed a disabling burden on the public treasury. Incentives and rewards for the more deserving should be retained: though the weak should be protected, the strong should also be encouraged.[2] Their notion, therefore, is one which owes little to doctrines of equality and 'human' rights.

Although the debate between the parties was ostensibly carried on over details and methods rather than principles and objectives, it is doubtful whether the Liberal party accepted the idea of social justice and the aims of guaranteed security and equality of opportunity as held by Labour. Labour itself believed that modern conservatives had not genuinely accepted social security but merely adopted welfare schemes as a way of competing with Labour or of boosting their electoral popularity -- witness child endowment in 1941 or the national health scheme of 1953. Liberals, for their part, believed that they had amply demonstrated the sincerity of their professions about social security. Their record of extended benefits and new services since 1949, they argued, showed that they were a truly humanitarian party.[3] Labour, admittedly, often promised larger benefits, but in doing so it was merely pandering for support. It could not have provided more; it was, in fact, cruelly and irresponsibly exploiting its undeserved reputation as the 'party of social justice'.

The Liberal party, as we saw, was not able to put its policies into effect completely: limited finance and political expediency forced it to make a virtue of helping the most needy before the most deserving. Its health scheme was not wholly contributory and the government did not, as its supporters frequently reminded it, abolish the unfair, discriminatory means test on pensions. But what Labour saw as schemes which helped the better-off and protected the vested interests of the building industry and medical profession, Liberals saw as sensible compromises between

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1     See Mendlesohn, op.cit., Preface and ch. 1; and Kewley, Social Security in Australia, ch. 1.

2     Cf. [R.G. Menzies and W.H. Anderson], We Believe - A Statement of Liberal Party Beliefs, [Canberra, 1954], no. 14: 'We believe in social justice; in encouraging the strong and protecting the weak...'

3     See, for example, [Federal Secretariat], Accent on People, (Canberra, 1964). This pamphlet was produced by the Policy Research Group.

impractical and unacceptable systems of total individual responsibility and nationalised schemes in which the central government imposed its will upon states, the professions, and voluntary organizations.

CHAPTER 6

THE POLITICAL SYSTEM IN LIBERAL THOUGHT

(1) Introduction

In the constitutionalist ideas inherited by the Liberal party from the nineteenth century,[1] great emphasis was placed on the freedom of the member of parliament and the supremacy of the legislature; on the rights of the individual citizen within the rule of law; on the claims of special interests to particular consideration; and, in Australia, on the rudimentary virtues of federalism. But twentieth-century democracy presented a challenge to those who accepted the constitutionalist doctrines on these points. Mass organized parties eroded the freedom of the MP; the power of the executive threatened the supremacy of the legislature; large and powerful bureaucracies seemed to many to undermine the rule of law and the rights of individuals; universal suffrage and the contention that public opinion was sovereign placed special interests at a disadvantage; and finally, the growing power of the federal government steadily reduced the independence of the states and altered the original balance of the federal system.

Liberals were anxious in the 1940s that they should not appear to be simply defending the status quo on these constitutional matters. But ten years later when in power they did little by way of reform. Issues which had been of great importance in the forties did, indeed, decline in prominence after 1949. Growing prosperity removed some of the major worries of conservatives about the adequacy of commonwealth powers. In addition, a system of co-operative federal institutions, and presumably a reluctance to make amendments of which a future Labour government could take advantage, all dampened their enthusiasm for constitutional change, either to improve federal government or to restore elements of constitutionalism that had been eroded. Nevertheless Liberal doctrines on federalism and representation in particular were still employed for the purposes of propaganda against the Labour party.

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1    There is no secondary text which gives a full account of nineteenth century ideas on constitutional matters. This paragraph is an impression based on documents such as in Clark ed., Select Documents in Australian History, and on texts such as Loveday and Martin, Parliament, Factions and Parties. These, together with others, are cited in full at the beginning of the survey of Australian liberalism in ch. 2.

(2)  The Federal System and the Constitution (to 1949)

During the early forties conservatives had become disturbed by what
they saw as a threat to the federal system posed by the Labour government's
attitudes and policies.  Labour governments of the past had tried to acquire
new or wider powers for the commowealth government[1] on more occasions than
non-Labour governments  and the ALP platform had long advocated the
abolition of the federal system and its replacement by a unitary system of
government.[2]  From 1942 Labour had sought more and wider powers for the
commonwealth, giving as its main reason the necessity for the commonwealth
government to have full powers for general wartime and post-war purposes.
It made three attempts -- in 1944, 1946 and 1948 -- to acquire those
additional powers by referendum.

Here, as on matters of social policy discussed in the previous chapter,
conservatives were caught in a dilemma.  They thought that the three
referenda, together with the banking legislation of 1945 (and later of
1947), showed clearly that Labour was following in the footsteps of earlier
Labour governments and trying to put its doctrines of socialism and
unification into practice.  They recognised, however, that two world wars
and the depression had made the growth of commonwealth power inevitable
and even in some respects desirable, and that the High Court's judicial
interpretations had innocently, if regrettably, hastened this process.  The
states had, indeed, already lost some part of their independence under the

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1    See Crisp, Australian National Government, pp. 45-9, for a table
     showing the nature of proposed amendments to the constitution, the
     party submitting them (i.e., Labour or non-Labour), and the result.
     Up to 1951 only 4 of 24 proposals had received the requisite 'double'
     majority-- a majority of the total vote and a majority in more than
     half of the six states.

2    Crisp, in The Australian Federal Labour Party 1901-1951, notes that
     'for over thirty years Labour had formally proclaimed its Constitutional
     aim to be full legislative powers for a unicameral National Parliament,
     with delegation of some legislative and administrative powers to States
     or provinces'.  He goes on, however, to say that the Labour party had
     not done very much about the aim; nor had it had united support on it
     from its own ranks.  (pp. 257-8.)  Although the ALP deleted the aim of
     a unitary state from its platform in 1958, its aim at the mid-1960s,
     as expressed in the 1965 platform, was to 'clothe the Commonwealth
     Parliament with unlimited powers and with the duty and authority to
     create States possessing delegated Constitutional powers'.  (Methods, 3,
     a, i.).  Cf. Calwell, Labor's Role in Modern Society, ch. 10.
     For an example of an earlier non-Labour attack on Labour proposals
     (made in the elections of 1913) to acquire the federal powers necessary
     to implement the socialist parts of its platform, see Cook's  The Policy
     of Liberalism, p. 4.                              .

Financial Agreement of 1928. The Uniform Taxation Agreement of 1942, giving the commonwealth power to levy income tax for the states, had then deprived them of much of their remaining degree of financial autonomy.[1] Weakness in other parts of the governmental system had also become more apparent to conservatives. The historic inadequacy of the legislature's powers to check the executive had shown up more clearly in the rush of wartime legislation and regulations. The Senate had long since become a party house; it was not serving well either as a guardian of states' rights or as a house of review.[2] The conciliation and arbitration system, we noticed earlier, had been put under great strain by the industrial unrest of the mid-1940s.

The constitution had, of course, been drawn up at a time when national economic and trading enterprises were not thought proper and when the extent of the growth of national defence and external affairs responsibilities could not have been clearly foreseen. Members of the UAP and the Liberal party recognised that the constitution might therefore have to be amended in order to preserve the federal system and to restore to its organs their original and proper functions. Since experience had shown the virtual impossibility of getting constitutional proposals ratified when they were opposed by one of the major parties, Liberals thought that a broadly representative and elective national convention,[3] discussing the issues in an atmosphere free of party strife, would be the best hope of educating the public to an appreciation of the need for comprehensive

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1   See Birch, Federalsim, Finance and Social Legislation, ch.4, for a description of this agreement and an account of the history of federal-state financial relations in Australia.

2   There had been periodic dissatisfaction on these matters in the non-Labour parties over the years. For later examples see Australian Statesman, 1 March 1934, p.3, and January 1938, p.2; and United Australia Review, 20 January 1934, p.3, and February 1939, pp. 11-12.

3   The proposal for a constitutional convention to find ways of preserving the 'sovereignty' of the states and to devise more appropriate machinery for federal-state relations, especially in finance, was again a long-standing one on the non-Labour side. See, for example, the 'Constitutional' section of the platform of the Liberal Reform Association of NSW, 1, (a), (b); and the Australian National Federation, Constitution and Platform, p. 4. The proposal for a convention had been looked on with favour by the 1929 Royal Commission, and the Lyons' government had in fact committed itself in the late 1930s to the holding of a national convention on the constitution.

constitutional change and, as they thought, of making the public aware of the dangers of traditional institutions being undermined by Labour's 'piecemeal' measures.

Feeling compelled to propose alternatives to Labour's plans, the UAP and Liberal party argued that Labour was trying to exploit a general wartime and post-war consent to controls and governmental authority for the purpose of implementing partisan measures. They insinuated that Labour's proposals concealed designs for long-term socialisation or unification. Liberals were only prepared to concede temporary powers which would not lead to socialisation or to any weakening of the federal system. Their main line of argument was to say that temporary powers, added to existing commonwealth powers and combined with joint commonwealth-state co-operation, would suffice for the economic and social demands of wartime and post-war reconstruction. As the proper and more efficient method of acquiring the power needed for wartime or post-war emergencies, the central government should have sought co-operation through negotiation with the states. It should not have attempted to coerce reluctant states or tried to persuade a sceptical public of the need for constitutional change.

Throughout the forties conservatives defended the federal system against 'unification' with the three main arguments: federalism was more efficient; it engendered a sense of responsibility in politicians and the public; and it offered better protection for the liberty of citizens. A pamphlet of the Australian Constitutional League in 1945[1] set out these arguments in simple terms as a prelude to summing up five 'advantages' of the federal system. A federal system, the ACL said,

> ...allows the people in each state to work out their
> own salvation under Parliaments that are close to them
> and alive to their special wants. It tends to bring
> home to people their responsibilities as citizens, and
> the probability is that they will demand that their
> government shall be managed efficiently in order to
> keep down the taxes they have to pay. For it is a
> matter of common knowledge that the more remote a
> government is from us, the less responsibility we feel
> for what it does.

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[1] The Advantages of Our Federal System, (Sydney, 1945). Quotations at p. 11. Cf. F.A. Bland's pamphlet, What the Federal System Means to You, (Sydney, c. 1948), published for the NSW Constitutional League. Bland, who had been Professor of Public Administration at the University of Sydney 1935-44, and who became the Liberal member for the federal seat of Warringah (NSW) 1951-61, was one of the most vigorous defenders of federalism in the 1940s, and indeed, an untiring polemicist, both then and later, on the virtues of traditional constitutional processes.

The pamphlet also saw the federal system as a check on 'rule by regulation' -

> [that] New Despotism and Bureaucracy which flourish
> most vigorously when Ministers are overloaded with
> work, and where administration is centralised and
> remote from the people.

The first advantage of a federal system was that it avoided the overloading of the central administration with detail, leaving it more time for general planning. A federal system, secondly, ensured the even development of the continent by allowing state governments to manage their own projects and carry out experiments. Thirdly, it limited the scope of the regulation-making power of officials and of the arbitrary application of administrative methods; hence it facilitated the popular control of governments. A fourth advantage was that it preserved the High Court as a bulwark against the excesses of partisans: it added the reliability of an independent and incorruptible judiciary to the protection of liberties. And fifthly, a federal system provided greater scope for the ambitions and abilities of citizens. The ACL was not, however, fully satisfied with the federal system as it operated in Australia. It believed that commonwealth-state financial relations should be revised and that regional authorities might be necessary to enhance individual freedom and equality of opportunity.

Federalists and New-Staters normally stated their assumptions as if they were self-evident or a matter of common knowledge, arguing that state, regional and local governments could harness and exploit local knowledge, initiative, pride and enthusiasm for the greater benefit of their communites.[1] They also liked to buttress their claims with a variety of supporting arguments and appeals to historical authority,

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1    For a selection of conservative views on federalism and new states
     see F.A. Bland ed., Changing the Constitution, (NSW Constitutional
     League, Sydney, 1949). These are the proceedings of the All-
     Australian Federal Convention of 25th and 26th July, 1949. The
     papers 'Why a Federal System?' by K.M. McCaw, and 'State Financial
     Independence' by D.H. Drummond, then a Country party MLA in the
     NSW parliament and later a member of the House of Representatives,
     are good specimens of conservative thought on the federal system.
     The 1940s and early 1950s were also years when a more strictly
     academic debate on the merits of federalism was current. The
     three most important books resulting from this were: Gordon Greenwood,

frequently citing what they claimed were the 'intentions' of the founding fathers of the constitution,[1] and embellishing their arguments with philosophical authority by quoting remarks from the writings of Lincoln, Bryce, Jefferson, and even Montesquieu and Tocqueville, on the merits of federalism, local government, and government 'close to the people'. We can look briefly at how Liberals applied their general principles and arguments on the referenda of 1944, 1946, and 1948.

The place of the 'powers' referendum of 1944 in the sequence of events leading to the formation of the Liberal party has already been mentioned.[2] It was this referendum which provided the immediate pretext for the amalgamation into one party of most of the non-Labour groupings then in existence. Dr. H.V. Evatt, as Attorney-General in the Labour government, had introduced a Constitution Alteration (War Aims and

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(cont... from previous page)
The Future of Australian Federalism (Melbourne, 1946); Sawer and others, Federalism in Australia; and Geoffrey Sawer ed., Federalism: An Australian Jubilee Study, (Melbourne, 1952). The trend of discussion, and the general state of this debate, can be gained from the Introductions of the latter two books, both of which include some papers or comments in discussion by politicians as well. For a later survey of the literature on Australian federalism see S.R. Davis and C.A. Hughes, 'Federalism in Australia', in William S. Livingston ed., Federalism in the Commonwealth - A Bibliographical Commentary, (London, 1963). For the views of some New-Staters, see D.H. Drummond, 'The General Case for Revision of the Constitution', in David Maughan and others, Constitutional Revision in Australia, (Sydney, 1944); and his Australia's Changing Constitution - No States or New States, (Second edition, Sydney, 1946). See also H.L. Harris and others, Decentralization, (Sydney, 1948).

1    The views of Parkes, Quick and Garran were the most frequently cited. Sir Robert Garran, first Solicitor-General of the Commonwealth, was still alive in the 1940s to testify to the federalist intentions of the constitutional fathers. He contributed a paper, and other comments, at the 'All-Australian Federal Convention' of 1949. (Chapter VI of the constitution did provide for the admission, under certain procedures, of new states.) The 1929 Report of the Royal ('Peden') Commission on the constitution set up by the Bruce-Page government was another favourite source of reference. This had concluded, in its majority report, that federalism was the system of government 'best suited to the needs of the Australian people at the present time'. A minority favoured a 'concentration of power and responsibility in the national parliament'. (Commonwealth of Australia, Report of the Royal Commission on the Constitution, Government Printer, Canberra, 1929, pp. 241, 243.)

2    Above, p.56.

Reconstruction) Bill[1] to acquire powers through referendum sufficient to carry out the government's war aims and objects, 'including the attainment of economic security and social justice in the post-war world and ...[for] the purpose of post-war reconstruction generally'. The opposition expressed a fear that the vagueness of the terms 'economic security' and 'social justice', together with the proposed immunity of the new powers from judicial interpretation by the High Court, would leave parliament with virtually unlimited power.[2] The government tried to obviate a contested referendum on the matter by calling a constitutional convention.[3] In the urgency of the hour the convention was overwhelmingly of the opinion that some substantial powers should be transferred to the commonwealth for the tasks of reconstruction.[4] But when the opposition's objections to the imprecise terms of the bill and to the holding of a referendum in wartime made it evident that it would still not fully support a referendum, Curtin accepted an amendment to refer the bill to the states for ratification for a period of seven years[5] from the cessation of hostilities, at the end of which time it could be put to a referendum for approval on a permanent basis. This amendment was unanimously agreed to. A Committee drew up a draft bill setting out fourteen specific subject-matters; but this was subsequently approved by the parliaments of only two (Labour-governed) states, New South Wales and Queensland. Elsewhere, the bill could not overcome the opposition of

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1    CPD, Vol. 172, pp. 1338-1441. See also H.V. Evatt, POST-WAR RECONSTRUCTION - A Case for Greater Commonwealth Powers, (Government Printer, Canberra, 1942). This booklet was prepared by the Attorney-General for the constitutional convention held at Canberra in 1942.) It presents the argument for the bill with much background detail and legal elaboration. The government was conscious of the fact that the Nationalist government of the first world war had waited until after the war (1919) to (unsuccessfully) seek powers to deal with the problems of reconstruction.

2    See Round Table, No. 35, June 1944, pp. 281-5.

3    See the report of Dr. Frank Louat, 'The Unconventional Convention', Australian Quarterly, Vol. XV, No. 1, (March 1943), pp. 7-14. (Louat was President of the Constitutional Association of NSW, and a member of the NSW Bar.)

4    See: Commonwealth of Australia, Convention of Representatives of the Commonwealth and State Parliaments on Proposed Alteration of the Commonwealth Constitution -- Record of Proceedings, (Government Printer, Canberra, 1942). Evatt's announcement of the modifications is at pp. 7-10, and the draft bill itself is at pp. 11-12. The Minutes of Proceedings (pp. iv-vi) give the main events of the convention.

5    Later amended by the drafting committee to five. (Record of Proceedings, p. 152) For the draft bill of the committee, see ibid., pp. 152-4.

business organizations, state non-Labour parties, or state upper houses.[1]
The government then put the fourteen powers to a referendum in August 1944
in an attempt to resolve the issue.

Labour's case for the fourteen powers may again be taken from Evatt.
In an address to the AIPS conference of January 1944,[2] and in his speech
to parliament on the bill,[3] Evatt forcefully re-iterated his earlier
arguments of 1942 for wider commonwealth powers. He stressed the 'national
emergency character' of the immediate post-war period, for whose problems
legislation by one national authority would have overwhelming advantages
over state action or commonwealth-state co-operation. A national plan was
required because the post-war situation would frequently call for 'speedy
decision and urgent action'; and this would be impossible to obtain
through six state governments. His second reading speech in parliament
asserted that the fourteen powers were 'all necessary, but no more than
adequate' for the purpose of post-war reconstruction.

Menzies opened the opposition's attack on the bill.[4] He repeated
the charge, frequently made by non-Labour in 1942, that it was undesirable
to hold a referendum for changes in the constitution in wartime because it
aroused passions which diverted energies from the war effort and because
servicemen could not be made properly informed of the issues. The extent
and vagueness of the powers had made him recall Bryce's dictum concerning
'the tremendous centripetal force' in a federation by which the central
power was always seeking to add to itself. To allow this, Menzies said,
was especially unwise in a country like Australia which lacked a strong
tradition of local government and decentralised administration. Quoting
Jefferson on the necessity of divided powers for the preservation of
liberty and good government, he criticised as 'unsound doctrine' the
notion that central governments should be assumed to be always wiser and
more efficient than local government.

1    For an interesting account of the influence of some business and
     rural interests against the 1942 proposals in one state (South
     Australia), see David Goldsworthy, 'Playford, the LCL and the
     ''Powers'' Referendum Issue, 1942-4', Australian Journal of Politics
     and History, Vol. XII, No. 3, (December 1966), pp. 400-416. Hasluck
     also gives an account of the whole episode in The Government and the
     People 1942-1945, pp. 524-40 . See also W.J. Waters, 'The Opposition
     and the ''Powers'' Referendum 1944', Politics, Vol. IV, No. 1, (May
     1969), pp. 42-56; and Walker, The Australian Economy in War and
     Reconstruction, ch. IV.

2    H.V. Evatt, 'Reconstruction and the Constitution', in Campbell ed.,
     Post-War Reconstruction in Australia.

3    CPD, Vol. 177, pp. 136-53.

4    CPD, Vol. 177, pp. 448-469.

Menzies sought to show that one group of the fourteen powers was either already possessed by the commonwealth or could be used under the defence of external affairs powers; and that another exceeded what could be justified for a limited and emergency purpose and if granted would have the effect of allowing governments to control all aspects of economic life. A third and less important category, including health and works as national powers, did not require the consent of the states and should not be subject to a five-year limitation. He called for an 'elective national convention' to review the structure and working of the constitution within a period of two years after the termination of hostilities.

Others on the UAP side[1] worried less about the legal complexities and warned that a Labour government might abuse a grant of the powers for the partisan purposes of socialisation and even, indirectly, unification. More bureaucratic regimentation, they thought, would be the certain immediate result. They acknowledged that the commonwealth would need greater powers for the reconstruction period but maintained that it either had them or could get them by arrangement with the states. Moreover, on past experience a referendum was likely to be defeated; this would set back the cause of permanent constitutional reform. By 1944 the crisis atmosphere of 1942 had waned, and Labour could no longer make the appeal for wider powers a matter of urgency and patriotism. The proposal was defeated by a large margin, attracting majorities in only two states.[2]

The same basic objections made to the 1944 referendum underlay the opposition of the Liberal and Country parties to two of the three parts of the 1946 Constitution Alteration Bill,[3] which sought to empower the

1    See, for example, the speeches of T.W. White and Holt, CPD, Vol. 177, pp. 1083-90, 1277-85. (White was Nationalist, UAP and Liberal member for Balaclava, Vic., 1929-51.) For the ambiguous attitudes of the Country party to the bill see the speeches of Page and Fadden, CPD., Vol 177, pp. 1071-9, 1040-5.

2    The vote was No, 2, 305, 418; Yes, 1, 963, 450. The Yes majorities were in South Australia and Western Australia. For the story of the referendum campaign see Round Table, No. 137, December 1944, pp. 76-83; and Ian Milner 'Referendum Retrospect', Australian Quarterly, Vol. XVI, No. 4, (December 1944), pp. 38-49.

3    See, for example, the speeches on the bill of Menzies, Holt and White, CPD, Vol. 186, pp. 897-907, 993-1000, 1015-20. The Country party, however, 'was divided between its radicals who were glad to have federal marketing at any price, and its conservatives who preferred disorganized marketing to a federal power of promoting rural socialism'. (Sawer, p. 173). The Liberal party supported the first amendment in principle on condition that the government accept an attached clause prohibiting the 'civil conscription' of the medical profession. (ibid.) The government did accept this clause.

commonwealth to legislate for social services, organized marketing, and 'terms and conditions of employment in industry', and to the Constitution Alteration (Rents and Prices) Bill of 1947,[1] which sought permanent power over 'rents and prices, including charges'. Opposition spokesmen pointed to the dangers of over-centralisation leading to 'regimentation' and eventually a 'servile state'; and they spoke again of the merits of state and local administration in preserving 'efficiency' and 'freedom'. The experience of the last few years had made them aware, Menzies said, that 'genuine freedom is inconsistent with over-centralised power' and that Australia should get back 'to the true spirit and practice of the Federal Constitution'.[2]

(3) The Federal System and the Constitution (after 1949)

(a) The Constitution

Liberal policy speeches and platforms provide a brief chronological record of the fate of Liberal proposals for constitutional reform. The Liberal policy speech of 1946 had called for a 'dispassionate and thorough examination [of the constitution] by a representative committee specially constituted for the task'.[3] The draft platform of earlier that year had declared the aim of such a convention to be: 'to preserve the Federal system and simplify and improve the machinery of Government by the re-arrangement of powers between the States and the Commonwealth'.[4] The 1948 platform inserted before this clause: 'The maintenance unimpaired of the Federal system'.[5] The 1949 joint policy speech reminded electors that the Liberal and Country parties stood for the federal principle as the best assurance of freedom and efficient government. This was a 'major point of difference' between themselves and the socialists.[6] It did not, however, make any direct reference to a constitutional convention.

The next mention of constitutional review came in the 1954 policy speech when Menzies announced his government's intention to 'constitute an all-Party Committee of both Houses to review the working of the Constitution and make recommendations for its amendment'.[7] This committee,

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1    See, Crisp, Ben Chifley, pp. 304-9, for Labour's reasons for wanting the amendment; CPD, Vol. 195, pp. 2831-8 for Menzies' speech on the bill; and ibid. for the debate on the bill. The referendum lost by large majorities in all states.

2    Menzies, loc.cit., p. 2838.

3    p. 12.

4    p. 7.

5    p. 5.

6    pp. 36-7.

7    p. 24.

appointed in 1956, presented its recommendations in an interim report in October 1958 and outlined its reasons for supporting those recommendations in an expanded report of November 1959. In 1960 the revised Liberal platform called for: 'Review of the working of the Commonwealth Constitution from time to time by representatives of Commonwealth and States to determine what, if any, adjustments consistent with its Federal quality have become necessary'.[1] Menzies announced in his policy speech of 1961 that time had not yet permitted the government to reach conclusions on matters as complex as those raised by the JCCR's report. He added that the government, if it were to decide to promote any amendments, would give the people the right to decide the matter according to the constitutional procedures for a referendum.[2] After this there was no official pronouncement from the Liberal government on its intentions regarding the report. By the end of 1966 no full-scale debate on it had been held. The report itself[3] had made recommendations for the reform of parliament, for wider commonwealth powers, and for easier methods of amending the constitution and creating new states. The most important and controversial of these were the proposals to confer new constitutional powers upon the commonwealth government.

The reasons for the Liberal government's apparent neglect of the report can only be surmised. Probably the main one was that the proposals to add express commonwealth powers for the above fields into the constitution, or to achieve them through constitutional alteration, were not in accord with the spirit of the Liberal doctrine of keeping powers divided as far as possible between federal and state governments. The Labour opposition certainly thought this; and it tried to turn the committee's report to its own advantage.[4] On these occasions, as in all previous debates on constitutional reform, Liberals reiterated their suspicion that

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1    clause 24.

2    p. 28.

3    Commonwealth of Australia, Report from the Joint Committee on Constitutional Review, 1959, (Government Printer, Canberra, 1959). For a summary of the Report see Public Administration, Vol. XIX, No. 4, (December 1960), pp. 354-9.

4    See Calwell's motion in 1961 (CPD, HR30, pp. 806-9) that the recommendations of the JCCR should 'be submitted to the people for their approval'; and Barwick's reply (as Attorney-General) pointing out that the 'concurrent' powers of the report would, under section 109 of the constitution, mean commonwealth supremacy. (Section 109 provides: 'When a law of a state is inconsistent with the law of the Commonwealth, the latter shall prevail, and the former shall, to the extent of the inconsistency, be invalid'.) Ibid., pp. 809-12.

Labour's real motive was its desire to abolish the federal system and leave the central government with full powers to control or socialise industry. The IPA-NSW[1] and ACCA[2], both concerned for the protection which the constitution (especially section 92)[3] gave to 'freedom' and 'free enterprise', had set out similar opinions in a vigorous fashion.

The attitudes of the major parties to constitutional reform over the period 1944-66 reveal their differing natural prejudices towards a bequeathed constitutional system. Labour saw the division of powers embodied in the federal system as a barrier to the achievement of some of it reformist aims and as a device which had readily lent itself to the protection of conservative political and economic interests. It wanted a commonwealth parliament equipped with full powers and not subject to a High Court or to the Judicial Committee of the Privy Council. Until 1958 it also wanted, at least in theory, to abolish the states and to replace them with regional and local authorities acting as administrative units of the central government. The Labour party looked upon the constitution as a set of laws which, having been framed in the late nineteenth century by a predominantly conservative body of men, should not be regarded as sacrosanct or as in any way binding upon future generations. Where its antiquated provisions impeded progress, they should simply be adjusted through referenda to conform more rationally to contemporary circumstances.

To the Liberal party the constitution was a document, if not to venerate, at least to regard as something more precious than ordinary laws. Liberals saw it as an historic 'compact' and 'charter', a framework embodying the considerable wisdom of the founding fathers. For them it constituted 'basic', 'fundamental', or, in Menzies' juridical term, 'organic' law. Because it represented a hard-won consensus among men who had pondered constitutional problems deeply, and had proved itself adaptable to change through wars, depression and other problems over half a century, it should not be altered lightly in a 'piecemeal' fashion by referenda but only 'in a proper atmosphere and after due deliberation' at an elective convention. Liberals scorned the 'horse-and-buggy'

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1   In Safeguard Your Rights by Review of the Constitution. [Sydney, 1954], and The Constitution and You..., (Sydney, 1962)

2   See A.S.H. Gifford, 'The Commonwealth Constitution - A Commerce Viewpoint', Canberra Comments, Vol. X, No. 8, (August 1956), pp. 2-3; and 'The Commonwealth Constitution - the Next Step', ibid., Vol. 14, No.7, (July, 1960), pp. 1-2.

3   The notorious section 92 states that '...trade, commerce and intercourse among the States, whether by means of internal carriage or ocean navigation, shall be aboslutely free'.

metaphor frequently used by Labour.  Many old things were good, they said;
and even if the constitution was out-dated and frustrating in some respects,
this was no cause to destroy it through rash, wholesale alteration.  When
changes were needed to give the central government adequate powers, they
should be made in such a way that the essential spirit of the constitution
was preserved.

(b)  The Federal System

In office, the Liberal party's responsibilities as a national govern-
ment were frequently to clash with its belief that some of the states' old
authority should be restored to them.[1]  The federal structure of the party
organization was an additional handicap to the freedom of action of the
federal Liberal government as it tried to reconcile its national responsi-
bilities with its formal doctrines.

Much of the argument about 'independence' or 'autonomy' for the
states revolved around the question of state finance.  The growth of
commonwealth power, upheld by judicial decision, had impaired state
responsibility to the point where the states were financially dependent
upon the federal government.  Conservatives believed that the states would
have to regain some measure of financial independence if they were to
remain, or revert to being, efficient and responsible units of government.
The two main proposals being made for this were that the states should
take back their income-taxing powers or, alternatively, that the common-
wealth should return specific fields of taxation to them.[2]  A peculiar
situation resulted.  The federal Liberal government was not opposed in
principle to either course of action, but it could obviously not accept
state proposals which would damage its own financial standing.  The state
governments, for all their protestations, had found the post-1942 system

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1    The policy speech of 1949 had stated that 'the states must be
     preserved as real governing bodies and not as mere dependents of
     the Commonwealth'. (p. 37).

2    See, for example, Bland's Preface to his (ed.), Changing the
     Constitution, where he summarises some particular ideas of speakers
     at that conference; D.H. Drummond on 'State Financial Independence'
     in that volume, and the comments by R.C. Wright on F. Louat's paper
     A Constitutional Convention'.  A Liberal premier's view, arguing that
     powers acquired by the commonwealth since federation had made the
     states subservient in finance, thus impairing their responsibility,
     and saying that specific fields of taxation should therefore be given
     back to the states, is given by Thomas Playford in an address 'The
     Case for Restoring the Balance of the Federal System', in Sawer and
     others, Federalism in Australia. The commonwealth did, in fact, later
     'vacate' the fields of entertainment and land tax.

of uniform taxation convenient, and they were unwilling to incur the political odium of imposing local taxes on a public which had become used to the single-tax arrangement. The problem was discussed inconclusively at several premiers' conferences between 1950 and 1953, and a special conference of the commonwealth and states in 1953[1] could still not resolve the issue to the satisfaction of either.

Thereafter, commonwealth-state relations settled into a pattern which became a familiar ritual in the practice of Australian federalism. State premiers would indignantly protest at the annual premiers' conferences that the states were being deprived of their just share of total revenue. The federal government, each premier would say, had revealed a lack of sympathy for the peculiar needs of his state. Premiers of Liberal states, such as Thomas Playford of South Australia, found that they could add to their reputations as champions of their states' interests by 'courageously' attacking a federal government of the same party complexion.[2] The pretences behind this ritual were quite transparent and freely criticised by federalists. The Liberal government, although doctrinally committed to the preservation of the federal system 'unimpaired', did not want to lose any of the powers which had given it supreme control over broad financial policies. State governments, despite their annual claims to have suffered grave financial injustice, were obviously loath to accept the political consequences of those very powers which they required to make themselves more 'responsible'. In 1959 an agreement on a new formula for tax-reimbursement to last for six years finally brought a semblance of order and rationality to federal-state financial relations.

One critic of the absurdities in the practice of Australian federal relations was W.C. Wentworth.[3] On the hundredth anniversary of

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1    A special premier's conference was held in 1953 to consider the restoration of state taxing rights. As Menzies recalled the conference in a lecture on 'Uniform Taxation' after his retirement, the states were not able to make any proposals realistic enough for the commonwealth to accept. (Sir Robert Menzies, Central Power in the Australian Commonwealth -- An Examination of the Growth of the Commonwealth in the Australian Federation, Melbourne, 1967, pp. 89-92). See also Birch op.cit., pp. 257-261, on this point.

2    For some interesting comments on this see West, Power in the Liberal Party, pp. 63-4.

3    W.C. Wentworth, 'Responsible Government in Australia - State Constitutions and Federal Power', Australian Quarterly, Vol. XXVIII, No. 2, (June 1956), pp. 7-19.

responsible government in Australia be observed that the growth of
commonwealth power -- especially in defence, finance, and external trade
-- had reduced the states to a point of dependence where they were in
danger of becoming 'ghost-governments'. Uniform taxation, he said, had
eroded the remnants of state prestige. State public services had become
inefficient through financial irresponsibility and state parliaments were
gradually becoming 'parasitic males round their swollen Federal queen'.
Wentworth thought that the states, while maintaining pro forma protests,
were in reality happy to accept uniform taxation. But the efforts of the
Liberal government to do anything about this situation since it had come
to power had been 'tentative and abortive'. One of the main causes of
this half-heartedness, Wentworth suggested, had been the ambition of
'empire-building Federal public servants'. Giving similar reasons, the
business community also expressed its dissatisfaction with the workings
of modern federalism.[1]

Discontent with the workings of the federal system in the Liberal
party often focussed on the system of uniform taxation and the failure of
the Senate to perform its intended role as a states' house. The Federal
Council regularly passed resolutions[2] which condemned, or called for a
re-examination of, the system of uniform taxation, or which urged the
federal government to undertake specific reforms for the improvement of
the financial standing of the states. These resolutions were moved most
frequently by the NSW or Victorian divisions, the two 'big' states
obviously believing that they virtually subsidised the smaller states
through uniform taxation. Some Liberals[3] also believed that the Senate,
now completely a 'party' house, had become a mere 'rubber stamp' for
legislation passed in the House of Representatives and that it should be
reformed. Others,[4] however, were of the opinion that it still performed
valuable functions as a house of review.

Together with that of the IPA-NSW already recorded, these conservative
voices all deplored the weakness of the states' position in the federation.

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1    See the article 'A Changing Federalism', IPA Review, Vol. 7, No.1,
     (January-March 1953), pp. 21-5; and Canberra Comments, Vol. XII,
     No. 3 (March 1953), p. 1.

2    See, for one example of many, the Minutes of the Eleventh Annual
     Meeting of the Federal Council, 12-13 November 1956, p. 127.

3    See, for example, the comments of Senator J. Marriott (Tasmania)
     in the Australian Liberal, December 1957, p. 9.

4    See the comments of Senator J. McCallum, ibid., January 1958, p. 15.

At the same time, Menzies and L-CP treasurers and ministers for national development were reminding those who criticised government expenditure and interference in the economy that the national government had responsibility for the public works on which the expansion of private enterprise depended and for the 'management' and 'balance' of the economy as a whole.[1] For them, federalism was both a principle of virtue to which they could appeal against Labour's call for 'national' action in various fields and also a structural inhibition upon the making of those swift decisions which should rationally have been made by the federal government.

Two statements from Menzies exemplify this two-sided viewpoint of the federal party. In rebutting the argument frequently put by Labour that 'national' matters such as education should be taken over as federal responsibilities, he could say that

> The fact that a matter is important to the nation does not mean that it should become primarily the responsibility of the Federal Government. The states are in a better position to assess local needs and to provide for them. The proper role of the Commonwealth is to co-operate with the States, but not to take over their functions, and to make use of existing state facilities.[2]

Then, pronouncing himself a convinced federalist, he could simultaneously testify to the frustrations that the federal system made for its practitioners at the national level.

> I am, myself, a Federalist [Menzies said]. I don't wish to see unification in Australia...all powers concentrated in Canberra...[The] functions of the states are of great importance and...the division of power under a Federal system has a considerable relevance to the preservation of individual liberties in the community. At the same time, as a Prime Minister of long standing, I can assure you that not infrequently I have been tempted to wish that I could put by Federal principles on one side and by a stroke of the pen arm the central government with power to deal with a number of matters falling within the overall economic picture. But I have resisted that temptation.[3]

1   For an account of the tension between 'federalism' and 'national development' in Liberal pronouncements since 1950, see A.J. Davies, 'Australian Federalism and National Development', Australian Journal of Politics and History, Vol. XIV, No. 1, (April 1968), pp. 37-52 (esp. pp. 44-51).

2   The Commonwealth and Education, p. 2.

3   Problems of Management in a Federation, Inaugural John Storey Memorial Lecture, The Australian Institute of Management, Melbourne, 1962. The passages quoted are at pp. 13-14. Cf. his The Challenge to Federalism, Inaugural Allen Hope Southey Memorial Lecture, University of Melbourne, 16 September 1960 (published in Melbourne University Law Review, Vol. 3, No. 1.)

Menzies argued that the limitations on national power under Section 51 of the constitution were '[not] gravely frustrating or damaging'. There were still 'certain capacities for effective action' such as the operations of the Loan Council and the Reserve Bank, customs and excise and taxation, and Section 96.[1] Although cumbersome, these were being developed to meet changing conditions, and they gave 'real powers' to the central government. His government had not imposed its will upon the states; it respected 'not only the form but also the substance' of federalism.

The system of 'co-operative federalism', lauded by Liberals as a principle and just as frequently criticised by them for its practical irritations, continued into the sixties unchanged in its general structure, although the financial position of the states steadily deteriorated. Opinions in the Liberal party about what was practicable and desirable in terms of concrete federal-state arrangements were, however, diverse and contradictory, despite the party's professions to be united in support of the principles of federalism.[2]

By the mid-1960s the federal Liberal party was probably both less enthusiastic and also more confused about federalism than it had been in the forties, even though federalism remained a basic element in Liberal dogma. Federalism had earlier connoted 'liberty' and 'states rights' against the Labour government's supposed aims of 'socialisation' and 'unification'. When the federal Liberal party came into office it quickly found that the requirements of defence, national development and the management of the economy made the retention of its major financial powers imperative. It did, nevertheless, preserve the public rhetoric of 'federalism unimpaired'. The national government always stressed the idea that it was a 'co-ordinator' as well as a leader and 'initiator'. Menzies, particularly, was careful to emphasise 'co-operation' and to talk of coercion as being repugnant to his conception of good government in a federation. When he rejected the Vernon Report's recommendations of a Special Projects Committee to rationalise public works projects, Menzies

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1    This states that the commonwealth parliament '...may grant financial assistance to any State on such terms and conditions as the Parliament thinks fit'.

2    See, for example, the report of a committee set up by the state executive of the NSW division, worried by the 'drift' towards unification', to 'make a detailed study of the whole question of Federal-State relations with the objective of determining courses of action which might pressure the principles of federalism...' : [Liberal Party of Australia - NSW Division], Report of the Federalism Committee, [Sydney, 1963]. Typescript.

paid due obeisance to existing governmental bodies and agencies of commonwealth-state co-operation. The outward forms of federalism in Australia had indeed been preserved, and even added to, in a vast apparatus of co-operative agencies, boards, and regular meetings of commonwealth and state ministers and officials.[1]

The states, for their part, never ceased to complain about the growth of commonwealth powers, but they always found it politically convenient to acquiesce in the commonwealth's financial dominance. The Liberal party, as we saw in chapter 3, was also an organization with a federal structure in which the states controlled the selection of candidates and formed the core of its electoral and financial resources. Each state consequently expected a certain minimum representation in the federal ministry; and state parties were undoubtedly valued as providing that scope for ability and ambition of which supporters of federalism had written in praise.

It was, however, doubtful if the 'spirit' of federalism had been preserved. The federal party was understandably reticent about admitting the extent to which the national Liberal government had silently extended its power, whether deliberately or by failing to reverse trends to centralism. Nevertheless a lot of ambiguity had crept into the meaning of federalism by the mid-sixties. Conservative groups like the IPA-NSW and the ACCA continued to look upon federalism as a protector of 'freedom' and 'free enterprise'. But Menzies and federal treasurers and federal presidents of the LPA, while re-iterating their belief in the principle of federalism, just as frequently vented their frustration at its slow workings or chided state Liberal divisions for their 'parochial' attitudes. As we saw in the last chapter, however, they employed the 'primary responsibility of the states' as a defence of their reluctance to enlarge the role of the federal government in matters of social policy.

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1      See, for example, A.J.A. Gardner, 'Commonwealth-State Administrative
       Relations', in Spann, ed., Public Administration in Australia, ch. 8.
       Various aspects of federal-state co-operation (and conflict) in
       finance and social legislation are well treated in Birch, op.cit.,
       chs. 4 and 8. For some studies of several special co-operative
       institutions, see Part V of Hughes ed., Readings in Australian
       Government. See also Richard H. Leach, Interstate Relations in
       Australia, (University of Kentucky Press, 1965); and Mayer ed.,
       Australian Politics- A Second Reader, Part Two.

(4) The 'Decline of Parliament'

A basic part of the traditional non-Labour view of the political system was the idea of parliament as a 'deliberative assembly'[1] whose members voted according to the dictates of consciences, and were not, as in the FPLP, compelled to follow a 'caucus' decision. The non-Labour parties did, however, take it for granted that a party system -- and preferably the two-party system -- was desirable and even essential for the proper functioning of parliamentary democracy on the British model.[2]

In the 1940s conservatives were agitated by what they referred to compendiously as the 'decline of parliament'. This phrase summed up a long catalogue of complaints, some of which have been mentioned in chapter 3 and others noticed more recently in connection with the debates on constitutional reform and the federal system. The gravamen of conservative grievances was that the inevitable weakening of the authority of parliament in modern society was being accelerated by the 'party' government of a political organization based on class and ruled by a caucus and outside organization (the conference and executive) through members of parliament formally pledged to obey their decisions. Since members of the parliamentary Labour party were not free to vote according to conscience, but held their seats in parliament as the political instruments of a class-bound movement, they were not capable of governing in the interests of the whole community. Their responsibility to a movement outside parliament, conservatives argued, undermined that principle of responsible cabinet government which was one of the foundations of the British system of parliamentary democracy.

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1    For the 'deliberative assembly' phrase, see United Australia Party -
     NSW, Constitution 1936, [Sydney, 1936]. For denunciations of Labour's
     caucus system, see, for example, Reid's Manifesto, p. 10; Liberal,
     29 September 1911, p.57; Bruce Smith, The Paralysis of a Nation -
     A Candid Indictment of The Policy, the Methods, and the Morale of the
     Labour-Socialist Party in Australia, (The Liberal Reform Association
     of New South Wales, Sydney, 1915), ch. V.

2    See, for Deakin's view, Murdoch Alfred Deakin, p.235; for the
     Nationalist party, see Australian National Review, 20 February 1924,
     p.20; and ibid., 26 March 1931, p.4. See also T.R. Bavin's criticism
     of the All-for-Australia League, ibid., 21 July 1931, p. 13. (Bavin
     was Nationalist premier of NSW 1927-30, leader of the opposition
     1930-2.) For the UAP, see for example: Nationalist, 25 August 1936,
     pp. 3-4; and 30 June 1937, pp. 6-7; United Australia Review, 23 April
     1935, p. 11, and October 1934, pp. 9-10; Australian Statesman,
     June 1938, p.2.

During the early days of the war debate of a party-political nature had naturally been fairly restrained.[1] From about mid-1942 disagreements between the parties began to emerge again, notably on matters of economics and defence. There was also acrimonious debate on matters of security and censorship. Labour took its opportunity to depreciate the war efforts of previous administrations and to condemn the failure of the UAP to have Australia fully prepared to meet the Japanese offensive. The non-Labour parties persistently raised the charge in these years that the Labour party had put its selfish party interests before the national interest in refusing to allow a national coalition government of all parties.[2] By mid-1944 the UAP thought that it could make 'party' government and the 'decline of parliament' two of its major accusations against the Curtin administration, drawing upon instances of bureaucratic muddles and upon legislation attributable to 'party' motives to give its charges plausibility.

Meanwhile the collapse of the UAP, together with the actions of the Labour government, had left a feeling of distrust among some conservatives for parties and 'party' politics. Conservatives rallying to the cause of the new Liberal party had to counteract the influence of the prevalent notion that the authority and prestige of parliament could best be revived by the election of independents who would not follow a regimented 'party line'. Against this view, the Australian Constitutional League argued in 1944[3] that it was 'useless' to denounce party politics because the whole parliamentary system was based upon it. Party politics 'offer[ed] those dissatisfied with an existing policy a means of securing an alternative government by peaceful means'. But the party system should not inevitably mean 'factional' politics in which various factions sought to promote sectional interests and in which the end was considered always to justify the means. The ACL suggested a number of measures, to be mentioned later, which might restore some measure of independent authority to parliament.

The IPA-NSW, in two articles on the 'decay of parliament',[4] put part of the blame on 'executive contempt' for parliament and on 'extra-parliamentary bodies' which 'assumed the right to dictate to members what

1    See Sawer, <u>Australian Federal Politics and Law 1929-1949</u>, ch.5. (esp. pp. 135-40).

2    See Hasluck, <u>The Government and the People 1939-1941</u>, pp.365-6, for an account of Curtin's reasons for refusing. Cf. Partridge in Greenwood ed., <u>Australia</u>, pp. 371-4.

3    In <u>Can Parliament Survive?</u> (Sydney, 1944).

4    'Decay of Parliament', <u>Bulletin</u>, No.5, December 1944; and 'Parliament', <u>ibid</u>., No.7, February 1945.

they shall say and do'. But it found the main cause of decay in the scorn
held by the public for political parties. The party system, the Institute
said, had existed as long as there had been a parliament; political parties
were within the historical traditions of British democracy. If the parlia-
mentary system was to survive, the mass of the voting public had to be
represented within political parties. It was the 'clear duty' of every
believer in parliamentary government to become a member of a political
party. Otherwise pressure groups, instead of the national parliament,
would become the controlling force in Australian democracy. The IPA-NSW
saw no contradiction between the two roles of party member and member of
parliament, explaining that

> A man can be a member of a party, and as such pledged
> to certain general principles, without forfeiting his
> personal power and responsibility. A member of
> Parliament has duties as a party man and also duties
> as a personal representative of his constituents.

It was for the people to reject any party which refused to recognise that
duel responsibility, 'not to repudiate all parties in the false belief
that the party system itself is at fault'. J.L. Carrick, in his pamphlet
The Liberal Way of Progress, argued in a fashion similar to these pieces.[1]

Although this meant the presence in parliament of organized
political parties, a party system did not rightfully lead to automatic
voting by party allegiance. One of the strongest emphases in Liberal
thinking on parties in relation to parliament was that the member of
parliament should be more than just a spokesman for his party or his
constituency. 'The true function of a member of Parliament', Menzies
declared in one of his Forgotten People broadcasts, 'is to serve his
electors not only with his vote but also with his intelligence'.[2] In a
later broadcast Menzies complained that the function of the member of
parliament in recent times had been 'increasingly misunderstood and
debased':

> We have treated the member of parliament as a paid
> delegate to run errands and obey our wishes, and not
> as a representative, bound, as Edmund Burke so nobly
> said, to bring his 'matured judgment' to the service
> of his electors. We encourage our members of Parliament
> to tremble at the thought of a hostile public meeting,
> and expect them to flutter in the breeze caused by
> thousands of printed forms demanding this or that, and
> signed with suitable threats by carefully canvassed
> voters.[3]

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1    pp. 1-4.

2    The Forgotten People, p. 37.

3    ibid., p. 178. See also his two talks on government and opposition
     (XXV-XXVI), and five on law and democracy (XXXII-XXXVI).

In these braodcasts, and particularly in the set of talks on 'democracy',
Menzies continually deplored 'pressure politics' and 'sectional'
government.  He hoped that a restoration of the authority and prestige of
parliament, as the 'supreme organic expression of self-government',[1]
would bring a halt to such politics.  But he was, like other conservatives
in the 1940s, dejected by his observation that the public was apathetic
towards politics.

Conservatives saw this apathy as an effect, rather than the basic
cause, of party politics.  Liberals attributed the rigid nature of party
politics in Australia to the introduction of the 'pledge' by the NSW state
Labour party in 1891, by which its parliamentary members bound themselves
to obey the direction of a caucus vote of the whole party.  This, as
Liberals saw it, had affected the behaviour of parties in parliament in
a profoundly detrimental way.  As J.A. McCallum explained for them:[2]

> The Labour Party...substituted the theory of
> government by an external association for the
> theory of government by an executive responsible
> to members of Parliament who were free to
> exercise their independent judgement or to
> follow their chosen leader or to obey their
> constituents.

The theory had not, McCallum admitted, been pursued to its final
implications at first; and it was true that it was still subject to
modifications.  But the acceptance of the theory by the Labour party
was 'a fact of cardinal importance' in the political history of
Australia.  For

> It profoundly altered the two features of
> Parliamentary government which the nineteenth
> century statesmen who made the Constitution
> had regarded as essentials of government -
> the responsibility of the executive to the lower
> house of the legislature and the freedom of Members
> of Parliament to support or oppose the Ministry as
> they or their constituents decided.

F.A. Bland[3] saw Labour's theory of government as having derived
from the philosphy of socialism.  'The working of our scheme of

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1    ibid., p. 185.

2    See his paper, 'How Fares Parliamentary Government in the Federal
     System', in Sawer and others, Federalism in Australia.
     Quotations at pp. 111-2.

3    See his AIPS paper 'Parliamentary Government and Liberty', in
     John Wilkes ed., Liberty in Australia, (Sydney, 1955).  The
     passages quoted are from pp. 159-60.  For a well-argued Labour
     reply, see E.G. Whitlam's comments in the Discussion, ibid., pp.171-8.

Parliamentary Government', he said,

> has entirely changed with the advent of socialist
> parties offering electors an alternative
> philosophy and government. Until that occurred,
> parties could afford to bicker over policies
> because they were all agreed as to the nature
> and purpose of the State. A change of Government
> was merely a change of emphasis. Now, in theory
> at least...it is not a matter of bickering over
> insubstantial matters, but of confronting each
> other from entirely irreconcilable platforms.

Developments in party government were a natural result of 'identifying
politics with economics' and of other factors such as the extension of
the franchise, the size of electorates, and the cost of conducting an
electoral campaign. The identification of politics with economics had
been 'especially disastrous':

> It has allowed the socialist parties in Australia
> to exact from their members an allegiance to the
> Socialist Movement which overrides all other
> loyalties, whether to the electorate, to the
> Government, to the Parliament, or even to the
> sanctity of the ballot box.

Conservatives usually went on to claim that the FPLP's method of
choosing its cabinet by a vote of all members contravened the historic
principle of cabinet responsibility through parliament to the people.
The effect of caucus selection, the ACL said, was

> to destroy the cohesion of the Cabinet, to lower
> the prestige of the Prime Minister, and to
> strengthen the power of factional elements.
> Loyalty to the party becomes an excuse to justify
> the expression of views inconsistent with those
> of the Prime Minister; and with the abrogation
> of the doctrine of Cabinet solidarity there
> follows vacillation and uncertainty in administration
> while opposing Ministerial pronouncements are being
> interpreted or reconciled.[1]

These passages from McCallum, Bland and the ACL, read in conjunction
with the views of the IPA-NSW and ACL cited earlier, summarise the
assumptions behind the conservative complaints about the 'corruption' of
parliament by the Labour party. In the British system of parliamentary
government there were normally two parties, both of which accepted its
conventions. The system had been deleteriously altered in character by
the advent of a class-based party with a materialistic philosophy and a

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1   Can Parliament Survive?, p. 9. E.J. Ward and A.A. Calwell were two
    ministers who could sometimes be quoted in apparent disagreement with
    Curtin or Chifley or their Cabinet colleagues.

rigidly disciplined form of party organization inside parliament. The old consensus on principles had disappeared; and the freedom of the member of parliament, and the direct and sole responsibility of cabinet to the legislature, was harmfully affected by the Labour 'pledge' and caucus system.

Labour's supposed abuses of the principles of responsible government and of the conventions of parliamentary government were, together with strikes, lawlessness, and the activities of communists, the main subject of Liberal no-confidence and censure motions in the forties. Part of one such motion in 1945[1] censured the government for its 'attack upon the responsible authority of Parliament...' The censure cited Labour's refusal to permit discussion in the parliament in relation to the matters under consideration at the San Francisco conference and its 'use of the forms of the house to stifle full and careful debate upon important legislative proposals'. A motion of want-of-confidence in 1947[2] accused the government of constantly practising 'political jobbery' in its public appointments, giving the recent appointment as Governor-General of a serving Labour premier of NSW (W.J. McKell) as the most disgraceful example.

Another censure motion in 1949,[3] devoted solely to parliamentary procedure, gave instances of the government 'unreasonably and improperly restricting the rights of private members and the electors they represent'; 'disregarding the status of the Chair'; 'violating the decencies of political controversy'; and 'exhibiting contempt for the institution of Parliament and its functions as the democratic forum of the nation'. In respect of the first point, Menzies put forward his view on the proper role of 'parliament' in government:

> The Parliament does not exist merely to record
> decisions that have been made elsewhere...nor...
> merely to pass laws. It exists, to a very great
> degree, to enable administrators to be criticised...
> [and] to be questioned, and...[the] grievances of
> electors to be brought forward, ventilated and
> rectified. These functions...are of the first
> importance in a democratic community. Consequently,
> Parliament does not exist only for the Minister; it
> exists in large measure for the private member.

1    See Menzies' speech in moving the motion, CPD, Vol. 182,
     pp. 2318-2327.

2    See Menzies' speech in moving the motion, CPD, Vol. 190,
     pp. 17-25.

3    See Menzies' speech in moving the motion, CPD, Vol. 202
     pp. 516-23. The passage quoted is at p. 516.

It was, of course, part of the game of party politics that a Liberal government would in its turn be subject to the same kinds of criticism from a Labour opposition. It was more significant that the Liberal party in Menzies' time had its own critics on these matters, whose general complaint was that the parliament had only been allowed to 'merely record decisions that had been made elsewhere', in this case in the L-CP cabinet.

Conservatives made a variety of proposals of a technical or mechanical kind for the reform of parliament. The ACL thought that the machinery of parliament would have to be overhauled if parliament was to meet the rising power of the cabinet and public service on equal terms. It put forward several measures: longer parliaments; a speaker divorced from party politics; standing committees on each main function of government, with officials being allowed to take part in the committee debates; a standing committee on regulations; and an institute, 'free of any taint of party politics', as a clearing house of information for the parliament and the public on social, economic, and political questions.[1] The Liberal party itself, in the 1946 policy speech,[2] promised to investigate the size of the federal parliament and the method of electing the Senate.

Some conservatives continued to complain after 1950 that cabinet was 'dominating' the legislative progress and that the 'bureaucracy' was still interfering in a decision-making process which was properly the province of parliament, cabinet, and interested bodies. The gist of such complaints and the remedies proposed can be indicated in a brief selection. The ACCA, for reasons which shall be related in the next section, wanted full parliamentary or constitutional control of public expenditure at all levels of government. Its frequent calls for this made clear its dissatisfaction that it had not been achieved. A prominent ACCA leader suggested in 1956 that, as part of a programme of constitutional reform, the term of the House of Representatives should be increased from three to five years for the sake of 'more carefully considered legislation' and 'greater trade stability'.[3] The IPA-NSW wanted a 'recall' provision

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1 Can Parliament Survive? pp. 10-16.

2 p. 13.

3 A.S.H. Gifford, loc.cit., (p.22). Menzies himself had said in 1954 that a 'plenitude of elections' such as Australia had was 'utterly inconsistent with good government'. He thought that it was 'high time that [Australia] had parliaments that lasted for five years.' (From an address of 19th April, 1954, published in the IPA Review as 'Principles and Expendiency', Vol. 8, No.2, April-June 1954, pp. 46-50. Quotations at p. 47.)

written into the constitution by which one-third of the members of
parliament could demand a referendum on a law. It also wanted to put
limitations on the power of a simple majority in Parliament to make
revolutionary changes in the economy in peace-time.[1] It argued that a
special majority of a least three-fourths of both houses should be
required for such changes.

From within the Liberal parliamentary party itself several critics
made known their disappointment with the functioning of parliamentary
democracy under Liberal government.[2] Their common complaint was that
parliament had had little opportunity to act as an effective watchdog
over the executive or to influence its policies by debates, and that
members of cabinet, at meetings of the government parties, would not
accept amendments to bills already drawn up by themselves and the public
service. Party journals frequently carried articles[3] which suggested
that these were not just the complaints of a few disappointed office-
seekers but rather a matter of more general concern within the party.
Such articles, usually in a rather plaintive tone, lamented the fact that
parliament no longer seemed able to decide matters of policy (as, they
seemed to think, it had been able to do in the nineteenth century) or even
to effectively scrutinise the work of the executive. They often suggested
reforms of the kind put forward by the ACL, as described above.

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1    The Institute's recommendations on the reform of parliament and its
     institutions are set out in Safeguard Your Rights, pp. 9-14.

2    See: H.B. Gullett, 'Parliamentary Government', in Wilkes ed.,
     Forces in Australian Politics; H.B. Turner, 'The Reform of Parlia-
     ment', Australian Quarterly, Vol. XXXVII, No.4, (December 1965),
     pp. 56-64 and two of his parliamentary speeches of 1965 edited and
     reprinted as articles entitled 'Government by Subterfuge' and
     'Needed: A Basis for Criticism', in the first and second editions
     of Mayer ed., Australian Politics, pp. 401-6 and 544-50; and a
     similarly edited and reprinted speech of C.W.J. Falkinder in
     Australian Politics - A Second Reader, pp. 550-1. Gullett was MHR
     for Henty (Vic.) from 1946 to 1955 and Chief Whip for the L-CP
     government 1950-5; Turner was MHR for Bradfield (NSW) from 1952;
     Falkinder was MHR for Franklin (Tas.) from 1946 to his retirement in
     1966.

3    See, for some examples, the Australian Liberal of April, August and
     October 1959, (pp. 14 and 17, 15, 11), and January and June 1962
     (pp. 10-11, 1 and 14). Coates' survey of backbenchers showed that 8
     wanted less discipline in the parliamentary party (as against 18 who
     saw the existing situation as correct and 7 who wanted more). She
     also found that 19 backbenchers thought that the extra-parliamentary
     organization had either the same 'influence' or 'power' as back-
     benchers or more than them. (The Liberal Party of Australia...,
     ch. III).

(5)'Bureaucracy'

Another deep-rooted sentiment which recurred in non-Labour thought was a hostility to 'bureaucracy'. This could be expressed as a demand for 'efficient' and 'business-like' government or for the elimination of state enterprises; as a condemnation of 'controls' under socialism; or as a plea for the preservation or restoration of 'parliamentary government'.[1]

We have already seen in several places that conservatives became disquieted in the forties by the growing size and power of the public service -- or what they referred to, in the derogatory sense of the term, as the 'bureaucracy'.[2] After the Liberal and Country parties took office the business community continued to complain that the bureaucracy was too large and that it still had excessive influence even over a 'free enterprise' government. It had, they thought, improperly interposed itself in the administrative and legislative process between government and business and government and parliament. After incessant repetition in the early and mid-fifties, these complaints subsided in volume and intensity during the next decade.

What exactly had the Liberal party 'promised' to do about the public service; and what did it do, and 'fail' to do, and why? In its draft platform of January 1946, the joint standing committee on federal policy had resolved upon the following aims under the rubric 'Public Administration':

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1    For examples which collectively include all of these, see:
     Reid's Manifesto, p. 10; Cook, The Policy of Liberalism, p. 14;
     The Fighting Line, 15 March 1917, pp. 11-12, and Australian
     National Federation, Constitution and Platform, 'Civil Service';
     Australian Statesman, 21 May 1938, p.2.

2    For figures on the number of statotory rules and proclamations
     in wartime, the expansion of commonwealth activities and the
     enlargement of the commonwealth public service to perform these
     functions, see Hasluck, The Government and the People 1942-1945,
     pp. 540-1; R.N. Spann, 'The Commonwealth Bureaucracy', in Mayer ed.,
     Australian Politics - A Reader, pp. 438-9; and Encel, Equality and
     Authority, pp. 67-9. (The commonwealth public service grew much
     faster than the state public services in this period.) Hasluck's
     comments on the 'bureaucracy' (pp. 540-9) are an admirable
     corrective to the propagandist conservative view.

1.  Maintenance of an efficient, well qualified and
    well paid civil service, as an essential element
    in good public administration;

2.  The prevention of undue bureaucratic control;

3.  The retrenchment of Government war departments
    whose activities have diminished or should be
    reduced and the elimination of those departments
    not required for peacetime administration;

4.  The progressive removal of unwarranted
    restrictions upon industrial and civil activities.[1]

The 1946 Liberal policy speech, in a section on 'wartime controls',[2]
had said that the Liberal party would at once institute a 'searching
inquiry into all Government Departments, with a view to eliminating those
whose legitimate functions had ended, and reducing those whose functions
have lessened'. However, this entailed no belief on the part of the
Liberal party that a very large civil service -- efficient, well-
qualified, and well-paid -- was not required by modern government. The
joint policy speech of 1949[3] said that the Liberal and Country parties
would check the 'present unhealthy expansion' of the public service but
that they were not contemplating 'wholesale dismissals'. They were
proposing to bring about a re-organization of departments which would
rationalise their work, eliminate over-lapping, reduce red tape and
simplify procedures.

On taking office, then, the new government appeared to have pledged
itself to reduce government activity in order to release resources for
'productive' purposes. Its early record in trying to implement its
promises to 'reduce, retrench and inquire' was, however, one of 'gestures
...but comparatively little impact'.[4] And at no point in its subsequent
long years of office did it institute a general and independent enquiry
into the structure of the public service.

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1   The 1948 platform is exactly the same (p. 13).

2   pp. 7-8.

3   At pp. 35-6.

4   Following Gerald E. Caiden, Career Service - An Introduction to
    the History of Personnel Administration in the Commonwealth Public
    Service of Australia, (Melbourne, 1965), and The Commonwealth
    Bureaucracy, (Melbourne, 1967), especially chs. 15, 18, and 19 of
    the former and ch. 7 of the latter. (Quotation from latter at
    p. 168.) The rate of growth of the public service was, in fact,
    checked between 1951 and 1958; but the government allowed it to
    expand again in the 1960s according to its increased work-load.
    After 1957 the rate of growth rose again, in the pattern of the
    post-depression years, above those of the population and civilian
    work-force.

As was noted in chapter 4, business was quick to complain of the government's slowness and caution in 'de-socialising', in taking action to prevent inflation, and in 'cutting down' the bureaucracy. The ACCA, which rivalled Bland[1] as the most ardent and persistent opponent of bureaucracy, was not satisfied that the dismissal of 10,000 men in 1951 constituted any permanent solution to the problems of overstaffing, over-lapping of commonwealth and state services, and of administrative costs and methods generally.[2] It called for an 'expert comprehensive review of the public service to establish higher standards of efficiency and to limit costs to reasonable proportions'. The problems of bureaucracy, it said, arose from the fact that there were 'no really effective competitive standards' within the service by which efficiency and economy could be accurately assessed. The job of re-examining the organization, methods, and costs of the public service was one for the 'most skilled and experienced executives which the country could produce, and the government should not fail to avail itself of their services. To investigate and report on the problem the government could appoint, from outside the public service, three 'recognised experts in executive organization and administration' as members of the Public Service Board of Commissioners or of an advisory committee responsible to the prime minister.

The ACCA was pleased with the vigour with which the Public Accounts Committee[3] under Bland approached its work; but if felt that the inadequacy of the parliamentarian's knowledge still left parliamentary control of government expenditure 'tenuous'.[4] A series of joint committees on departmental estimates was also necessary to complete the

1   For Bland's view on the public service under L-CP government see the
    Australian Liberal, January 1959, p. 6. ('Can we escape the
    conclusion', he asked rhetorically, 'that bureaucracy has defeated
    democracy?'.) Cf. his 'Parliamentary Government and Liberty', pp.161-9.

2   See Canberra Comments, Vol. XI, No. 5, (May 1952), pp. 2-3.

3   This committee was first set up in 1913, suspended in 1932 as an
    economy measure, and then reconstituted in 1951 as part of an attempt
    to restore parliament's role as a 'watchdog' over government
    expenditure. For some details of the committee see Caiden, Career
    Service, p. 398, and The Commonwealth Bureaucracy, p. 178; and
    Crisp, Australian National Government, pp. 276-7. See also F.A. Bland,
    'Parliamentary Control of the Purse', Australian Quarterly, Vol. XXV,
    No. 2, (June 1953), pp. 43-52 and Richard Cleaver, 'The Australian
    Public Accounts Committee - Its Past and Current Programme', Public
    Administration, Vol. XXIX, No.4, (December 1965), pp. 344-50. Bland
    was chairman of the committee 1952-61, and Cleaver 1964-.

4   Canberra Comments, Vol. XII, No. 12, (December 1953), pp. 2-3.

circle of control from the Treasury, through the Auditor-General and Public Service Board, to the Public Accounts Committee.  In 1965 the ACCA complained that the Public Accounts committee was not as effective as it had been under Bland, who in 1959 'did not hesitate' to tell the government that his committee thought there should be a federal enquiry into the financial control of the public service as a whole.  It repeated its call for an estimates committee of the kind used by the House of Commons.[1]

Speaking in 1960 on the topic of The Businessman's Part in the Art of Democracy,[2] Sir John Allison, a former president of the ACCA, said that the public service was occupying too much of the advisory role in government.  The departments had had too free a hand in imposing their views in areas where they were not always competent to make judgements. Allison recommended the establishment on an ad hoc basis of policy committees, embracing appropriate groups and including the public service, whose recommendations would go directly to the prime minister.  The public service itself could be enriched by the infusion of talent from outside, and its efficiency might be improved if there were closer contacts between businessmen and public administrators.  Federal presidents of the Liberal party also reproved the government for its failure to carry through its apparent intentions of the forties into positive action.[3]  And the Federal Council in 1956 passed a resolution stating 'That this Federal Council requests the setting up by the Federal Government of a committee, along the lines of the House of Commons Committee or the United States of America Hoover Commission, to investigate Commonwealth expenditure, particularly with regard to business and trading activity and the Civil Service'.[4]

Others, too, joined in the protest.  A business journal, Jobson's Investment Digest, commented in exasperation in 1956:

1    ibid., Vol. 19, No. 9, (September 1965), p. 1.

2    This was the Seventh William Queale Memorial Lecture, delivered to the Australian  Institute of Management, Adelaide Division, 1960.

3    See W.H. Anderson, The Liberal Way, pp. 8-10; and Lyle H. Moore, Liberal Targets for 1953, pp. 7-9.

4    Minutes of the Eleventh Annual Meeting of the Federal Council, 12-13 November 1956, p. 126.

> One of the subjects on which Mr. Menzies, as
> Prime Minister, has been extremely difficult
> to move is that of the reform of the Public
> Service. Indeed, his ability to find reasons
> for doing nothing in this matter runs second
> only to his truly surpassing talent for finding
> it untimely to reform the banking system.
> Mr. Menzies has been more than fair to the Public
> Service, possibly because he is best acquainted
> with the ablest of its senior officials, all of
> them men of character and energy who give liberally
> of their talents.[1]

After the Treasurer's announcement in 1957 that a cabinet sub-committee would make a review of the functions of all departments, a Liberal backbencher (H.J. Bate) said that an enquiry would not be satisfactory unless a public report was made. He called for a royal commission to look into the public service.[2] The IPA-Victoria, which in the past had often defended the government and federal administration against attacks from the business community on its 'interference' and 'wasteful expenditure',[3] now expressed the opinion through its Director that the criticisms frequently heard of the public service in business circles -- that it was too big, too remote, and often 'anti-business' in attitude -- were in fact largely valid.[4]

Criticisms of this kind were still made after the late fifties, but spasmodically and less acrimoniously. We may conjecture that the government's critics had been forced to realise that it would never accept their idea of an 'independent' enquiry. Perhaps the smoother prosperity after the mid-fifties made them feel that the public service was something that could be lived with, however distasteful it might have been to their notions of economy in government and the right of business to direct access to government. And after the credit crisis of 1960-1 business was, as we saw,[5] given direct access to cabinet on a regular basis. Some of the critics may even have been partly converted to the cabinet's point of view, as expressed by Menzies.

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1   _Jobson's Investment Digest_, June 14 1956, p. 272.

2   CPD, HR16, pp. 968-70, as cited by Caiden, _Career Service_, p. 405.
    In fact the review never took place.

3   And most recently in an article on 'Government Expenditure',
    IPA _Review_, Vol. 11, No. 4, (October-December 1957), pp. 109-17.

4   'What Business Thinks of the Public Service', _ibid_., Vol. 12, No. 1,
    (January-March 1953), pp. 21-25.

5   Above, p.140-1.

Menzies had seemed to be among those conservatives in the 1940s who were scornful of the 'dead hand' of the government and of the 'bureaucrats', 'planners', and 'theorists' in the public service. He did, indeed, frequently exercise his wit at the expense of civil servants.[1] Yet he could deride the popular 'red tape' picture of the civil service[2] and state that the civil servant 'is responsible for by far the greater part of the achievements sometimes loudly claimed by others'.[3] These selections, together with those quoted earlier from his policy speeches of 1946 and 1949, fairly represent the two sides of Menzies' views on the public service: that it was not the creative and dynamic element in society but was still an indispensable, and increasingly important, part of modern government.

The two sides of Menzies' attitude were both reiterated in his statements on the public service as prime minister; but the overall emphasis now fell on the second. Menzies justified a five per cent reduction in 1951 by saying that the government was committed to reducing its staff by 10,000 as an example to state governments and private industry of the diversion of manpower to basic industries and defence work. The commonwealth public service also had to play its part in the government's anti-inflationary programme.[4] However, Menzies strongly defended the public service against the business community, press, and other critics in one of his 'Man to Man' broadcasts in 1953.[5] Attacking popular misconceptions about the 'government stroke' and 'clock watching' in the public service, he said that he knew the senior men in the service to be 'among the hardest-working and most public-spirited men in Australia'. He acknowledged his debt to a body of people who provided 'that expert advice, honest and

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1    See The Forgotten People, p. 6. See also the passage already quoted on p. 55.

2    The Australian Economy During War, The Joseph Fisher Lecture in Commerce, delivered in Adelaide on 6 July 1942, p. 24.

3    The Forgotten People, p. 177.

4    See Caiden, Career Service, p. 343.

5    Cited in ibid., p. 348.

objective service, and continuity of administration' without which
parliamentary government simply could not work.[1]

When he announced his government's decision to appoint a cabinet sub-
committee to review the organization of the defence group of departments,
Menzies attacked the notion of his critics that such a committee was not
properly qualified to do so.[2] It was, he said, more qualified than any
outside body for such a task. The ministers on the sub-committee concerned
were all experienced in several departments. The review, moreover, was a
task which only a politically responsible body should be allowed to carry
out. In stating this, Menzies appealed to the principle of the supreme
responsibility of parliament by which, in wider connections, he had attacked
'caucus domination' and 'party government' in the 1940s and by which he was
later to reject the Vernon Report.

> It is only the government, acting under the control
> of Parliament [Menzies said], which can decide what
> functions are to be performed by various departments.
> The decision is a peculiarly political one, and
> is...affected by the views which any Government may
> hold or the electorates may demand in relation to
> services which should be performed by the Government
> as distinct from private enterprise. Since only the
> Government can determine these matters, no Government
> can escape its responsibility for reviewing those
> functions to determine whether any of them are
> unnecessary or performed to an undue extent, or badly
> placed in the general departmental organization.

Such problems could not be 'off-loaded by the Government on to some
entirely non-political authority'. However, the questions of efficiency
and internal organization, calling for administrative skill and judgement,

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1    As these remarks indicate, and as _Jobson's Investment Digest_ had
     noted (almost in complaint), Menzies did appreciate his senior
     officials. He states in _The Measure of the Years_ that he doubted
     the story (current in the late 1940s) that Labour 'had attached
     significance to the political views of senior public servants'. One
     senior public servant of whom it was widely rumoured that he would
     (or should) be replaced on account of his 'socialist' views was
     Dr. H.C. Coombs. So far from that happening, Coombs remained to
     become Governor of the Reserve Bank. Coombs stated in an ABC
     television interview in 1970 that he thought Menzies had 'protected'
     him from those in the new government who wanted to remove him. See
     Australian Broadcasting Commission, _Profiles of Power_, (Sydney, 1970),
     p. 45. Menzies, significantly, refers to Coombs in _The Measure of
     the Years_ as 'a man of outstanding ability and integrity'. (p. 112).

2    _Advertiser_, 2 November 1957, as quoted by Caiden, _Career Service_,
     pp. 406-7.

were different. These were properly to be decided by the Public Service
Board, which, he noted in a pointed aside, 'contains an organization and
methods section of the same kind as those to be found in most large
private businesses'. Against more criticsm, and further demands for an
independent and impartial enquiry, he defended his position in the same
way in 1958.[1] The commonwealth public service was 'not a very simple
thing to examine'; and it would be 'rather odd to transfer to somebody
else the responsibility of deciding what functions the Government could
perform'. No government could 'abdicate its responsibility' in these
matters to two or three people outside of government who were 'not
responsive to public opinion' and who did not understand the process by
which the responsibilities of governments had developed and grown.

## (6) The Rule of Law; Liberty; and Parliamentary Democracy

In accordance with their notion of their 'liberal' heritage, the non-
Labour parties have all assumed their belief in, and frequently emphasised
their attachment to, the 'rule of law', 'liberty', and 'parliamentary
democracy'. The modern Liberal view of the proper relationship between
law, liberty, and parliamentary democracy is suggested by the phraseology
of the first three clauses of the Liberal platform's third objective:[2]

> [To have an Australian nation] in which an
> intelligent, free and liberal Australian
> democracy shall be maintained by:-
>   (a) Parliament controlling the Executive and
>       the Law controlling all;
>   (b) Freedom of speech, religion and association;
>   (c) Freedom of citizens to choose their own way
>       of living, subject to the rights of others;...

Liberty consisted of those traditional freedoms handed down from previous
centuries, and it was limited or ordered by law. The phrase 'law con-
trolling all' suggests an emphasis on 'negative' liberty -- or liberty
against government. And 'Parliament controlling the Executive' is
suggestive of responsible and democratic government. This section
illustrates this part of Liberal thought through quotations from and by
reference to the political controversies in the forties over strikes and
bank nationalisation. It shows how the tension between the two strands --
belief in the rule of law, and belief in democracy -- is resolved in
modern conservative doctrine through the notion of 'self discipline'.

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1    CPD, HR20, pp. 741-4.

2    1948; the revised platform of 1960 includes after (a) the clause
     'Independence of the Judiciary'.

As we shall see in the next chapter,[1] Menzies revered the common law of Anglo-Saxon tradition rather than written or constitutional law. In the 1940s, however, there were occasions when he strongly asserted the need for the latter to be fully respected. In 1942 he spoke in defence of 'law' against the accusation that certain state premiers had been guilty of improper conduct in challenging the Uniform Taxation agreement.[2] The law, Menzies declared, should not be thought of lightly: 'Its rule, its power, [and] its authority are at the centre of our civilization'. 'Security under the law' was the foundation of English liberty. And of all laws, that of the constitution was 'the most fundamental and the most sacred'.[3] Parliaments themselves were controlled by a constitution which was not their servant but, on the contrary, their master. The commonwealth constitution was the 'organic' law under which the common-wealth parliament and the commonwealth government were set up and exercised their functions. It gave protection to the 'Minority man -- the individual' against the whim of the majority. The premiers were perfectly right to ask if the tax agreement was in accordance with the supreme law of the land.

Some of the most vigorous defences by conservatives of the rule of law and an impartial judiciary came in response to Labour's 'sectional' treatment of strikers or to its inaction in the face of 'industrial lawlessness'. In one motion of censure condemning the government forits failure to maintain adequate supplies of coal,[4] Menzies said that the miners should be taught that 'discipline is not inconsistent with true democracy'. Indeed, he added, 'discipline ought to be at its best in a democracy because it is imposed by the people themselves'.

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1    see pp.270-5.

2    In a talk entitled 'The Law and the Citizen' (The Forgotten People, pp. 165-8).

3    Menzies had also said at the constitutional convention later that year: 'The Constitution...is not a political programme. It is not a series of objectives. It is not designed to be the embodiment of a political philosophy. The constitution is the organic law; it is the structure upon which Parliament, the courts and the Executive are all erected'. (Record of Proceedings, p.21.). At other times, however, he seemed to see constitutional law as no different from ordinary law and accept that it should be changed. (See the quotations attributed to him in Crisp, Australian National Government, p. 65, and Calwell, Labor's Role in Modern Society, p. 112).

4    See his speech in moving the motion CPD, Vol. 179, pp. 401-7. Quotations at p. 406.

Another motion censured the government for not fully enforcing the law against strikers and for various other instances of its 'undermining the authority of the Courts and of the law and...[so] injuring the basic structure of Australian democracy.[1] Menzies stated here the relation which he thought should exist between law and democracy:

> ...The true foundation of democracy...is to be
> found in the positive authority of a body of
> law, the nature of which is controlled by the
> people themselves through their own Parliament.
> When the rule of law goes, democracy [also] goes.

In a later statement on the same grievances,[2] Menzies warned that 'non-enforcement of the law made by the people merely involves anarchy':

> ...[Democracy] is contingent, first, upon the
> making of laws by the people themselves, and
> secondly, upon the scrupulous and impartial
> upholding of those laws against the weak and
> against the strong - and particularly against
> the strong.

If fundamental changes were to be made in the law they should be made 'through the will of the people, translated into terms of legislation in a parliament which is elected by the people'.

That the law should represent the 'will of the people' and also protect the individual citizen were dual themes in the Liberal argument against Labour's proposal for bank nationalisation. Liberals claimed that this legislation, although introduced by a democratically elected government, ran counter to the wishes of a majority of the people.[3] Furthermore, the manner in which it had been introduced -- after a general election the previous year, for which Labour's policy speech had not even mentioned it -- breached what Menzies called a 'basic rule' of democratic

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1    See Menzies' speech in moving the motion, CPD, Vol. 180, pp. 2301-7. Quotations at p. 2307. For some earlier cases of non-Labour parties using phrases like 'observance of the laws of the land' and 'the supremacy of Parliament' at times of industrial strife, see Federal Elections and Referenda 1913, Policy Speech by The Hon. Joseph Cook... 3rd April 1913. (Parramatta, 1913), p. 9, and Bruce, The Government Policy, pp. 2, 4, 9.

2    See his speech in moving the motion, CPD, Vol. 190, pp. 17-25. Quotation at p. 22.

3    On the evidence of public opinion polls, this was in fact correct. (See May, The Battle for the Banks, pp. 57-8, where he shows that over 60 per cent of the electorate was opposed to nationalisation and only about a quarter in favour.) Of course the Liberals called loudly for a referendum on the issue.

government.[1] This was that 'parties seeking power at periodical elections should, through their leaders, put before the people the legislative and administrative policies for which they seek the support of the electors'. Much of the Liberal argument in this debate was to the effect that public opinion was strongly opposed to the nationalisation of banks. Even if public opinion was not, Holt argued in his speech,[2] democracy still involved something more than majority rule: it was, as well, a system for the protection of minorities and of the interests of society as a whole.

In the 1940s the Liberals were also aroused to the defence of an impartial, non-political judiciary. The Minister for Information (A.A. Calwell) had appeared in 1944 to make an attack on the integrity of the High Court when he claimed that one of its judgements would have been different if the action in question 'had been taken up by another government'. Complaints like this on the subject of the Labour government's attempts to influence legal proceedings were a regular subject in Liberal motions of censure and no-confidence in the forties.

Together with strikes and industrial lawlessness, such actions provoked the NSW division to characterise the choice in facing Australia as one between the 'rule of law' and 'anarchy'. In a pamphlet on this subject,[3] the division recalled for its readers some of the important landmarks in the development of the theory and practice of the rule of law. The signing of the Magna Carta in 1215, giving parliament the right to govern, had been the beginning of the struggle for liberty. The Petition of Rights of 1628 had re-affirmed man's right under the charter

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1 *CPD*, Vol. 193, pp. 7-8. (Menzies was moving a motion of want-of-confidence shortly after the announcement that the government intended to nationalise the banks.)

2 *CPD*, Vol. 193, pp. 36-40.

3 The Liberal Party of Australia - NSW Division, The Rule of Law...or Anarchy, [Sydney, 1946]. Cf. William McMahon: 'The Liberal view is that there are certain legal or constitutional canons or conventions to be observed if the essential freedoms are to be observed. Principles such as the Rule of Law - i.e., the absolute supremacy of regular law as opposed to arbitrary law or capriciousness, trial by jury, the writ of habeas-corpus and other well-known means familiar to the students of Constitutional Law - are the bulwarks behind which the essential freedoms are protected'. ('The Liberal Party', in Davis and others, The Australian Political Party System, pp. 32-3.) Cf. also Casey's address on 'Magna Carta' in Double or Quit, pp. 90-3.

to trial by judgement of his peers or the law of the land. The Bill of Rights of 1689 then provided, among other things, for judicial recognition of free speech in parliament. The complete independence of judges, one of the most fundamental principles of democracy, was not enshrined in law until the Act of Settlement of 1701, which provided for their appointment for life. Labour's call for 'sympathetic' judges, the pamphlet said, would make the judiciary the servant of the executive in the manner of the politically appointed judges of the fascist regimes in Germany and Italy.

The central idea implicit in all of these arguments was that the essence of liberal democracy consisted in the liberty which had been gained over the ages through the enforcement of limitations upon executive power. This had been a large part of the Liberal case against Labour's bills proposing socialisation. In these debates[1] Liberals had argued that the bills constituted a threat to the liberty of the individual because they conferred more power upon the government. This, they had said, reversed that historic process by which various liberties had been won against the executive, whether kings in England or governors in Australia. The connections which Liberals perceived between 'liberty', 'parliament', 'democracy' and the 'rule of law' were never systematically spelled out, but they may be drawn out of Liberal writings on and around this topic, from which the following illustrative quotations are taken.

The first is from Menzies, who was optimistic in 1942 that the authority and prestige of parliament, in decline in wartime, would be restored after the war. For it was part of an ancient tradition:

> ...ever since the wise men gathered about the
> village tree in the Anglo-Saxon village of early
> England the notion of free self-government has
> run like a thread through our history. The struggle
> for freedom led an English Parliament to make war on
> its King and execute him at the seat of government,
> confined the kingship itself to a parliamentary
> domain, established the cabinet system and responsibility,
> [and] set in place the twin foundation stones of the
> sovereignty of Parliament and the rule of law on which
> our whole civil edifice is built.[2]

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1    Cited on p.96 . Cf. Looking Forward, p. 28. The substance and emotive tone of Labour's reply to this line of argument is exemplified in the comment by J.J. Dedman: 'The only liberty which is being destroyed is the liberty of small privileged groups to dictate in secrecy the financial destinies of thousands of people. The liberty which is being created is that of the people to control their economic destinies'. (CPD, Vol. 194, p. 1405.)

2    The Forgotten People, pp. 187-8.

Then, in the debate on bank nationalisation, Menzies emphasised that popular rule was at the basis of the sovereignty of parliament.[1] Combining these two notions, he said that the banking bill, by setting aside the citizen's normal liberty of choice, would advance that idea of the 'special supremacy of government' which was the 'antithesis of democracy'.

> Democracy rests upon the view that the people
> are the rulers as well as the ruled; that the
> government has no authority and no privilege
> beyond that granted by the people themselves;
> that while sovereignty attaches to acts of
> parliament, that sovereignty is derived from
> the people and has no other source...

The 'whole history of democracy', Menzies continued,

> ...is one of struggle for the control of
> government by the people, not for control of
> the people by the government  -- for that freedom
> which can exist only when the powers of government
> are limited, when legislators and administrators
> are responsible to the people, and when no great
> changes in the material structure of life can be
> made without popular mandate or approval.

In the Liberal party's concept of democracy  the liberty which the sovereign people enjoyed by virtue of their ultimate control through parliament of the government was necessarily limited by the government's need to maintain order and discipline in society.  'In the democratic state', W.H. Anderson said in his pamphlet Liberal Horizons,

> We attempt to reconcile freedom and obligation
> within the rule of law and order.  This
> reconciliation is the major problem of democracy...
> [The] democratic state depends for its existence
> upon the self-discipline of its members.  The
> story of democracy is the struggle to wrest freedom
> from authority and still retain authority.  Under
> democracy the individual voluntarily surrenders the
> fulness of his freedom.  He does so by electing
> representatives who will govern him...[2]

The reconciliation took place not by direct rule  but through the rule of laws made by the elected representatives of the people.  'In this balancing of discipline with freedom', Anderson said, 'lies the mission and pre-eminence of Liberal Democracy'.[3]

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1    See his speech  opening the debate proper on the banking bill, CPD, Vol. 194, pp. 1279-1291.  Quotations at p. 1279.

2    pp. 2-3.

3    ibid., p. 3.

The notion of 'self-discipline' in a democratic state, by which
citizens were mindful of their 'duties' and 'responsibilities', had been
one of the recurrent themes of Menzies' talks in his Forgotten People
series. Menzies elaborated on the connection between liberty and self-
discipline in an address on 'Freedom in Modern Society'[1] in which he
attacked the 'common fallacy of supposing that freedom and discipline
are inconsistent'. Discipline in a democracy, he contended,

> is based upon an intelligent understanding of
> the fact that order and sanity are essential
> if the liberty of the individual is to be
> reconciled with the rights of other individuals.
> For many people, the desire for freedom appears
> to connote an impatience of government, or at the
> very least, an indifference to [it]. Such a view
> is among the deadliest enemies of liberty, for the
> responsible individual, not the irresponsible
> individual, is the real basis of a truly free
> society.

Menzies here found an aphorism on good citizenship from Bentham -- 'to
censure freely and to obey punctually' -- pertinent to his own thinking
on this problem. In a lecture in 1954 on 'Democracy and Management',[2]
he stated his concept in the form that 'the giving up of the little
freedoms involved in the social compact had raised the quality and assured
the continuity of those great freedoms of the mind and spirit which
democracy is destined to serve'. On this occasion he acknowledged its
true source when he approvingly quoted Burke saying at Bristol in 1774:

> 'The only liberty I mean, is a liberty connected
> with order; that not only exists along with order
> and virtue, but which cannot exist at all without
> them.'

The fourth article of the Liberal credo, We Believe...., concisely
summarises the Liberal view of the rule of law in relation to liberty
as it has been abstracted for presentation in this section: 'Democracy
depends upon self-discipline, obedience to the law, [and] the honest
administration of the law'.

1    Reprinted (without details of the date or occasion of its
     delivery) in his (Robert Gordon Menzies), Speech is of Time -
     Selected Speeches and Writings, (London, 1958), pp. 209-24.
     Quotation at p. 219.

2    This was the inaugural William Queale Memorial Lecture, given at
     Adelaide on 22 October 1954, reprinted in Speech is of Time,
     pp. 193-208. Quotations at p. 196.

## (7) Representation

A fundamental claim made constantly by all non-Labour parties was that they represented all classes and sections of the community. The Labour party, by contrast, was the party of one class or section only. The claim of the protectionist Liberals to represent the interests of the whole community, was, of course, implicit in Deakin's political philosophy; and we noted in chapter 2 that the Nationalists and UAP claimed to be representative of all classes and sections of the community, often referring to their origins as evidence of their concern for the national interest. It also followed in their own eyes, that, because they represented the 'national interest',[1] they therefore represented the best interests even of the working class.[2]

The Liberal party's self-image as a non-sectional party can be illustrated by a long extract from Carrick's The Liberal Way of Progress and by shorter statements from W. McMahon and two federal presidents. For Carrick the party system should be, in its highest form, an institution created 'to foster and develop a specific ideal, a philosophy or a way of life'. A political party, he wrote,

> must be more than a vehicle for a materialistic
> philosophy... It is surely the all-important
> task of government to create and sustain an
> environment, not just[one] ... of bricks and
> mortar and of goods and services, but one in which
> each individual...can develop his or her personality
> with self-respect and without prejudice to others.

An 'enduring political philosophy' had to be something essentially human and spiritual. It must be based 'on a full understanding of human motives and desires; its purpose being regard for the individual and not [for] the inanimate State so tragically elevated by the European dictators'. A political party should not presume to be an end in itself. Instead,

> ...[A party] must be prepared to provide for all
> sections of the community, and not merely to legislate
> for a particular group on which its major support may
> rest. The government is the government of a nation
> and not of a particular party.

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1    See:  Australian National Review, 14 May 1923, p. 18;  The National
     Federation, Mr. Bruce on National Objectives, Address to 8th Annual
     Conference, National Federation, 23 September 1924, (cf. Australian
     National Review, 8 May 1925, p. 13, and 30 November 1926, p. 10);
     and United Australia Review, 21 April 1934, p. 1.

2    See, for examples, Australian National Review, 8 May 1925, pp.13-14;
     United Australia Review, 23 April 1935, p. 12.  Cf. Menzies' policy
     speech of 1954, p. 12.

Carrick, who was writing in 1949, went on to claim that the Liberal party, in its four years of existence, had been progressively built into a 'nation-wide, non-sectional' party. He justified this claim at length:

> The Liberal Party is established in all States
> of the Commonwealth, and is representative of
> both rural and metropolitan interests. Its
> policy embraces all sections of the community.
> The professional, clerical, trades and unskilled
> groups are intermingled [in it] without prejudice
> or preferment to any...

The Liberal party was, in fact, the 'only truly non-sectional party'.

> It bases its claim upon the simple fact that
> the welfare of the manager and employee, the
> farmer and the industrialist is a common factor.
> The one cannot progress at the expense of the
> other. Of vital importance, too, is the fact
> that complete financial independence is preserved.
> The Party is not responsible to any interest group
> whatever. In consequence freedom of policy and
> action is maintained. Again, the Party is completely
> non-sectarian in outlook... Study the composition of
> our branches, and our governing body, the State
> Council, and you will find [in them] a complete
> cross-section of the Australian community.[1]

Carrick's 'complete cross-section' was, of course, a gross exaggeration. We saw in chapter 3 that the LPA was only slightly more representative of the whole community in respect of socio-economic class than the ALP. Each had its main base of support in one section of the community.

These claims -- to be a metropolitan and rural party, inclusive of all occupational groups, non-sectarian, and organizationally and financially independent of interest groups -- were a regular and prominent feature of the literature and propaganda of the Liberal party in office. W. McMahon, having stated in his address on 'The Liberal Party' that the Labour party was controlled from outside' by the ALP conference, said that the LCP government acted on the view that it was 'a National and not a Party Government [which] must therefore exercise decisive National leadership

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1    pp. 3, 7. Cf. Menzies' standard way of denying that the Liberals
     represented only the interests of big business and the wealthy:
     'We are Liberals. We are not a sectional party. We represent no
     pressure group. It is our historic mission to see that the interest
     of the community as a whole at all times prevail over the interests
     of any individual or group. Are we an employers' party? A party
     of the rich? Our opponents try to pretend we are, but the fact is
     we have frequently reached our most unpopular moments running contrary
     to what were superficial interests of the people we are supposed to
     represent in Parliament.' (Quoted in the Australian Liberal,
     November 1962, p. 9. Emphasis added.) In his speech Menzies deplored
     what he called 'the age of pressure groups'.

and be free from effective pressure groups and lobbys [sic]'. Whereas
the Labour party was based on the trade union movement, the Liberal party
did 'not represent sectional groups. Its attempts to represent all and
must, therefore, represent many groups with conflicting aims and objectives'
As a governing party it had 'the great practical difficulty' of 'pursuing
a course in the national interest which will not violently and permanently
injure or antagonise any large sectional groups'.[1]

To the president of the Liberal party in 1958, Liberal membership was
'drawn from all classes, creeds and sections'; hence the party was a
'truly representative movement'.[2] In his Liberal Horizons earlier
W.H. Anderson had combined the two Liberal ideas of the freedom of the
MP and the non-sectional nature of the Liberal party in highlighting the
contrast between the 'liberal' and 'socialist' views of representation in
relation to parliament:

> In the liberal way of life Parliament is an
> elected body of representatives based on
> geographical boundaries. The member of Parliament
> thus represents all classes, sections and creeds
> in the area for which he is elected. In contrast
> the socialist...is class-conscious...[and] prefers
> to see Parliament as an Economic Council dominated
> or exclusively controlled by representatives based
> on...trade union occupations. The sovereignty of
> Parliament, implicit in the Liberal concept, is
> undermined when a Socialist Government is in power
> as the instrument of the Trade Union Movement,
> when Cabinet is dictated to by the Party outside
> Parliament, [and] when Parliament is replaced by
> the Economic Council, representative of one class
> and not of all classes.[3]

The Liberal party was always loath to admit that party politics had
a class basis. During the forties it had seen itself as the representative
of the middle class in particular -- that class which Menzies had said in
1942 was 'constantly in danger of being ground between the upper and
nether millstones of the false class war'[4] and of which the Services and
Citizens Party and other conservative groups had spoken so favourably.[5]

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1    loc. cit., pp. 46, 50.

2    Lyle H. Moore, Challenge and Responsibilities (his presidential
     address of 1958), p. 9.

3    p. 3.

4    The Forgotten People, p. 1. (In the title talk 'The Forgotten
     People'.)

5    See, for example, the article 'The Vanishing Race' in IPA Review,
     Vol. 2, No. 5, (October 1948), pp. 127-33.

In power the Liberal party made less mention of the middle class itself as
a separate section of society.  Instead it portrayed itself as a moderate,
middle-of-the-road party, representative of the community as a whole.
Australia, Liberals said, was rapidly becoming a society in which old
class barriers were obliterated by affluence and opportunity for all.  This
enabled the vast majority of people to enjoy a 'middle-class' standard of
living.  The Liberal party's success in all kinds of electorates, and the
distribution of its voting support through all social, occupational and
religious categories, showed that it was a national and cross-sectional
party, best attuned of all the Australian parties to the changing climate
and structure of Australian society.[1]  We have seen, again, that this was
an exaggeration.

The Liberal party's attitude to electoral representation[2] was ambiguous.
On the one hand it argued that parties should not represent 'sections' of
society, nor should parliamentarians represent only economic or party
interests.  On the other hand the Liberal party acquiesced, sometimes
unhappily,[3] in the retention of a system which gave a 'loading' of twenty
per cent in favour of rural electorates.  This, together with the
preferential system, enabled the Country party to gain a disproportionately
large number of seats in the House of Representatives and thereby help to
keep the L-CP coalitition in power.  The Country party, of course,
justified the loading on the grounds that primary industries were of vital

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1    For just two of the innumerable examples of this kind of argument,
     see the speeches of Sir Philip McBride ('Liberals ''a National party'' '
     as reported in the Australian Liberal, May 1964, p. 6; and the article
     'The Australian Political Revolution -- Significance of Class-less
     Society' in the Queensland Liberal, August 1964.  J.L. Carrick
     expounded the whole argument at length in his article 'The Liberal
     Party and the Future', Australian Quarterly, Vol. XXXIX, No. 3,
     (June 1967), pp. 36-44.  Coates' survey showed (surprisingly) that
     'only a third [of Liberal backbenchers]...regarded [the middle class]
     as the worthy repository of stability, conservatism and enlightenment'.
     (The Liberal Party of Australia... pp. 57-60)  Nevertheless talk of
     the middle class and its virtues would probably be revived if there
     was another period of Labour government.

2    For an account of Australia's electoral system see Joan Rydon,
     'The Electoral System', in Mayer ed., Australian Politics, (1969).

3    See, for example, the scathing attack by H.B. Turner on the notion
     of interest representation, CPD, HR45, pp. 539-42.  Turner was
     speaking here on the subject of Constitutional Review.

importance to the economy; that representation should be 'balanced' between city and country; and that the rural voice should be preserved in an increasingly urbanised society.[1] Liberals themselves sometimes used the argument that the development of the continent constituted a valid reason for departing from the principle of the equal weighting of all votes.[2] The government parties said that the principle of 'one vote, one value' had never been fully practised in English-speaking democracies and that the Labour party, while professing to adhere to it, had itself sometimes violated this principle.

Liberal parties in the states usually defended second chambers, including those elected on restricted property franchises, as non-party guardians of the public interest against ill-considered legislation from a radical or incompetent lower house.[3] There was some difference of opinion within the Liberal party over whether Liberals should run for office in upper chambers,[4] where 'dispassionate' review of legislation was required, and in local government, which 'affected everybody', under the Liberal party label.

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1    See, for example, the speeches of J. McEwen and Page on the Representation Bill of 1948, CPD, Vol. 196, pp. 1011-5, 1141-7; and the debate on the redistribution in 1955, HR6, pp. 1237 ff.

2    Menzies, in speaking on the Representation Bill of 1948 (which enlarged the number in the House of Representatives and introduced proportional representation for Senate elections), said that 'As a broad principle in a democracy, "one vote one value" is unassailable'; but he then went on to argue that numerically smaller states should have proportionately greater representation if national development was to be carried out.  (CPD, Vol. 196, pp. 998-9.)

3    See the various articles on the NSW upper house in the Australian Liberal November and December 1959 (pp. 8-9, 11), and March 1961 (p. 6 and Supplement.)  (The Labour government in NSW was at this time proposing to abolish the Legislative Council; its referendum on abolition in 1961 was, however, defeated.)  For an academic study of the whole issue see Ken Turner, House of Review? -- The New South Wales Legislative Council 1934-1968, (Sydney, 1969).  See also Sir Henry Manning, The Upper House -- The People's Safeguard, (NSW Constitutional League, Sydney, c.1953).  Manning was a Liberal member of the NSW Legislative Council.

4    See, for a glimpse of the debate on Liberal party participation in local government, the Australian Liberal, November 1960, p. 4 and July 1961, p. 1.  The NSW division eventually made amendments to its constitution of non-participation.  (See A.J. Davies, '"No Politics in Local Government"', Australian Quarterly, Vol. XXXVI, No. 1, pp. 61-9.)

While it was unwilling to defend the representation of interests in parliament other than in terms of the 'review' functions of a second chamber or the cause of national development, the Liberal government advocated the necessity for 'consultation' and 'co-operation' with business groups, the professions, and the states. We saw in chapter 4 how business groups clamoured for the right to consult with the government during the making of policy. The L-CP government responded favourably to this demand in its policy speeches and platform. In his policy speech of 1955 Menzies said that he had 'frankly discussed the financial problem with representative sections of the community'; this had been 'a great experiment in "co-operative Liberalism"'.[1] The Liberal platform of 1960 included the new plank: 'Consultation by government with industry, commerce and the trade union movement in the development of trade and industrial policies and in the administration of legislation'.[2] As we noticed earlier, the major pressure groups were consulted bi-annually after the credit crisis of 1960-1, and in his policy speech of 1963 Menzies was pleased to say that 'This practice has proved to be of great value, and we will continue it'.

Nowhere in Liberal literature is there an elaborated statement of the Liberal notion of representation; we are left to make an assessment of its meaning from the various aspects described and illustrated above. Liberals, like their predecessors,[3] saw parliamentary representation as primarily the representation of people. But they made some concessions to economic and territorial interests in accepting a weighted distribution of seats, equal states' representation in the Senate, and, more guardedly, limited franchises for upper houses and local government. Their concept was, in its language, the 'liberal' theory of representation[4] which saw parliament as representing individuals rather than corporate bodies, interests or classes and which placed stress on the 'middle-class' nature of society and

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1    p. 17.

2    cl. 73.

3    See P. Loveday, Representation -- People or Interests? -- Two Themes in Australian Political Thought, 1850 to the Present, paper given at the Australasian Political Studies Association Conference, Melbourne, August 1971.

4    Following the classificatory scheme and analysis in Samuel H. Beer, 'The Representation of Interests in British Government: Historical Background', American Political Science Review, Vol. LI, No. 3, (September 1957), pp. 613-50.

the party. Labour's theory of representation, by contrast, was predominantly 'radical': it wanted to put power in the hands of 'the people', but it encouraged organisations (in Labour's case trade unions and parliamentary Labour parties) which were seen to embody the people's 'true' interests. In fact the practice of both parties appeared to conform to the 'collectivist' model of representation wherein parties represented social groups, MPs acted as delegates of the whole party, and interests were unified by the interests of a class and pursued an advisory role.

The Liberal party always claimed that it was not subject to particular interests and that it represented all interests and all people. The public interest, we infer, was distilled from the particular interests of the various sections and classes represented in and by the Liberal party. The mysterious process by which the distillation took place was never explained and can only be guessed at.[1] Presumably their representativeness; the freedom of their parliamentarians from formal obligations to the extra-party organizations; the fact that the LPA did not accept 'tied' donations or donations from councils of businessmen; and the moral and spiritual rather than economic content of their party's principles -- all in combination made Liberals feel that their party could transcend the interests of its own supporting groups and classes and impartially discern the 'national' welfare.

## (8) Civil Liberties and National Security

Issues involving conflict between civil liberty and national security have only infrequently become matters of intense ideological debate between the major parties in Australia. On most of those occasions in recent political history the threat of domestic or international communism, and the association of the Labour party with communism, either through the trade union movement or by ideological affinity, was brought into the debate by conservatives.

This section concentrates mainly on the two most important recent occasions of such debate -- the L-CP government's attempt to proscribe the Communist party in 1950, and its revision of the Crimes Act in 1960 -- and shows that the Liberal party's emphasis on 'liberty' in its literature

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1    In her interviews Coates found the 'idea of a national party pulling against a more narrowly class view'. This produced (she says) contradiction, ambivalence and rationalisation. Nine backbenchers admitted that the LPA represented particular groups; two thirds said it represented a cross-section but certain groups in particular (namely the middle and upper classes.) See The Liberal Party of Australia..., ch. IV ('The Party in Relation to Class'.)

and propaganda disguised a concern for civil order and national security which presumed stringent constraints upon that liberty. At various other times Labour complained, as the Liberals had in the forties, that the government was tampering with the freedom of the press, mis-using the Australian Security Intelligence Organization for political purposes, and generally interfering without reasonable cause in matters involving the liberties and privileges of individuals, minorities, and the opposition.[1]

The basic freedoms of speech and assembly were, of course, assumed by both sides to inhere in the normal procedures of parliamentary government and in judicial processes.[2] On the conservative side the idea of constitutional guarantees of certain civil liberties, raised at the time of the 1944 referendum, occasionally re-appeared. At the 'All-Australia Federal Convention' of the Constitutional League in 1949, F. Louat and R.C. Wright[3] both raised the possibility of inserting safeguards for individual liberties into the constitution.[4] The ACCA wanted a clause providing for the 'acquisition on just terms' of property to apply to the states.[5] The IPA-NSW wanted certain freedoms and protections written into the constitution: the freedoms of speech, peaceful assembly and association, and of the press; a 'just terms' clause for the acquisition of property by state governments; and a clause prohibiting compulsory unionism.[6] It was disappointed that the Joint Committee on Constitutional

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1   For a glimpse of party attitudes on some of these issues in the mid-1950s, see the paper by W.G.K. Duncan, 'Freedom of the Mind', in Wilkes ed., Liberty in Australia, (esp. pp. 8-15), and also H.V. Evatt's comments on the paper by P.H. Partridge ('Liberty in Australia'), ibid., pp. 67-72.

2   For general accounts of 'liberty' as a whole in Australia see Enid Campbell and Harry Whitmore, Freedom in Australia, (Sydney, 1966); and Douglas McCallum, 'The State of Liberty' in Coleman ed., Australian Civilization, ch. 2. The constitution guarantees only freedom of religion (section 116), and just compensation for the acquisition of property by the federal government (section 51, (31).)

3   Reginald Charles Wright was leader of the (Liberal) opposition in the Tasmanian House of Assembly 1946-9, having been president of the Tasmanian division 1945-6. He was one of the Tasmanian Constitutional League's delegates to the Canberra conference. Also Senator for Tasmania 1950-.

4   See Bland, ed., Changing the Constitution, V1.

5   See the article by A.S.H. Gifford, loc. cit.

6   See Safeguard Your Rights, p. 15, and The Constitution and You... pp. 16, 27. There was also a notion for a bill of rights (lost after a long discussion) at the Fourth Annual Meeting of the Federal Council, 15-16 August 1949. (Minutes, pp. 58-9.)

Review had not made any recommendations on what it called 'basic freedom'. The Institute gave its opinion, against the JCCR's 'apparent prejudice' in favour of leaving them unstated, that it was better on balance to state the basic freedoms and let the courts work out their effects. The Liberal party itself had no official position on the matter of a constitutional bill of rights. Menzies, for his part, believed that such a bill had no real value.[1] To state and define rights, he thought, was necessarily to limit them; and a court entrusted with their interpretation, like the Supreme Court of the United States, was liable to be influenced in making its judgements by political and sociological considerations. In Menzies' view responsible parliamentary government itself provided the most reliable guarantee of the observance of individual rights and the rules of justice.

In the forties Liberals had drawn attention frequently and loudly to the dangers of communist influence in the union movement and of 'anarchy' in industry. In these years, when there was an almost continuous series of strikes, especially in the fuel industries, and when the relations between the Western powers and the Soviet Union were deteriorating, Liberals harped increasingly on the threat from local communists.

The debate on communism came to a climax in the Communist Party Dissolution Bill of 1950 and a referendum in 1951 to outlaw communist parties. The bill followed a pledge by the Liberal and Country parties in their 1949 policy speech to 'outlaw communism'.[2] Menzies' marathon second reading speech on the bill[3] set out the general Liberal case for proscription. Communism, he began, had been tolerated too long. Conceding freedom to Communists had only been rewarded by a series of damaging industrial disturbances with no true industrial foundation.[4] A Liberal

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1   At the 1942 convention Menzies had spoken against the proposal for a constitutional guarantee of the 'Atlantic Charter' freedoms, quoting Hamilton from 'The Federalist' in his favour. (Record of Proceedings, pp. 24-7). His 'Supplementary Note on the Absence of a Bill of Rights' in Central Power in the Australian Commonwealth later puts forward the same view. (pp. 49-55).

2   pp. 14-15. Since 1946 the Country party had also strongly advocated the banning of the Communist Party. (See Leicester Webb, Communism and Democracy in Australia: A Survey of the 1951 Referendum, Melbourne, 1954, p. 12).

3   CPD, Vol. 207, pp. 1994-2007.

4   For a description of the events leading up to the bill, see Webb, Communism and Democracy in Australia, ch. 1.

request for a royal commission on the subject had been 'contemptuously refused' by the government. Although the Labour party had intermittently been stung into action against communists, it had soon lapsed back into a 'spineless futility'. The communists had shown themselves to be 'the most unscrupulous opponents of religion, of law and order [and] of national security'. The operative provisions of this bill were now designed to give the L-CP government power to take effective action against them.

Menzies admitted at the outset of his speech that he himself had for some years resisted the idea of banning the Communist party on the ground that, in time of peace, 'doubts ought to be resolved in favour of free speech'.[1] But Australia was not today, except in a technical sense, at peace. The Soviet Union was using the cold war techniques of 'peace' demonstrations and 'fronts' to prevent or impair defence preparations in democracies. He therefore rejected the argument that liberty should never be impaired in a democracy. 'Are we', he asked rhetorically, 'to treat [the] deliberate frustration of national recovery of economic stability and of proper defence preparations as a mere exercise of normal civil rights?' Liberty was 'not an abstraction. It must be related... to the recognition of the State, and, in [a] democracy, to the recognition of self-governing institutions...'

It was true, Menzies said, that ideas could not be suppressed. But the government was not only entitled, it was also bound, to suppress action directed against the safety and defence of the realm. And in this matter trade unions had no special claim to be put above the law. For the importance of communists was positional, not numerical; there were many communists in high union office in key industries.[2] The argument that

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1    Menzies had stated in February 1946: 'We must be extremely reluctant to put down the Communist party. We must not let it be thought that they are such a force in political philosophy that we cannot meet them.' (SMH, 16 February 1946, as cited by Webb, op. cit., pp. 11-12.) And in parliament in 1947, he said: 'One reason why I have repeatedly expressed the view that these people [i.e. communists] should be dealt with in the open is that I have complete confidence in the sanity of our own people. If we deal with [them] openly we shall defeat them, but we cannot deal with them openly unless their operations are known, unless they themselves are known'. (As cited in Crisp, Ben Chifley, p. 381.)

2    In his speech, Menzies gave a list of prominent trade union officials who, he said, were members of the Central Committee of the Australian Communist party, and of 'communists' who held important union offices in key industries. It did not help his case that he later had to admit that his information in respect of five of these persons had been incorrect. (Webb, op.cit., p.25).

banning the communists merely drove them underground was not to be taken
seriously when they did their planning in stealth and secrecy already.
In dealing with the communist menace, Menzies continued, the government
was taking its stand on 'two great principles'. 'The first is the defence
of this country, and the second is our right and duty to maintain the
Constitution and the laws against any wrecking attack whatever'. It was,
then, a bill for an act 'about the defence of Australia' aimed at
exposing a conspiracy against it.

The Labour party[1] approved the bill's intention to eliminate communist
conspiracies in strikes but objected strongly to its methods. The manner
of 'declaring' individuals and then requiring them to prove their innocence,
Labour speakers said, was contrary to the normal principle of British
justice by which a person was assumed to be innocent until he was proven
guilty. This would open the way for slander and perjury in which innocent
people could be convicted or their reputations maligned. Clauses by which
their 'likeliness to engage' in activities prejudicial to the nation's
security or their espousal of the 'objective of Marx and Lenin' were
dangerously vague grounds on which to declare and convict individuals and
organizations.[2] Communists should instead be dealt with 'above ground' and
through the provisions of the Crimes Act.

Other Liberals stood fast on Menzies' justification of the bill.[3]
They emphasised that a democratic society had a right to defend itself
by any meausres necessary against those whose views and methods were
undemocratic and who, moreover, exercised them in the interests of an
international communist movement led by a hostile foreign power. Most
Liberals did not care to deny that the 'onus of proof' had been reversed in
the bill, although some queried how different this would be in practice from
ordinary cases of prosecution. Nevertheless, they said, self-defence
provided the special circumstances which justified it. Any democracy,
especially in cases where the enemy was capable of hiding behind various
respectable 'fronts', was entitled to put its security before the observance
of procedural rights. This was quite within the bounds of the traditional
British understanding of the nature and conditions of freedom in society.

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1 See the speeches in parliament of Chifley and Evatt, CPD, Vol. 207,
  pp. 2267-78, 2286-95. See Crisp, ch. XXIII, and Webb, ch. II. This
  was, however, an issue on which several Roman Catholic Labour members,
  who later broke away from the FPLP, strongly supported the Liberal and
  Country parties.

2 See definition 3(i) and part 9(2) of the Act (given as Appendix II in
  Webb, Communism and Democracy in Australia.)

3 See the debate on the bill, CPD, Vol. 207.

Public pressures eventually forced the Liberal party to modify some of the more stringent features of the bill.[1] The constitutionality of the bill was challenged, and the High Court held it invalid. The government then introduced a constitutional amendment designed to validate the legislation. This amendment was opposed by the ALP, and in the ensuing referendum it was narrowly defeated. The government had lost face on the issue; but it was only a temporary reverse. A section of the FPLP, consisting mainly of Catholics, broke away from the ALP in 1955 in protest against an attack by Evatt on secret Catholic influence in the 'industrial groups' which had been formed earlier to combat communism in unions.[2]

This event caused a major change in the complexion of party politics. The Democratic Labour Party (DLP), as the splinter group later called itself, from that point unrelentingly attacked the 'pro-communist' leadership of the FPLP and Labour movement. On this, as on all other major issues of foreign policy over the next decade, the DLP drew attention to what it saw as the similarities between the aims of the local Communist party or of 'international communism' and Labour's opposition to the stationing of troops in Asia, its reservations about ANZUS and SEATO, its suspicions of American and British intentions, its demand for nuclear free zones and its enthusiastic support for the UN. Both the DLP and the Liberal party liked to suggest that ALP foreign policy was dictated to the FPLP by 'left-wing' or communist militants, theoreticians, or union leaders within the Labour movement. The DLP's second preferences helped the L-CP government to win successively larger majorities at the general elections of 1955 and 1958.

Some of the same general issues as in 1950-51 came up for debate again on the L-CP government's amendment to the Crimes Act in 1960. This

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1  Webb, p.28. The Labour party in the Senate blocked the bill until the federal executive, apparently fearful of public opinion, directed it to let the bill through. (ibid., pp. 29-38, and Crisp, pp. 393-6.) This was then used by the Liberal and Country parties as an instance of the FPLP cravenly accepting dictation on vital matters from an outside body.

2  For an account of the origins and early years of the DLP see, in addition to the 'Political Chronicle' of the Australian Journal of Politics and History of 1955-6, Mayer ed., Catholics and the Free Society, esp. ch. 2-4; and Jupp, ch. 3 (pp. 67-70), and ch. 4 (pp. 80-6). The books by Mayer, Murray and Jupp refer to other writings on the DLP, 'Catholic Action', and 'The Movement'. (Herbert Vere Evatt had become leader of the FPLP on the death of J.B. Chifley in 1951.)

bill added two new sections to the old act; these created and delimited offences of 'treachery' and 'sabotage'. The same background of extremism or subversion in 'left-wing', 'militant' or 'communist' unions, and the ever-present threat of international commursim, was painted by Liberals in the debate on the bill. The Attorney-General (Sir Garfield Barwick) said that no self-respecting state could allow attempts to overthrow its constitution. Australia subscribed to the rule of law; such changes as were desirable and commended themselves to the majority of citizens could be achieved by the due processes of the law. The new provisions were in no way an infraction of the rule of law. On the contrary, they enhanced it. 'To outlaw revolution, sabotage, force or violence as instruments of constitutional change', Barwick said, 'is but to emphasise the rule of law, a condition beyond price and worthy of every safeguard to ensure its continuance'.[1] Labour again objected to what it regarded as a violation of natural justice in the bill's provisions wherein the 'known character of the accused' could be taken into account in the judgement of his case. It was also bitterly opposed to the way in which legitimate industrial actions couldbe interpreted under the bill as 'treachery' or 'sabotage' and so indicted as criminal offences.

The Crimes Act and Communist Party Dissolution bill aroused a great deal of animosity between the parties, aside from the legal issues involved The Labour party, as on earlier Crimes Bills,[2] felt that the Liberal attitude towards people holding communist or subversive doctrines was harsh and punitive beyond the danger which such people really held for society. Labour clearly believed that the two Liberal measures were at least partly motivated by a desire to 'smear' the unions and also, as it spoke up in their defence, the Labour party itself. Liberals believed that Labour's close links with the union movement, and the affinity between socialist and communist doctrines, made the parliamentary Labour party at best blind to the menace of communism and half-hearted about taking any strong action against it and at worst an active sympathiser prepared to shelter communists and subversive left-wing unions behind the procedures of parliament and the law.

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1   CPD, HR 23, p. 1028.

2   See ch. 2,pp.39,41, and Sawer, Australian Federal Politics and Law 1929-1949, pp. 50, 55-7.

(9) Conclusion

We can now review and assess Liberal thought on the political system and political society, taking the opportunity to notice briefly some aspects which did not fit readily into the adopted scheme of topics.

The main feature of Liberal thought as described above is that its 'liberty'was the liberty of English Whig history:the precious heritage of a hard-won struggle in English political history against the 'executive'. Liberty was seen by Liberals to inhere in the existing political institutions and processes -- parliament, the constitution, the rule of law, and ordinary legal procedures. In Australia it was also protected, as they saw it, by a constitution and federal system. Their liberty, we have seen, was a highly regulated liberty: ordered by the law, subject to the rights of others, and liable to severe limitation in the interests of social order and national security.

There were some obvious tensions present in Liberal attitudes to the political system and political society. These derived partly from the hybrid nature of the Australian system -- responsible cabinet government within a federal system -- but mainly from modern conservatism's attempts to reconcile democracy with constitutionalism and protection for special interests, and from the fact that 'democracy', 'development' and 'progress' imposed upon it a necessity for economic and social intervention of a kind which constitutionalism was never designed to admit.

The conflict between parliamentary government and federalism had, of course, always bothered constitutional purists in Australia. Liberals, as we saw, appealed on different occasions both to the 'sovereignty' of parliament, to the 'supreme law' of the constitution, and to the freedom-protecting and variety-enhancing attributes of federalism. They frequently looked to both the English and American systems as models or guides for their institutions and practices. But the two appeals were inconsistent; as a result Liberal thought on both parliament and the constitution was a rather pallid, unconvincing derivative of its English and American progenitors. The colonial governors of Australian history were not formidable tyrants, as English monarchs of the seventeenth century were supposed to have been, against whom parliaments had to assert their 'sovereignty'. An the Australian federal constitution was a pedestrian document, containing none of the high-sounding rhetoric which America's 'revolutionary' era had given to the constitution of the United States. The call by conservatives for parliament to 'control the government' (as they quoted Burke as saying) was little more than dressed-up propaganda

with which to discredit Labour's parliamentary methods. It was, as an idea, the product of a dim recollection of a false view of constitutional development in which policies and cabinets were supposed to have once been made and unmade on the floor of the legislature. Liberals could speak reverently on occasions of written constitutional law; but their sense of being part of Anglo-Saxon history made them look upon parliamentary democracy as being of prior historical importance. Their main emphasis was not, as in liberal American thought, on 'laws' rather than 'men'.

Modern conservatism accepted democracy; but it still often wanted to justify a special place for particular interests. The Liberals, we saw, argued against bank nationalisation on the grounds(among others) that 'public opinion' did not approve it. At the same time Liberals and other conservatives frequently invoked clauses of the constitution (such as Section 92), or the rights of the Senate as a states' house, as ways of justifying what they saw as 'freedom' or 'balanced development' (or what Labour saw as vested interests). The commonwealth had had universal male franchise from the beginning, so the question of franchise never arose in national politics. But the Liberals' acceptance of weighted voting, limited franchises for upper houses and local government councils, and their acquiescence in the claims of the business community and professional groups to participation at the administrative level, showed vestiges of a nineteenth-century conservatism which had resisted democracy in the name of the superior wisdom, or larger stake in the country, of privileged economic and social groups. Liberals did not, of course, think of it in this deliberate way. Their conservatism was one diluted to meet the language of the democratic creed:  they were merely defending the true interests of the people against a radical lower house; or the cause of balanced national development; or the right of patients to a free choice of doctors.

Notwithstanding their veneration for institutions and law, Liberals and other conservatives believed that the 'mechanical' apparatus of government was not sufficient to make a good society. What was needed in addition were those 'spiritual' qualities which made the institutions work in the right way.[1] Here again they were drawing on a long-standing tradition. A belief in the 'moral' and 'spiritual' properties of their

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1    See, for example, chapters XXXll-XXXVl in The Forgotten People; and
     Casey, Double or Quit, pp. 111-3. Cf. the article 'Economics and
     Faith', IPA Review, Vol.2, No.4, (August 1948), pp. 89-95. Cf.
     Menzies' attack on socialism in his 1949 policy speech for having
     'lost all spiritual content'. Its attitude, he said, 'induces a
     deep cynicism about all spiritual values', (p.10).

creed was a basic and recurring characteristic of the non-Labour parties. This ethical or spiritual predisposition was expressed in a variety of ways: in the definition of liberalism and its aims;[1] in the condemnation of socialism as materialistic and as motivated by selfish and even un-Christian impulses;[2] in criticism of the idea that socialism or nationalisation could 'reform' society;[3] and in an emphasis upon the 'spirit' of democracy as requiring good citizenship and leadership on the part of the 'best men'.

Democracy itself, modern conservatives said, was a faith rather than a set of institutions; it was based upon the Christian doctrine of the equality of all men before God and respect for the individuality of all men.[4] In much of their writing Liberals assumed, like their predecessors, that society was in some way a moral entity, founded on 'Christian' ethics. Governments had a duty to provide leadership and legislation of a kind which maintained and enhanced traditional moral standards.[5]

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1 See the definitions given in ch.2 at pp.34, 35.

2 See, for example, Reid, <u>Manifesto</u>, 'Nine Greatest Needs' (no.1) and 'Nine Greatest Evils', (no.3).

3 See, for example, <u>Liberal</u>, 1 July 1912, p.280. Cf. Menzies' 'case against socialism' in his 1949 policy speech, pp. 7-10.

4 See, in addition to the above sources, the article 'Democracy', <u>Review</u>, Vol.111, No.1, (January-February 1949), pp. 1-9.

5 For examples of this belief, as it was applied to matters of censorship, gambling and crime, see the following places in the <u>Australian Liberal</u>: July 1958, p. 9; July 1959, pp. 8-9; January 1961, p. 8-9; October 1962, p. 8; November 1963, p. 13; July 1964, p. 16. (It was, however, a matter of dispute in the party just how far religion and politics could and should 'mix'. For statements in which Liberals express a secularist suspicion of religion in politics see <u>ibid</u>., May 1961, p.11; June 1963, p.25; the <u>Queensland Liberal</u>, May 1962, p. 9; and the <u>Age</u>, 9 November 1954 and 31 March 1958.) On rare occasions Liberals have argued the limitations of political activity on the grounds of man's original sin (or evil nature). See articles by Ralph Honner 'Politics and Utopianism' <u>ibid</u>., August 1962, pp. 25, 27, 31; September 1962, pp. 7-8; October 1962, pp. 4, 7; and 'Conservatism and Liberties', July 1962, pp. 10-11, 21, 27-8; articles by J. Cameron, <u>ibid</u>., September 1962, p. 4, 7; and October 1962, p. 6; and McMahon, 'The Liberal Party', pp. 30-1. Honner, a Catholic, was president of the NSW division 1960-3; Cameron, a Presbyterian (and later a MLA in the NSW parliament); McMahon was an Anglican.

Liberals, in fact, were never entirely reconciled to the idea of permanent conflict in society. Political activity was seen as slightly distasteful and politics as a necessary evil which must periodically be purged of its corrupting elements and made 'clean'.[1] Liberals' aversion to 'party' politics manifested itself in their belief that politics in certain arenas, like those of local government and upper houses, should be conducted on a non-party basis, just as questions of constitutional change should be 'above' party politics. Liberals had faith in the ability of the right people -- 'leaders' or other 'public-spirited' men -- to discern a public interest which embraced the interests of all sections of society. They accepted the conventional British idea that a party system (of a small number of parties) was essential for the proper functioning of parliamentary democracy, preventing dictatorship and instability. But major parties should ideally not simply represent groups or interests or fight a 'class' war. The Liberal party, in the eyes of its own ideologues, did or should transmute its collection of particular interests into a transcendental public interest.

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[1] Especially, of course, if a Labour Government is in power. See articles to this effect during the time the NSW Labour party was in power, in the Australian Liberal, November 1957, p. 4; February 1958, p. 1; and May 1958, p. 16.

CHAPTER 7

MENZIES' -- AND OTHER LPA LEADERS' -- POLITICAL IDEAS

(1) Introduction

We have already had glimpses at many points of Menzies' importance
as a founder and then as a leader of the Liberal party; we have also seen
examples of his thought on various matters.  Menzies is to be found
explaining and defending the policies of his party and government on major
symbolic and 'crisis' occasions within the party or parliament or country
-- before groups of businessmen at times of national economic difficulty;
before Federal Council, especially when the extra-parliamentary organi-
zation saw the parliamentary party to be departing from its principles; in
censure motions, address-in-reply debates and all other major debates in
parliament; and, of course, at election time, putting forward the govern-
ment's policies in what was unmistakably his own style and idiom.  With his
eloquence he was naturally looked to by his party and supporters on these
occasions, the more so the longer he continued in power.

For the most part Menzies' ideas were typically Liberal ideas.  As
we saw in chapter 3, there was a common stock of ideas on which all
conservatives were drawing in the 1940s.  The same ideas were held by most
other Liberals and were formally inscribed in the platform as the official
doctrines of the party.  What was unusual about Menzies was not just the
sheer quantity of his writings and speeches but also his self-conscious
assumption that it was his duty and right to enunciate party philosophy
and policy and to show how particular items or demands could be reconciled
or placed within a Liberal creed which he (and possibly he alone) saw as a
whole.  Of course, Menzies was usually speaking as leader of the Liberal
party and government, and a lot of this was what would normally be expected
of a leader.  But Menzies prided himself on his eloquence and what he
called his 'political philosophy'; and he saw one of the main functions of
leadership to be that of educating and instructing people, particularly his
own supporters but often the nation as a whole.  What other Liberal speakers
expressed only in fragmentary form, or in a manner tailored to a particular
audience, was expressed more deliberately and generally and in a more

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1    A paper entitled 'Menzies' Political Thought' given by the writer
     to the Australasian Political Studies Association conference in
     Melbourne, August 1971, contains further evidence for, and
     illustrations of, Menzies' major themes as set out in this chapter.

comprehensive and connected form by Menzies. An examination of his views is therefore indispensable to a balanced exposition of the various parts of the Liberal ideology.

Of course, Menzies was not the only Liberal or conservative who was active in propounding ideas. Others, whom we shall call collectively 'intellectual leaders', were to be found expressing the same views in an idiosyncratic form or altogether different views, and throughout chapters 4-6 we have seen various Liberals doing these things. Before we begin the exposition of Menzies' thought, therefore, it is appropriate to acknowledge the role of some of the more important (and better-known) of these Liberals in Menzies' time and to look briefly at their pre-occupations and main ideas.

## (2) Other Intellectual Leaders: Ideologues; Intellectuals; Mavericks and Articulate Backbenchers

The first group of intellectual leaders, whom we shall call 'ideologues', were those who were often to be found making statements of a broader ideological or policy content, going beyond the standard policy remarks or perfunctory ideological references required of their positions. The ideologues evidently saw themselves, and were seen within the party, as educators or, in a loose sense, as party philosophers. Of this group, the most notable were W.H. Anderson and J.L. Carrick.

In earlier chapters we have seen Anderson in the 1940s defending the middle class and its traditional values, then, later, as federal president of the LPA, reproving the parliamentary party for its failure to live up to the party platform.[1] Anderson's position was, in general terms, similar to and probably partly derived from Hayek's:[2] he believed that socialism, while its ideals were in some respects similar to liberalism's, meant in practice the abolition of private enterprise and the creation of a system of planned economy which automatically concentrated all power in the state. There was no middle way between liberalism and totalitarianism. Anderson's rhetoric, unlike Menzies', made few concessions to the ideas of controlled capitalism and the welfare state and it always remained sternly moralistic in tone.

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1    Above, pp.61-2, 122-3, 129-30. Anderson's views on education, discipline and representation, have also been given above, pp.182-3, 231, 235.

2    See also W.H. Anderson, We Stand at the Cross Roads...No Middle Way between Totalitarianism and Liberalism, Supplement to The Services and Citizens Party Newsletter, September 1944, [Melbourne, 1944]. A prefatory note says that 'The author acknowledges quoting freely from Professor Hayek's "Road to Serfdom".'

Carrick was less publicised than Anderson but still a forceful advocate of certain viewpoints. We have noticed him in chapter 5 giving emphasis to the 'positive', 'liberal' aspects of LPA doctrine, urging the party to make 'adequate provision for those less fortunate in the community'.[1] Carrick acknowledged a larger role for state regulation than Anderson. He argued that governmental controls were not always socialistic and that '[the] art of government was often control in the interests of the many'. 'Liberalism', he was reported as saying, 'was not laissez faire, or free enterprise'.[2] Carrick often repeated his view, cited earlier,[3] that the LPA was the 'only truly non-sectional party' and as such was really a middle-of-the-road, centre party. He believed that the American party system, with its bipartisanship on crucial policy areas, was preferable to the Australian party system with its ineffective left-socialist opposition party (ALP) and a conservative party tending always to drift too far to the right (LPA).[4] As general secretary of a state division which had not yet achieved office, Carrick continued to stress the importance of the party's ideology through the fifties and early sixties. 'Those working within a political party', he was reported as saying in 1962, 'had also to become trustees of political principles, [to] find the party's philosophy and relate the actions and policies of the party to it'. The greatest single problem was 'to communicate ideas' -- to sell the philosophy of liberalism and to make policies in terms of it.[5]

We can designate as 'intellectuals' those Liberals who wrote books rather than, or in addition to, pamphlets, and whose writings are not wholly or even mainly to be explained in terms of party-political or ministerial statements. In some cases the intellectual Liberals carried into political life views apparently formed in academic or other capacities and they then continued to speak or write on political and social matters after they had retired from active party-political life. The most distinguished of the intellectuals in Menzies' time were P.M.C. Hasluck, R.G. Casey, F.W. Eggleston, F.A. Bland, J.A. McCallum, and P.C. Spender.

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1    Above, pp. 164      , and The Liberal Way of Progress, passim.

2    See his (reported) address, 'Liberal Philosphy and Federal Problems', Australian Liberal, April 1962, pp. 6, 7, 29. (Quotations at p. 7.)

3    Above, pp. 233-4-6.

4    See his reported address 'Liberal Party is a National Party', Australian Liberal, September 1960, p. 7; J.L. Carrick, 'The Liberal Party and the Future', Australian Quarterly, Vol. XXXIX, No. 2, (June 1967), pp. 36-44; and Australian Liberal, September 1966, pp. 8-9.

5    'Liberal Philosophy and Federal Problems', loc. cit. pp. 6, 29.

We can concentrate our attention on the first three and deal with the others only very briefly.

Hasluck was minister for Territories and External Territories (1951-63) and minister for External Affairs (1964-68). His statements in the former position were rather old-fashioned, even patronising, in language and tone, though still revealing an humane concern for aborigines and New Guineans.[1] Hasluck spoke of the 'great moral principles [of freedom, justice and representation] on which civilised human conduct rests...' and made it clear that Australia's duty, as a 'civilized people' in 'Western and Christian civilization', was to raise up the 'primitive peoples' of Papua New Guinea to its own standards. This would not come about just through political and economic advancement but also through the 'replace[ment of] paganism by the acceptance of the Christian faith and [of] the ritual of primitive life by the practice of religion'. Hasluck's views on foreign policy were very similar to Menzies'. He was sceptical of the ability of the UN to preserve peace; he believed that hopes for world peace rested with Great Powers; and he thought that Australia would best ensure its own security by friendship and alliances with Britain and the United States rather than by the ambitious assertion of its own Pacific interests.[2]

In his views on some aspects of the political process Hasluck seemed uneasy about trends in the modern world. He believed in strict neutrality on the part of public servants and deplored their growing tendency to become too closely involved in ministerial affairs, sometimes as public relations officers, or to engage in politics directly as party candidates.[3] He also believed that the Press was failing to contribute to the 'free and

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1    See Hon. Paul Hasluck, Australia's Task in Papua and New Guinea, Seventh Roy Milne Memorial Lecture, Perth, September 10th, 1956. Published by the Australian Institute of International Affairs. Also Hon. Paul Hasluck, Australian Policy in Papua and New Guinea, The George Judah Cohen Memorial Lecture, the University of Sydney, 1956. Quotations from pp. 5, 6 of former, pp. 10-11 of latter.

2    See Paul Hasluck, Workshop of Security, (Melbourne, 1948); and Hon. Paul Hasluck, 'Australia and the Formation of the United Nations -- Some Personal Reminiscences', Journal and Proceedings of the Royal Australian Historical Society, Vol. XL, Part III, (1954), pp. 133-78. Hasluck had been a member of the Department of External Affairs from 1941, resigning in 1947, and these works are critical of the aims and methods of H.V. Evatt, his former ministerial head. Hasluck entered politics as member for Curtin (WA) in 1949.

3    See Rt. Hon. Paul Hasluck, The Public Servant and Politics, the Robert Garran Memorial Lecture, Canberra 18 November 1968. (Royal Institute of Public Administration, ACT Group, Canberra, 1968.)

'intelligent' debate required in a democracy; the Press preferred sensation-
alism and trivia to full and accurate reporting and to strict professional
ethics.[1] On these matters, too, it will be seen, Hasluck reveals a
temperament similar to Menzies'.

R.G. Casey, as we noted in chapter 3, was federal president of the
LPA 1947-49 and subsequently minister for National Development (1950-51)
and then minister for External Affairs (1951-60).[2] Casey's major pre-
occupations in his more specifically political writings were, firstly, the
need to develop and populate the country; secondly, the problems of
industrial relations; and thirdly, Australian foreign policy. The first
and second themes were especially prominent in his addresses and speeches
of the forties, many of which were published in Double or Quit.[3] Casey
showed a continuing interest in the problems of management and employer-
employee relationships, taking the view that employers in the modern state
should be more humane and enlightened. He revealed himself after his
retirement as having been in favour of more planning than was generally
acceptable to the Liberal party and business community. Casey also
advocated more money for scientific research in industry and more emphasis
on training in science and engineering.[4]

Casey's speeches and writings as minister for External Affairs are
too numerous and extensive to receive justice from any brief summary. What
is significant about them for our purpose is that, although Casey shared
Menzies' broad views on world politics and the British Commonwealth, they
manifested a different emphasis and tone.[5] Casey had a less reverential

1    See Hon. Paul Hasluck, Telling the Truth in a Democracy, the Twenty-
     First George Adlington Syme Oration, 19 August 1958. (Australasian
     Medical Publishing Company, Sydney, 1958).

2    Above, p.74.

3    Cited in full above, p.106.

4    See Rt. Hon. Lord Casey, Men, Management and Machines, The Eighth
     William Queale Memorial Lecture, 19th October 1961. (The Australian
     Institute of Management, Adelaide Division,) [1961]. Casey,
     unusually amongst Liberals, had a scientific background, having taken
     a degree in engineering. (He had also been minister-in-charge of the
     CSIRO.)

5    See, for example, Rt. Hon. R.G. Casey, The Conduct of Australian
     Foreign Policy, Third Roy Milne Memorial Lecture, Brisbane, September
     28th, 1952 (Australian Institute of International Affairs, Melbourne,
     1952); R.G. Casey, Friends and Neighbors, (East Lansing, 1955); and
     Australia's Relations with Asia, (Department of External Affairs,
     Canberra, 23rd April 1959), and Australia and Asia, (Department of
     External Affairs, Canberra, 29th June 1959), both roneod press
     releases.

attitude to Britain and the 'British tradition'; he was more concerned about development in the Pacific region and about Australia's role in it; he constantly stressed the need for Australia to understand, and to be understood by, the countries of Southeast Asia;[1] and he seemed to be more easily reconciled than Menzies to the possibility of the decline and breakup of the British Commonwealth.[2]

Pre-eminent among the 'intellectual' group of Liberals was F.W. Eggleston. Some of the details of Eggleston's career, his views on the Nationalist party, and the use made by conservatives of his book State Socialism in Victoria, have been noted in passing.[3] Eggleston was critical of public enterprises for their inefficiency and for the 'pressures' which associated 'interests' exerted, making responsible government difficult. But Eggleston was no believer in laissez-faire: he argued that a reasonable amount of state socialism was good for the community.[4] To a certain extent Eggleston was disillusioned with Australian democracy, believing that politicians were too susceptible to pressure from 'interests', political leaders not sufficiently enlightened, and followers not sufficiently magnanimous.[5] His views here bear a strong similarity to Menzies' as set out below (part 9).

Eggleston's major political work, Reflections of an Australian Liberal, is the only partisan book-length treatment of the role of liberalism and non-Labour parties in Australian political history. In this book Eggleston articulated the assumptions underlying typical Liberal views on representation, the Australian party system and modern liberalism and fuses them into something like a complete rationale.[6] Reflections of an Australian Liberal advocated 'the Liberalism of Lloyd

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1    See also T.B. Millar ed., Australian Foreign Minister - The Diaries of R.G. Casey 1951-60, (London, 1972), Preface, p. 9.

2    See Rt. Hon. Lord Casey, The Future of the Commonwealth, (London, 1963). (Casey had been elevated to the peerage on his retirement from active politics in 1960. He was later Governor-General of Australia, 1965-69.)

3    Above, pp. 8, 45, 112.

4    See State Socialism in Victoria, chs. IX, X.

5    ibid., preface and p. 291. See also F.W. Eggleston, Search for a Social Philosophy, (Melbourne, 1941), ch. V.; and Reflections of an Australian Liberal, ch. 2. Eggleston writes in the latter that Menzies 'has suffered grievously from the innate repulsion of the people, especially the wealthy lower orders, against the too clever intellectual'. (p. 12.)

6    The summary which follows is taken mainly from chs. 1 and 4-6, the quotations from pp. 38-9, 41, 125, 128, 139, 142-3.

George and not that of Gladstone -- constructive Liberalism and not the
Liberalism of <u>laissez-faire</u>'. The role of liberalism in societies where
organized parties tended to represent extremes was 'to represent the
community as a whole and [to] see that its interests are respected and that
sections do not dominate'.

In Australia, Eggleston argued, the ALP was 'first and foremost' a
trades-union party, its whole policy conceived in relation to that movement.
The Country party was a sectional party using pressure-group methods to
obtain benefits for its supporting interests. The Liberal party, as a
miscellaneous, loosely organized 'residual' party, pursued a policy 'which
is more in line with the prevailing sentiment in Australia, a policy which
could be called Lloyd Georgian liberalism, qualified by concessions to
country interests and to Labour's welfare policy'. The ALP's aims, by
contrast, 'were not in full accord with the dominant ideas and feelings --
the norms -- of the Australian people'. The non-Labour parties entertained
policies of the traditional type; and,although this put them on the defensive
in the party-political battle, the LPA's policy of maintaining the pattern of
Australian life and resisting the demands of parties which represented vested
material interests was one 'which more truly expresses the norms and views of
the Australian people as a whole'. But the Liberal party's role was not
therefore merely 'critical and conservative'. The party, Eggleston wrote,
'represents an electorate which seeks to maintain the Australian way of life
and not to change it but wants to advance Australia; to make it more
prosperous; to develop its resources; to improve the social processes so
that all maladjustments can be rectified and the highest social ideals
realised'.

Of the others in the 'intellectual' category, F.A. Bland wrote a great
deal on the advantages of federalism and on the threat posed to traditional
parliamentary government by the ALP's discipline in parliament and by its
socialist doctrines.[1] Bland showed a nineteenth century liberal's belief in
the primacy of the individual and in the need for close public accounta-
bility of governmental activities. Although this placed him among the anti-
planners in the Liberal party's ranks, Bland shared with Menzies a belief in
the importance of an adequately-sized, well-informed and efficient public

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1    For previous remarks on Bland and his views, see above, pp.196-7, 214-5.

service.[1]  J.A. McCallum wrote perceptively on, among other things, the party system, representation, and political ideas in Australia.[2] P.C. Spender's speeches as Menzies' first minister for External Affairs (1949-51) and his subsequent memoirs show a difference from Menzies in tone and outlook similar to those exhibited by Casey.[3]

A third category of intellectual leaders might be called 'mavericks and articulate backbenchers': those who earned a public reputation and a following in the Liberal movement by championing one or several causes from the backbench. The best-known in this category were H.B. Turner, H.J. Gullett, W.C. Wentworth and D.J. Killen. Turner and Gullett have already been referred to in the discussion of the 'decline of parliament';[4] both were frequent critics of 'executive dominance'.

Of the four, Wentworth was the most prolific and most idiosyncratic, publishing pamphlets on a wide variety of topics.[5] Wentworth's writings and speeches show a pre-occupation, firstly, with anti-communism, anti-socialism and the Labour movement; secondly, with social welfare and aboriginal

1    Bland's earlier writings make it clear that his political views derived from, or at least followed, his academic views. See F.A. Bland, Planning the Modern State:  An Introduction to the problem of Political and Administrative Re-Organization, (Sydney, 1934), and F.A. Bland ed., Government in Australia - Selected Readings, (Second edition, Sydney, 1944), esp. pp. xi-xii.

2    In pieces referred to, and quoted from, above, pp.47, 214  ; See also J.A. McCallum, 'Political Ideas in Australia', Australian Quarterly, No.16, 14 December 1932, pp. 26-37.

3    See Sir Percy Spender, Exercises in Diplomacy:  The ANZUS Treaty and the Colombo Plan, (Sydney, 1969), and Percy Spender, Politics and a Man, (Sydney, 1972), part V.  Spender's first speech as minister for External Affairs is reprinted at pp. 307-29 of the latter.  See also Hon. P.C. Spender, Australia's Foreign Policy:  The Next Phase, (Sydney), [1944].  Spender had been elected as Independent for Warringah (NSW) in 1937; he held various portfolios in the early war years; and he was a member of the Advisory War Council 1940-45.  He joined the Liberal party in 1945.  After his retirement from parliament in 1951 Spender became Australian Ambassador to the USA (1951-58) and later a Justice (and President) of the International Court of Justice.

4    Above, pp.218.    See also [H.B. Turner], 'Backbenchers', Current Affairs Bulletin, Vol. 37, No.11, (April 18 1966), pp. 162-76.

5    Wentworth's views on the means test and federal-state relations have already been cited above, pp.170, 207.        A descendant of the original William Charles Wentworth, pioneer and statesman, Wentworth had the kind of wealthy and privileged background which gave the Liberal party an 'Establishment' tinge.  Wentworth, Gullett, Turner and Casey were all educated at private schools and then Oxford or Cambridge.

welfare; and, thirdly, with the traditional institutions and procedures of parliamentary government. It was the first - Wentworth's obsession with international and local communism -- which led to his being labelled one of the conservative right-wingers of the Liberal party. In the early 1950s Wentworth was fearful of Russia's growing stock of atomic weapons and called for international control of atomic energy as the only way of avoiding atomic war (and conquest by Russia). He argued that Australia should build up its own conventional and atomic capabilities and construct civil shelters. Wentworth frequently spoke of the menace of 'international communism' and of Russian or Chinese designs for world conquest which would be aided and abetted by local communists and 'front' groups.[1]

Wentworth's pamphlets in the forties on socialism and the Labour party were among the more virulent emanating from the conservative side.[2] Wentworth argued that the ALP was composed of 'militants' (Marxists and communists) and 'moderates' (stooges); that socialism led inevitably to dictatorship through industrial conscription and (after 1947) through the rule by regulation that bank nationalization would permit; and that the eventual concentration of economic and political power in the hands of a Labour government -- manipulated as it was by communists and bound by the 1921 Russian-inspired socialist objective -- would lead to a totalitarian Soviet system being imposed on Australia. These general sentiments and fears were, of course, voiced by many others in the Liberal party, including,in more muted tones, by Menzies himself; but none pursued the causes of anti-communism and anti-socialism with such zeal as Wentworth.

D.J. Killen, member for Moreton (Queensland) from 1955, was another eloquent backbencher and indefagitable pamphleteer. Like Wentworth, Killen was strongly anti-communist in outlook. Communist successes since 1917, and the declared intentions of communist theoreticians and strategists, proved to Killen that 'international communism', aided by

1   See the pamphlets: W.C. Wentworth, Time and the Bomb: An Analysis of the Atomic Situation, [Sydney, 1953], and Survival is Part of of Defence: How the will to live can avert atomic attack, [Sydney, 1954]. Wentworth's implied criticism of the government's failure to act on its rhetoric did not endear him to Menzies. (See West, Power in the Liberal Party, pp. 223-4.)

2   See W.C. Wentworth, What's Wrong with Socialism? [Institute of Public Affairs, Sydney, 1948?], and Labor, Socialism and Soviets: The Trend to Totalitarianism in Australia; The Place of Bank Nationalisation in the Plan, [Sydney, 1948?].

various 'front' organizations, was bent on taking over the world.[1]  In
the early 1960s Killen crusaded against Britain's application to join the
European Economic Community; he found unconvincing the stated political,
economic and defence reasons for joining.  Killen contended that the
British parliament would lose its sovereignty in the EEC and that the
Market would be ruled by an all-powerful bureaucracy (the Commission).[2]
In some passages Killen could be as lyrical as Menzies in his praise of
the Commonwealth, of the monarchy, and of Britain and her traditions.

The cases of Killen and Wentworth show that the conservative-liberal
classification used so facilely by journalists when writing about the
Liberal party [3] was, in fact, misleading.  Both Killen and Wentworth were
clearly on the conservative right, as conventionally thought of, in respect
of their views on communism, foreign policy, socialism and the ALP.  Yet
Killen was an advocate of 'positive' liberalism and radical approaches to
social welfare problems;[4] and Wentworth, besides his already-noted interest
in the plight of pensioners, always showed an academic curiosity about, and
considerable human sympathy for, aborigines and their culture.[5]

(3) Menzies' Political Thought: An Overview

In the context of the political debate of his time, Menzies' ideology
amounted to an argument in favour of the British Commonwealth of Nations
and British ideals, private enterprise, certain moral and spiritual values,

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1    D.J. Killen, This is the Challenge!  An Examination of the Theory,
     Strategy, Tactics and Propaganda of International Communism,
     (Melbourne 1960).  This was published by the League of Rights
     (Victorian division), a well-known right-wing organization.  Killen,
     like many Liberals, had a legal background.

2    See D.J. Killen, In the Commonwealth Cause, (The Australian League of
     Rights, Melbourne, 1963), and The Suppressed Truth about the
     European Common Market, (The Australian League of Rights, Melbourne,
     1962).

3    As, for example, by Don Whitington in his The Rulers:  Fifteen Years
     of the Liberals, (Revised edition, Melbourne, 1965), esp. chs. 2-3,
     10, 13.

4    See, for example, Jim Killen, 'LIBERALISM - It Must be Positive',
     Queensland Liberal, February 1957, p. 4; and the portrait of Killen
     in the Australian, 8 January 1970.

5    See, for example, [W.C. Wentworth], An Australian Institute for
     Aboriginal Studies, [Sydney], 1959, Roneod; and the article on
     Wentworth, 'Return of a Native', Nation, No. 238, March 2 1963,
     pp. 10-13.  For some good critical comments on these liberal-
     conservative stereotypes see Ken Turner, 'The Liberal "Iceberg"',
     in Henry Mayer and Helen Nelson eds., Australian Politics - A Third
     Reader, (Melbourne, 1973), part 41; and cf Coates' findings on the
     issues of federalism and restrictive trade practices, The Liberal Party
     of Australia..., pp. 13, 16-17, 27-29, 30-31.

and 'realism' in foreign policy. Conversely, it was an argument against particular ideas which he thought to be widespread as put forward typically by the labour movement: those of socialism, a literal notion of equalitarianism, and an independent, isolationist or neutralist foreign policy. His ideology was also designed to expose what he called the 'false antitheses' usually propounded by Labour propagandists but sometimes, for opposite reasons, by unthinking conservatives as well: that the choice in economic policy was one between laissez-faire capitalism and social welfare; that the maintenance of the Empire link was inconsistent with Australian nationalism; that 'power' politics and defence alliances were contrary to the aims and spirit of collective security; and that flexibility of action in political situations meant the abandonment of basic principles.

The themes which continually recurred in Menzies' speeches and writings were those of the importance of the British Commonwealth to Australia and to world politics; Australia's 'British' heritage; the need for an enlightened and humane capitalist economy; the importance of things of the 'mind' and 'spirit'; and the vital role of leadership in politics. Since he said a great deal on each, the most convenient method of examining his thought is to look at them separately, so that the full reasoning and sentiment behind his point of view on each can be appreciated. A final section giving Menzies' perspective on twentieth-century democracy brings these major themes together in an attempt to lay bare the coherent general theory of politics which underlies them. The account of his thought here is limited to a presentation of his ideas. It is not a record of his or his government's actions, nor does it contain a biographical or sociological analysis of the origins and development of his ideas. Neither does it try to show whether, or how, he 'applied' his principles. Finally, it deals only with the main aspects of his thought. (Some of these, such as his views on the relationship between order and liberty, and his beliefs about various aspects of parliamentary democracy, have already been dealt with.)

Menzies' ideology, it will be seen, was rooted in his belief that the liberal-democratic institutions and 'inductive' methods of government which had evolved in the course of the British struggle for constitutional politics were good; and that, as shared through the common values of people of British race and ideals, they should still be looked to as a source of moral influence and inspiration. His unspoken assumption was

that the Anglo-Saxon countries of modern history had best combined liberty,
order, culture and enterprise. Menzies' natural presumption in favour of
existing, settled institutions and the slow, proven methods of the British
type was reinforced by his observation of the twentieth century's total-
itarian regimes, its constant revolutions and wars, the instability in
even highly civilised European countries, and tyranny in newly independent
countries. The demonstration that scientific advances and economic
development did not automatically bring moral progress, and that legal and
mechanical forms did not solve the problems of the Commonwealth, democracy,
or international organizations, made him look to the 'spirit' of things as
being always of primary importance. True civilisation, he thought, resided
in the mind and spirit; it was not a matter of 'pounds-and-pence', 'bricks-
and-mortar', or technological progress. Proper conduct and political
justice were a matter of instinct, sentiment, and traditional forms and
symbols, not of the intellect or legal contrivances. In these metaphors,
Menzies argued that only a spirit of goodwill and men's sense of their
mutual interdependence could produce a better society and a better world.
In his thought law, broad education, religion and the middle class were
stabilising forces in the present imperfect society which helped to preserve
the old values of self-reliance and a sense of responsibility against the
inexorable encroachments of modernity. Present-day leaders should neither
yearn for lost causes nor bow too easily to the demands of the contemporary
world. They should always seek the sensible middle course of balance,
sanity and responsibility between the impracticable virtue of pure principle
and the excessive expediency of short-term action.

(4) Kinship and Formulas: The Commonwealth and World Politics

Menzies' collected speeches and writings are remarkable for the amount
of space which they devoted to the celebration, in often lyrical prose, of
the virtues of the British Commonwealth, the monarchy, and the 'English
tradition'. Menzies, indeed, became identified in the Australian public
mind with the causes of loyalty to Britain and, as his critics thought,
of a discredited, old-fashioned imperialism. His views were, however, part
of the formal doctrine of the party;[1] they were also a prominent part of the

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1    See: the Objectives (1948), 1, and the 'External Affairs' and 'Defence'
     sections of the 1948 and 1960 platforms; the preamble to the 1960
     platform (which includes the preamble to the Commonwealth of
     Australia Constitution Act of 1900); We believe..., 1 ('We Believe in
     the Crown as the enduring embodiment of our national unity and as the
     symbol of that other unity which exists between all the nations of
     the British Commonwealth.'). Cf. Don Whitington's account of 'The
     Liberal Party and the Monarchy' in Geoffrey Dutton ed., Australia and
     the Monarchy - a Symposium, (Melbourne, 1966).

rhetoric of the forties, especially as it came from conservatives of his own generation. Menzies' belief in 'power' politics and the necessity for defence alliances with great powers was also part of the general Liberal outlook,[1] although other Liberals,[2] as we have noted, placed less stress on the link with Britain and gave more attention to Asia and the United States. And 'Australia', presumably, would have been closer to the forefront of the consciousness of Liberal parliamentarians and voters[3] than it was with Menzies.

Menzies' outlook on international relations[4] was largely determined by his understanding of Britain's role in the world. As he read modern history, Britain had been the bearer of democratic institutions and civilised standards of national and international conduct to a large part of the world. Britain's empire, he thought, had not arisen from conscious design.[5] But once she found herself a great power and became conscious of destiny, Britain accepted the responsibilities of that role even in the face of the occasional jealousy and hatred of other nations for

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1    See, for example, the debates on International Affairs in 1946, 1947, 1948 and 1949, CPD, vols. 189-190, 193, 196, 201. See also Hasluck, The Government and the People 1942-1945, pp. 503-8.

2    For a general account of foreign policy under the L-CP government see Alan Watt, The Evolution of Australian Foreign Policy 1938-1965, (Cambridge, 1967), chs. 5-7.

3    See, for example, the responses of non-Labour voters to various questions on Australia's material and symbolic links with Britain in Goot, Policies and Partisans, pp. 114, 125-6.

4    Menzies' general thought on international affairs is best contained in his address to the AIPS conference of 1944 on 'post-War International Relations' (printed in Campbell ed., Post-War Reconstruction in Australia.) His views on the Commonwealth, and its role in world politics, are set out in general form in his address, 'The British Commonwealth of Nations in International Affairs' (The Roy Milne Memorial Lecture of 1950); his articles of 11 and 12 June 1956 in The Times, (London) entitled 'The Ever-changing Commonwealth' (all reprinted in Part 1 of Speech is of Time), and his chapter 'A Critical Examination of the Modern Commonwealth' in Afternoon Light. This section draws heavily on all of these. The same ideas are repeated in numerous other places, which are also cited as reference where the context gives them added significance or interest.

5    The Measure of the Years, p. 204; and see his contribution 'Churchill and the Commonwealth', in Sir James Marchant ed., Winston Spencer Churchill: Servant of the Crown and Commonwealth, (London, 1954), pp. 93-4. Menzies noted in this article that Churchill himself was more interested in Europe than the Empire.

'imperialism'.[1] The establishment of Britain's colonial empire had been 'one of its great contributions in the nineteenth century to the material expansion of the world'.[2] In contrast to the tyrannical imperialism of the Soviet Union in the twentieth century, Great Britain's colonialism of the eighteenth and nineteenth centuries had been benevolent.[3] The growth of her colonies to self-government, carrying with them the 'great and peculiar British elements' of responsible government, the sovereignty of parliament, and the supremacy of laws, made an 'inspiring record'.[4] It was, indeed, 'the most fascinating example of constitutional growth in the history of the world'.[5] The modern empire, he wrote on one occasion, '...proved to be the greatest essay in united democracy, the greatest reconciliation of independence and inter-dependence, of monarchy and self-government, that the world has ever seen'.[6]

Notwithstanding his belief that the British Commonwealth remained a vital force in the world politics, Menzies was acutely and despondently aware that great changes had come over the old Empire during the course of his political career. He recalled in 1968 that when he first attended a commonwealth prime ministers' conference (1935), the leaders present from Britain, Canada, Australia, South Africa and New Zealand 'understood each other fairly well and could approach together something that closely resembled a foreign policy'.[7] The average Australian citizen, he had written in the mid-1930s, felt himself to be instinctively British, with a prejudice in favour of his inherited freedom rather than any 'ism'; he was not then concerned with the exact legal status of the Australian government

1    Afternoon Light, p. 261; and American-Australian Relations: What are
     They and Why?, The Riecker Memorial Lecture, the University of
     Arizona, 1967, p. 5. 'A true consciousness of destiny is not to be
     brushed aside as "imperialism"', he said.

2    'The Ever-changing Commonwealth', loc.cit., p. 21.

3    See 'After the Suez Fighting', in Speech is of Time, p. 165. This
     was a speech given by Menzies in the House of Representatives on
     8 November 1956.

4    'The Ever-Changing Commonwealth', pp. 21-2.

5    The Forgotten People, p. 151.

6    'Churchill and the Commonwealth', loc. cit., p. 94.  Cf. Afternoon
     Light, p. 261.

7    'Australia and Britain Drift Apart', Round Table, No. 232, October
     1968, pp. 365-8.  (Quotation at p. 368).

within the Empire.[1] The outstanding element in the relations between Australia and the British Empire, whatever 'straw-splitting lawyers or straw-splitting political philosophers' may have said, was 'the sense of family'.[2]

Menzies had seemed to anticipate what might happen to all of this in 1950:

> It would be the tragedy of our history if what began as a splendid adventure and grew into a proud brotherhood should end up as a lawyer's exercise. When the Commonwealth ceases to be an inner feeling as well as an external association, virtue will have gone out of it.[3]

In his Smuts Memorial Lecture[4] ten years later, Menzies could still see the Commonwealth as a 'special association' which was distinguished from other world groups by its sense of community and by the frequent meetings and personal exchanges of its prime ministers, trade and finance ministers, and parliamentarians. There was a feeling of a 'special relationship of mutual respect and common interest'; the prime ministers in conference were not a court but 'brothers in a special international family'. Although the rules of the Commonwealth were unwritten, its true relations were 'written into our hearts and consciousness'.

Menzies saw the 'old Empire idea' as having faded away into a conception of a Commonwealth of Nations which had in turn become radically different from its original character.[5] On Australia's part, he thought, there had been a gradual lessening in the 'old instinctive feelings' in her relationship with Great Britain as Britain became less influential in the world and looked more towards Europe and as Australia herself became more conscious of her power.[6]

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1    'Australia's Place in the Empire', in International Affairs, (London), Vol. XIV, No. 4, (July-August 1935), pp. 481-2; and 'The Relations between the British Dominions', Australian Quarterly, December 1935, pp. 5-9.  (Quotation at p.5.)

2    'Australia's Place in the Empire', pp. 487-8.

3    'The British Commonwealth...', loc. cit., p.17.

4    The Changing Commonwealth, Smuts Memorial Lecture, Cambridge, 1960. The phrases quoted are at pp. 17, 19 and 22.

5    The Measure of the Years, p. 205.

6    ibid., pp. 213-4.

As Menzies saw it, the change from Empire to Commonwealth and the subsequent changes in the Commonwealth[1] had, if inevitable, been hastened by the misguided attempt to codify imperial relations into precise legal forms. The Balfour formula of 1926, defining the status of the dominions as 'autonomous communities' which were 'in no way subordinate to each other', had been the beginning of this regrettable process. It was contrary to the inductive intellectual tradition of the British people; and the formula did not even satisfactorily clarify the central issue of sovereignty and independence. The Statute of Westminster of 1931, although pleasing to the non-English peoples of South Africa and Canada, had furthered the process of 'organic disintegration' by trying to imprison the 'living spirit' of the Empire within a 'legal formula'.[2]

Nevertheless, up to 1948 all countries had been 'within' the British Empire, 'united by a common allegiance to the Crown' and making up 'the British Commonwealth of Nations'.[3] The old 'structural' bond of the Crown Commonwealth came to an end in 1948 when India became a republic but remained within the Commonwealth.[4] A precedent was established then which most other newly independent nations followed. By 1966, what Menzies had feared had come about. There was a Crown Commonwealth within a wider Commonwealth; the old organic, internal relationship of all Commonwealth countries, and their unity in diversity, had largely disappeared. The new Commonwealth, he wrote in The Measure of the Years, was becoming 'steadily less comprehensible'.[5]

If with some sadness, Menzies accepted the fact that this process was irreversible. The clock did not turn back; there was no room for 'vain judgement' upon the past; he for one had 'learned to live with the changes'. A special relationship between countries which shared a similar political heritage should still have been possible. Commonwealth prime ministers should have been able to exchange views in the old atmosphere of a 'family gathering' where matters were discussed not for the purposes of votes and resolutions but for mutual information and the furtherance of understanding.

1    'The Ever-Changing Commonwealth', The Changing Commonwealth, and 'A Critical Examination of the Modern Commonwealth' give Menzies' account of these changes at some length.

2    The Forgotten People, p. 153.

3    'The Ever-Changing Commonwealth', p. 26.

4    The Changing Commonwealth, p. 6.

5    The Measure of the Years, p. 205.

But, he observed, this traditional understanding had not been adhered
to in the sixties.[1] New African members of the Commonwealth in particular
had sought to use the prime ministers' conferences as occasions on which to
interfere in the domestic affairs of fellow members or to present propaganda
for their own views, often demanding formal resolutions and votes. This was
destroying the old value that the conferences had in building up under-
standing and personal contacts between leaders and members. The old
intimacy and tolerance were being replaced by an atmosphere and method which
was more like that of the United Nations.

As Menzies witnessed the virtual expulsion of South Africa from the
Commonwealth, the severing of diplomatic relationships which Great Britain
by Ghana and Tanzania and of Malaysia by Pakistan, India's involvement in
war with Pakistan, and the insistent demands of some nations for the use of
sanctions or force against Rhodesia, he felt that the Commonwealth would
disintegrate unless 'drastic changes of attitude' occurred. Yet he remained
optimistic that the Commonwealth could survive. 'So long as there remains
a nucleus of nations who live within the common allegiance to the Crown',
he wrote, 'there will be a British Commonwealth which will need no documents
to maintain it.'[2] He looked in particular to close relations between
Britain, Canada, Australia, and New Zealand, which 'between them contain
the greatest volume of political experience, judgement and moral influence
in the world...'[3] Bound together in terms of tradition, history and
institutions, these countries would remain 'as a solid core of combined and
influential opinion in a very disordered world'.[4] And the commonwealth as
a whole was still a 'special association'.[5] Cohesion in the sense of
unanimity of outlook and policy was, he conceded, now impossible. But even
if parliamentary government and the rule of law were not properly observed
in some of its countries, the Commonwealth stood for the ideal 'of a high
civilization, the very basis of which is the Rule of Law and the honest
administration of justice'.[6]

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1    These changes are outlined at length in 'A Critical Examination of
     the Modern Commonwealth' and more briefly in his article 'Commonsense
     and the Commonwealth' in the Australian, 23 April 1966.

2    Afternoon Light, p. 227.

3    'Australia and Britain Drift Apart', p. 368.

4    The Measure of the Years, p. 205.

5    Afternoon Light, p. 228.

6    ibid.

The internal history of the Commonwealth, together with the declining power of Britain in the post-war world, gradually produced a strain in Menzies' thought between his notion of Britian's historic role in the world and his understanding that world peace, and Australia's security as a Pacific nation, depended upon the power of the United States. Menzies argued through the 1940s that Australia's security would be best guaranteed through a strong and united British Empire acting in collaboration on major matters with the US[1]. To trust in 'formulas' and 'written documents', he said, was foolish after the failure of the League of Nations. The failure of the League[2] had shown that world organizations based on idealistic charters, but without proper means of enforcing their decisions, could not by themselves guarantee peace. There had to be 'power' behind the good intentions.

To present 'power politics' and 'collective security' as being in conflict, Menzies repeatedly said, was to make a false antithesis. The second world war itself had shown that peace-loving nations needed force if they were to defeat unrighteous strength. Although the UN charter was designed to allow action by great powers and to permit regional arrangements, the veto in the Security Council and the continued sovereignty of member nations made its workability uncertain.[3] The spirit of treaties was really more important than the formal terms of documents. He explained this to parliament in the debate on the UN charter in 1945:

> If the spirit of peace prevails among the nations those writings will not matter very much; but if the spirit of peace be absent, then...no writing will prevent war. Consequently, we do well to put the weight on the spirit that is to be created among the nations, rather than persuade ourselves that the letter of some agreement will prevent further wars.[4]

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1    See, for example, 'Post-War International Relations', loc.cit.; 'A Liberal's View of Australian Foreign Policy', Austral-Asiatic Bulletin, Vol. 6, No.3, (September 1945), pp. 72-76; and his speech in the Address-in Reply debate of 18 July 1944, CPD, Vol. 179, pp. 100-7.

2    See 'Post-War International Relations' (pp. 33-4), and his speech on the Charter of the United Nations Bill, CPD, Vol. 184, pp. 5111-9.

3    Speech on the Charter of the United Nations Bill, pp. 5113-5.

4    ibid., p. 5114. Menzies often cited the views of E.H. Carr and Walter Lippmann in his support on this question. He was also greatly impressed with an exposition on the problem by Lord Lothian in 1935.

In the long run, it was neither convenants nor the machinery of inter-
national organizations which would bring peace  but only the perception
by nations of their common interest and a reformation in the character of
man.[1]

Meanwhile a nation's over-riding duty was to bring its obligations
and its powers into balance.  Australia, as a small nation, could not
realistically try to be independent; the past had shown the dangers which
might have come from insularity or isolationism.  It could only assure its
security by associating with great powers as well as by maintaining strong
defence forces of its own.  A cohesive British Empire with one main foreign
policy would be essential in the post-war world; and it would be 'worth many
small abandonments of theoretical rights on [Australia's] part to secure
it'.[2]  If this was to be obtained, disputes should be kept 'inside the
family'  and not publicly advertised.  Australia should not enter into
any regional pact unless it was merely a local expression in a particular
area of a general system of security that had been worked out between
nations.[3]  Until the UN proved itself to be effective the immediate,
tested world organization for Australia was the British Empire.[4]

Menzies was sceptical of the chances that the wartime comradeship of
the western powers with Russia would perpetuate itself in peacetime.[5]  He
believed that the best hope for peace was an Anglo-American co-operation
based upon the mutual feeling for peace of these two nations.  Britain and
the United States, he thought, had an instinctive sense of community of
interest developed from over a hundred years of 'joint international
ideals and spiritual association'.[6]  Their concerted action would be the
'greatest single step forward in the re-creation of a peaceful and happy
world'.[7]  A prosperous Germany and Japan would also be necessary for

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1    'Post-War International Relations', p. 34, and 'A Liberal's View of
     Australian Foreign Policy', p. 72.

2    'Post-War International Relations', part III, quotation at p. 27; and
     'A Liberal's View of Australian Foregin Policy', p. 74.  Menzies was
     concerned at the time, and later, to deny that he had been a 'yes man'
     with Britain in his first prime ministership.  (See Afternoon Light.
     pp. 16-17, The Forgotten People, p. 42, and 'A Liberal's View of
     Australian Foreign Policy', p. 74.)

3    'A Liberal's View of Australian Foreign Policy', p. 75.

4    Speech on the Charter of the United Nations Bill, loc.cit., p. 5117.

5    'Post-War International Relations', pp. 35-6, and his Address-in-Reply
     speech of July 1944.

6    'Post-War International Relations', p. 36.

7    ibid., p. 38.

stability in Europe and Asia and peaceful commerce in the world.[1]

Menzies expounded the principles of his government's foreign policy within the terms of his framework. He justified the ANZUS treaty of 1951 and SEATO pact of 1954 as cases of regional agreements, permissible under the UN charter, in which Australia gained further security against an aggressive 'international Communism'.[2] At the same time he continued to stress the importance of Britain and the Commonwealth. In 1950 he found it 'fantastic' to suppose that the Commonwealth, which had 'performed such prodigies in the defence of freedom in the last two generations', should be thought of as worn-out or purposeless because of the formation of the UN or the rise of the United States as a great power.[3] If the Commonwealth countries were to co-operate they could alter the character of the struggle between Soviet Union and the United States and make an 'immense contribution' to European peace.[4] At the time of the Suez crisis of 1956 Menzies could state that 'peace in the world and the efficacy of the United Nations Charter alike require that the British Commonwealth and in particular its greatest and most experienced member, the United Kingdom, should retain power, prestige and moral influence'.[5] Britain was, indeed, still 'the greatest moral leader in the world'.[6]

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1   ibid., 30-1. This view naturally aroused a hostile reaction at the time (1944).

2   Menzies gives a retrospective account of his (and the Liberal government's) view of the ANZUS treaty and SEATO pact in Afternoon Light, pp. 262-70 and his chapter on 'Pacific Policy' in The Measure of the Years. (This is written party to refute the 'myth', created by 'slick commentators', that Menzies ignored the significance of the Pacific area and Asia.) At his farewell press conference on January 20 1966, Menzies listed the Australian-American alliance as one of his greatest achievements. (Age, 21 January 1966). Menzies described the circumstances of the Japanese Peace Treaty and ANZUS pact at the time in an article 'The Pacific Settlement Seen from Australia' in Foreign Affairs, Vol. 30, No. 2, (January 1952), pp. 188-96. Spender, however, records that Menzies had at the time displayed little enthusiasm for a Pacific mutual defence arrangement. (Exercises in Diplomacy, p. 39.)

3   'The British Commonwealth', p. 13.

4   ibid., p. 11.

5   See '"Nationalization" of the Suez Canal' in Speech is of Time, p. 81. This was a television broadcast in London on 13 August 1956.

6   See 'The Suez Canal and the United Nations' in Speech is of Time, p. 178. This is from a speech at the Australia Club Dinner in London on 8 July 1957. Casey, Menzies' minister for External Affairs, was believed at the time to be out of sympathy with Menzies' strongly pro-British stand; his diaries confirm that this was so. (Millar ed., Australian Foreign Minister, ch. 6.) Casey was apprehensive about Commonwealth and Asian reaction to Britain's use of force and to Australia's support of Britain's policy.

Menzies defended the dispatch of Australian troops to Malaya in 1955 and South Vietnam in 1965 as acts honouring Australia's 'obligations' under SEATO and the ANZUS treaty. Australia, he continually asserted, could only claim the protection of great powers in her own region if she demonstrated a willingness to contribute to the larger cause of world peace. The vital lesson of recent history was that peace was indivisible; the safety of Australia therefore depended upon peace and stability in other parts of the world. He applauded the efforts of the United States in carrying out her responsibilities as a 'great and civilized' power.[1] As the guardian of the liberties of nations, she would 'welcome small nations who think as they do, and who are warmed by the same inner fires'.[2]

Menzies found it 'impossible to contemplate' that Australia should allow the US to stand alone against the aggressors in Vietnam.[3] Smaller powers were bound to prove their good faith in seeking treaties. 'For if a great power sees fit to make a pact or treaty with other powers, some of them small, it must be in the expectation that the other contracting parties will perform their contractual obligations. It would be strange if their performance was accounted a selfish act, founded upon narrow self-interest and nothing more.'[4] Menzies saw Australia's alliance with the United States as an essentially unwritten and 'spiritual' one, founded upon a common inheritance of language and literature, of ideals of self-government and the rule of law, and on a dedication to the cause of democratic freedom in the world.[5]

(5) 'I have this collection of ideas': Menzies' thought as 'British'.

Throughout his speeches and writings, Menzies continually emphasised the inherited 'British' nature of his ideas and sentiments.[6] His reverence for what he called the 'English tradition' stemmed from his belief that

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1    American-Australian Relations: What are They, and Why?, p. 5.

2    ibid.

3    ibid., p. 8.

4    ibid., p. 14.

5    Well Informed Democracy is the Greatest and the Most Humane System of Government ever devised, Thomas Jefferson Oration, delivered at Monticello, Virginia, 1963; and Afternoon Light, ch. 11 (esp. pp. 260-2)

6    Menzies' writings, speeches and lectures on the Commonwealth are the usual place where his idea of Australia's British heritage comes out. In addition to these, his articles on 'The English Tradition' (originally written for the New York Times Magazine in 1949 and reprinted in Speech is of Time, pp. 33-41), on 'Churchill and the Commonwealth' (loc.cit.) and his speech in 1941 on 'The English Character' reprinted at pp. 55-64 of his collection of speeches as prime minister entitled To the People of Britain at War, (London, 1941), are revealing of his ideas on this subject.

Britain was the historic home of the rule of law and those institutions of parliamentary self-government which had brought ordered liberty to a great part of mankind. Menzies' speeches, lectures, and writings frequently related the story of how this liberty was slowly and painfully acquired over the centuries; and then fondly recalled the names and deeds of the great figures of English history who took part in the triumphant struggle.

It had been the English genius, Menzies thought, to combine freedom under the law and democracy through the growth of responsible and representative parliamentary government. If the growth of liberty had been slow, it had also been stately and irreversible, 'from status to contract' as he liked to quote Maine. The Englishman's mental habits had been 'inductive': he preferred to work by trial and error, and to reason from the particular to the general by way of precedents, rather than a priori from fixed principles.[1] This had been the way in which English common law developed.[2] In a larger way, it had been the habitual British method of solving national and political problems. 'For the English have never been academical and deductive. They have lived from problem to problem, solving each by boldness or compromise, moving always towards fairness and justice and good sense.'[3] From the fertile soil of its long history England had thrown up, 'more than any other people on record', great statesmen and poets and thinkers. Shakespeare, Hampden, Cromwell, Milton, Marlborough, Chatham, Pitt, Disraeli, Lloyd George and Churchill -- were, properly considered, 'no accidental phenomenon...[but] the recurring product of a rich national tradition'.[4]

Part of the greatness of the contemporary English people, Menzies thought, came from their strong sense of their own history and continuity. England had understood, more than any other country in the world, 'the significance of what has happened in the past...'[5] That historical sense, 'the back-bone of national and individual endurance', had brought into the life of England 'a sanity, a sense of continuity of policy, a sense in

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1    See, for example, 'The Ever-Changing Commonwealth', p. 24, and 'The English Tradition', pp. 38-9.

2    'The English Tradition', p. 39.

3    'Churchill and the Commonwealth', p. 92

4    ibid.

5    'The English Character', loc.cit., p.58.

every generation of responsibility for the next generation, which...cannot be equalled elsewhere in the world'.[1] Tradition to the Englishman[2] was 'not a barren pride in departed glories'; it was something from which he derived 'a profound assurance, a sense of destiny and a determination never to abandon what has been purchased with such valour and endurance by those who have gone before him'. It was not just a 'recollection of the dead', but a real and unspoken faith in the undefeated continuity of the race. The man with a deep sense of continuity saw himself 'not as an accidental unit doomed to vanish in a few years, but as one of the great human procession, influenced and helped by those who have gone before him, responsible in turn for giving help and encouragement to those who will come after'.

Although it was not uncommon for men to interpret the history of the British people in terms of a grasping mercantile ambition, the British people could never have achieved their present position in the world without a 'high spirit and a wide vision'.[3] The best proof of this was to be found in the 'loftiness and purity of British public life'. Understood in this way, the English tradition could not be destroyed or outmoded by any material change of circumstance or international re-arrangements. Indeed, as the material power of Britain declined, her tradition of cheerfulness, justice under the law, tenacity, and the abiding importance of the individual became richer and more significant.[4]

Menzies saw the greatness of the English tradition as being reflected in the character of the English people.[5] As he discerned and eulogized this character, the English people had, firstly, an 'instinctive religious sense' which expressed itself most clearly as a code of morality. Englishmen attributed an immensely greater importance to the quality of their conduct than to the quality of their thinking. Two other fundamental qualities of the English character were humour in the face of adversity and reticence.[6]

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1    ibid.

2    See 'The English Tradition', pp. 36-8.

3    See 'Freedom in Modern Scoeity', loc.cit. pp. 221-2.

4    'The English Tradition', p. 36.

5    All of the quotations in this paragraph, except the one cited immediately below, are taken from 'The English Character'.

6    'The English Tradition', pp. 34-5.

The greatest of all the qualities of the English race was that of kindness and tolerance. The 'ultimate test of civilization', Menzies said, was that of tolerance, or 'a willingness to live and let live'. British people stood for true civilisation because they believed instinctively and profoundly in the obligation to be tolerant and to love their neighbours. And in England this understanding and tolerance could be found more perhaps than in any other country in the world. The Englishman's 'steady wisdom', his real willingness to allow the other man to live his own life and to understand his point of view, was the 'real flower of civilization'.

One institution which had helped to give the British-- and Australians as a British people-- such a strong sense of their history was the monarchy.[1] To the royalist, Menzies wrote in _Afternoon Light_, 'the whole essence [of monarchy] is that the Crown represents the history of centuries...' Monarchy gave him a 'focal point, a centre of gravity, without which no nation could survive'. This feeling, so deep-seated as to have become instinctive, was made vivid in all the public activities which were carried out in the name of the monarch. In Commonwealth countries which remained within the direct allegiance, the Crown remained as a 'pervasive element'. If it was powerless in the 'substantial' sense, it was powerful 'in the sustaining of a sense of history and of unity'.

Menzies believed, against the notions of 'disillusioned intellectuals', that nations in the modern world still had a need for a head of state and symbol of national unity. Those critics who could not concede that, he wrote, '...are envisaging a world of which I know nothing; a strange, discrete, even anarchistic world'. The deepest significance of the Crown was now its place in an 'increasingly materialistic age'. 'I am a monarchist', he explained, 'just because to me, and millions of others, the Crown is non-utilitarian; it represents a spiritual and emotional conception more enduring and significant than any balance sheet cast up by an accountant.'

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1    This paragraph summarises his chapter on 'The Crown in the Commonwealth' in _Afternoon Light_. All of the quotations are taken from this. See also his article 'Why I still say British Empire', _Liberal Opinion_, May 1949, p. 2; and reports of his speeches entitled 'Mr. Menzies' Philosophy of Values' and 'One People: One Ancestry', _ibid._, December 1953, p. 6, and April 1955, p. 1. Whitington, in his chapter on 'The Liberal Party and the Monarchy', quotes passages from speeches made by Menzies at Parliament House on the occasions of the royal visits of 1954 and 1963. (pp. 140-3).

To attack the monarchy as useless or dangerous was, therefore, misguided. The whole process of British constitutional history had been one of progression from absolute to constitutional monarchy. As the powers of the people became paramount through parliament, so did the powers of the Crown diminish. The monarch was no longer a tyrant, but a symbol; he was now just the confidante and unofficial adviser of ministers. He was powerless to overrule them or to refuse to give effect to their decisions. The monarch only inspired loyalty and set an example, 'evoking a powerful sense of allegiance and therefore of unity...' An elected titular president could not provide this focal point and the 'powerful and centripetal force' which any nation needed in order to be cohesive and strong. The monarchy might now be outwardly a matter of form, but 'no amount of cold analysis can destroy the fact that the Crown remains the centre of our democracy; a fixed point in a whirl of circumstance'. Recent monarchs, respected greatly for their persons as well as for the dignity of their institutional office, had helped to establish 'that simple sense of continuity and endurance to which the world has owed so much in two great wars'.[1]

To Menzies, the history of the development of liberal democracy in Britain pointed a vital moral. As Britain's democratic institutions had grown slowly from the soil, they could not easily be transplanted into other countries which as yet lacked her inborn sense of liberty.

> Modern history [he said in his Smuts Lecture]
> proves this. They were tried, and failed in Russia
> and Germany. They have had a chequered history in
> France. They suffered a long occlusion in Italy.
> They have been swept aside, by force majeure, in
> the historic countries of Middle Europe. They do
> not exist in Continential China. They are now struggling
> to life in Japan.[2]

Their fate was likely to be even more precarious in parts of Asia or Africa where tribalism was the prevalent form of social and political organization. The right to vote in such countries, he thought, should be related to the capacity to vote, just as universal suffrage and universal

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1    As Menzies saw it, the modern popular and constitutional monarchy
     dated from George V. He was 'the first great Constitutional
     Monarch'. (The Changing Commonwealth, p. 4.)

2    ibid., pp. 23-4.

education had gone together in recent democracies.[1] The best guarantee of individual freedom was a community 'so constructed that freedom is its daily guide'. The building of such a structure required conscious effort and much time; indepedence alone did not produce it, as recent cases like that of the Congo so clearly demonstrated.

(6) Pioneering and government: the virtues and vices of Australia

Menzies said relatively little on the history and distinctive national characteristics of Australia. Regarding Australia as 'British' by heritage, he obviously believed that it should emulate British virtues and parliamentary practices as far as possible. Britain, for Menzies, also set the standard of culture and civilised political behaviour to which Australia should aspire. Of course, Menzies' whole political thought was 'Australian' in the sense that it was intended to refer to, and convey lessons for, Australian conditions. This brief section draws together his few scattered, almost incidental remarks on Australia's history and her politics.

Although Menzies saw his own country as being 'British' in its ideas and sentiments, Australia was in his eyes by no means a replica of Britain. He thought that there were considerable differences in Australia's class structure and in her political institutions and practices. Australia was, for one thing, less class-bound and more egalitarian. It was less respectful of the conventions and civilities of English political life and of the virtues of ambition and independent thought. It also possessed too much of a 'passion for uniformity' in its organized political thinking on matters like education and housing.[2] Menzies made much of the similarity which Australia's federal system gave her to the United States. His comparisons of Australia with Britain and America were often implicitly unfavourable to Australia, as when he found freedom of thought and

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1     Afternoon Light, p. 191. Nevertheless, he was critical of the policies of South Africa and Rhodesia (which he discusses in Afternoon Light at pp. 192-227.) He found Eric Louw, South African Foreign Minister, 'somewhat stiff and intractable, with that kind of deductive mind which proves difficult for us who are bred in the inductive and somewhat pragmatic processes of the Common Law'. (p. 194.) Ian Smith, too, displayed 'a certain rigidity of mind'. (p. 128).

2     See Central Power in the Australian Commonwealth, pp. 112-4, and The Measure of the Years, p. 129.

expression 'best understood' in England[1] or held up the United States as the best example of a free enterprise system. In his talk on 'The English Character', he noted in an aside that Australia was as yet deficient in that political virtue -- tolerance -- which he regarded as the most important of all, and which he thought the English possessed in such abundance.

Menzies never gave a clear view of his picture of Australian history. He referred in one place to Australia's 'somewhat murky' origins, from which had grown 'a nation of life, character and purpose'.[2] At another he refers to its 'several memorable phases of development'.[3] But what appealed to him most in Australia's history was the saga of its pioneers. 'Our whole history', he told a convention of the Liberal party in Western Australia, 'has been a history of adventure...':

> This island continent came out of the mists;
> it was developed by people who had the spirit
> of adventure... Wherever you go in Australia,
> you see all the memorials... in farms and
> stations and factories to the people who had
> [this] spirit...[4]

In his 'Portrait of My Parents' in Afternoon Light, Menzies recalled that he was born into an Australia in which the hardy spirit of the pioneers was still much in evidence. Describing the time of the great drought in Victoria in 1902, in which the farmers were given government loans which they then paid off the next season, he remarks:

> These... were the years before a new political
> philosophy had arisen, under which, in times of
> trouble, we look first to that mystical giver
> of all good things, 'the Government', and only
> second to ourselves.[5]

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1    The Forgotten People, p. 16.  Cf. 'The English Character', p. 64.

2    American-Australian Relations:  What are They, and Why?, p. 3.

3    'Australia's new nation will keep on growing', The Times, (London), 24 May 1966.  In the preface to a book on Australia in the 1960s (by L. St. Clare Grondona) Menzies wrote that the discovery of gold had 'brought the first great rush of migrants, largely impetuous and radical, sometimes lawless'.  In Afternoon Light Menzies seems to admit that immigration, which had been a 'great factor' in Australia's national development, could probably not have been begun over trade union resistance except by the Labour party (pp. 59-60).

4    Speech at the Western Australian Convention of the Liberal Party, Perth, 30th July, 1962, p. 4.  Mimeographed.

5    Afternoon Light, p. 8.

At that time, he says a little later, '...independence still lived, and people did not look to "the Government" as they do now'.[1] Although nineteenth century conditions had demanded state interference on a fairly large scale,[2] 'much of the constructive work' in Australia had been done by men like the pioneers who started from the grass roots, without privilege or any other assets except courage, ability, and vision.[3] Such men, whom professing democrats occasionally criticised for their very success, were in fact the 'fine flower of democracy'. Contemporary Australians did badly to think of the pioneers 'as grandfathers with beards and bowyangs; dead and gone, their labours completed'. The pioneering spirit was needed just as much in present-day Australia.

Yet, Menzies observed with regret, fortitude and ingenuity, the two great qualities of the pioneering spirit, had been sapped by the present fashion of 'always looking to the government'. In The Forgotten People, he had looked mainly to the middle class, 'who count so much in the solidity and progress of our country', to provide that independence and self-reliance which had always been the driving force of society. In power, Menzies continually urged a revival of the pioneering spirit so that a rapidly growing young country could soon take its place as a strong, balanced, prosperous and civilised nation in the modern world.

It is a reasonable guess that Menzies found the story of Australian history to be far less romantic than the English constitutional history in which he revelled, and devoid of those heroic figures thrown up in the struggle for liberty in the mother country. He did not hide his strong dislike for certain features of democracy present in countries like Australia -- an excessive emphasis on equality and conformity and a tendency towards intolerance and envy. He thought that Australia had frequently to be recalled to the best part of its heritage. In moments of exaggeration he was inclined to see Australia, along with the United States, as being among the last bastions of liberty and the frontier spirit now that England had declined in material power and lost her confidence.[4] But Australia, in Menzies' thought, was still always 'British'; and in his own eyes his acknowledgement of Australia's achievements and legitimate national

1    ibid., p. 9

2    ibid., pp. 282-3, and Central Power in the Australian Commonwealth, p. 34.

3    'Democracy and Management', loc.cit., pp. 193ff.

4    American-Australian Relations...; Well Informed Democracy...; and Afternoon Light, ch. 11. Cf. Afternoon Light. pp. 261-2.

pride did not detract in any way from his grateful recognition of its inheritance.

(7)  '...As an intellectual and historical exercise...':
     Menzies on socialism-- and free enterprise.

Many of Menzies' general beliefs about economic policy have been noted in chapter 4.  This section summarises two addresses in which Menzies gives what is probably the most systematic and lucid exposition which exists of the Liberal doctrine of managed capitalism.  This doctrine, I said earlier, is the orthodoxy of the Liberal party on economic matters: a middle way between a more conservative 'free' enterprise on the right and an inclination towards more planning on the left.  The two addresses were the first Baillieu Lecture, entitled The Interdependence of Political and Industrial Leadership in the Modern State, and delivered to the British Institute of Management,[1] and his statement on 'Our Liberal Creed', delivered to the Federal Council of the Liberal party in April 1964.[2] These elucidate his view of the place of capitalism and socialism in modern history and his perception of the essential difference between free enterprise and socialism.

Menzies' Baillieu Lecture began by saying that the distinction between governmental and business functions had not merely become blurred under the pressure of the complexities of the modern world; it had actually disappeared.  Politics and business were now deeply involved together, with each acting and re-acting upon the other.  One of the necessary qualifications of the modern statesman was to know the impact of political policies and actions upon the problems of industry.  Industrial activities could no longer be looked upon as purely private matters to be resolved by private decision alone in the light of unfettered competition. Politics and industry had to co-exist together.  However much they might be opposed to socialism, governments could not be passive observers in a world of 'welfare state' demands and complicated international trade and finance, where economic policies had an impact upon all forms of human activity.  And however individualistic primary and secondary industrialists

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1    London, 6 July 1964, published by the British Institute of Management.
     His lecture on 'Democracy and Management' deals with the same issues
     within a narrower perspective.

2    Reprinted in an edited form in Mayer ed., Australian Politics (first
     edition), pp. 265-7.  'Our Liberal Creed' is, in fact, the same in
     many parts as the Baillieu Lecture.

might think of themselves as being, they did in fact demand and obtain
intervention by way of aid and organization through marketing schemes,
subsidies, tariffs, trade services and export inducements. These were
examples of the 'inevitable interdependence' of political and industrial
leadership in the modern world. Such interdependence, Menzies went on,
was a 'vital principle' of government, 'not just...an occasional and
accidental by-product of some extraordinary circumstance'.

This truth was still obscured by some antiquated dogmas, prejudices,
and limitations of outlook. A false distinction often resulted between
'public' and 'private' sectors, which ignored the fact that the over-
whelming bulk of governmental expenditure was for the purpose of providing
facilities for private industries and private citizens. Representative
bodies in the commercial and industrial world were inclined to take the
'short view' of immediate profit and not to understand the government's
responsibility to protect the long-term well-being of the economy.
Governments, for their part, had a disposition to be 'over-statistical';
and they sometimes leaned too heavily on the current economic orthodoxy,
paying too little attention to the peculiarities of the highly unorthodox
and muddled world of the factory and the marketplace. They needed to
have constant contact with people as well as papers, with practical
managers as well as economists, with the people who provided the revenue
as well as those who spent them, and with trade unions as well as
organizations of employers. Politics was seen too often, and by too
many politicans, as a clash of material interests deriving from an
inevitable conflict between the interests of the employer and the employee.

In all of these matters, Menzies stressed, a greater sense of inter-
dependence was needed. Conflicts between employers and employees, and
between government and private industry, would be the more readily
resolved if all concerned were conscious of the paramount need for
co-operative effort in what should be seen as a common cause. Both
government and industry had a duty to maintain public morale by keeping
the people informed of their aims. But private citizens should remember
that the government was neither the creator of all good things nor the
perennially solvent guarantor of personal prosperity for all. Government
was essentially administrative, rather than creative. The whole
structure of the economy always rested on the citizen's self-reliance and
enterprise.

In both addresses, Menzies complained that it was frequently a charge against those who were not socialists that they were reactionaries who yearned for the restoration of an 'each of himself' laissez-faire. In the modern world, he said, this was quite untrue. Menzies refuted the charge in general terms before the Federal Council.

> We have, over many years, demonstrated [its]
> falsity... We have greatly aided social justice.
> We have not just kept the ring and allowed
> victory to go to the strong. We have encouraged
> free enterprise, [and] have recognized the making
> of a people as one of the dynamic inducements to
> the taking of capital risks in the development of
> the nation. But we have insisted upon the
> performance of social and industrial obligations;
> we have shown that industrial progress is not to
> be based upon the poverty or despair of those who
> cannot compete.[1]

It was really the socialists, he argued, who were reactionary and the non-socialists who had moved with the times. In an illuminating passage in the Baillieu Lecture, Menzies looked back to the historical origins of socialism and explained how its contemporary form was 'reactionary'.

> I can understand, as an intellectual and
> historical exercise [he said], how Socialism attracted
> the support of radical thinkers after the industrial
> revolution in Great Britain, the creation of 'dark
> satanic mills', the horrors of child labour, when the
> rights of the employed people were either denied or
> imperfectly recognised, when the infant Trades Unions
> were too commonly regarded as subversive bodies, when
> social services as we now know them were almost non-
> existent. It is not strange that under these
> circumstances there grew up in many thoughtful minds
> the egalitarian belief that the creation of social and
> industrial justice demanded a high measure of uniformity,
> and that uniformity could only be achieved by the
> mastery and management of the State.[2]

But there was in fact no uniformity among personalities or talents, he went on. True rising standards of living were the product of progressive enterprise, the acceptance of risks, the encouragement of adventure, and the prospect of rewards. What governments should do, he told the Council, was 'first of all to seek the private enterprise answer, to help the individual to help himself, to create, by legislation and administration, a social, economic and industrial climate favourable to

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1     'Our Liberal Creed', loc.cit., p. 265.

2     The Interdependence of Political and Industrial Leadership in the
      Modern State, p. 2.

his activity and growth'.[1] The creation of a climate in which enterprise would flourish and productivity increase, he declared later in The Measure of the Years, was the 'greatest function of democratic government'.[2] The basic philosophy of Australian Liberalism had been that 'the prime duty of government is to encourage enterprise, to provide a climate favourable to its growth, to remember that it is the individual whose energies produce progress, and that all social benefits derive from his efforts'.[3]

The difference between the non-socialist and the socialist, he had explained in 'Our Liberal Creed', was that the former always sought the private enterprise answer first, whereas the first instinct of the socialist was to look to private enterprise only when the socialist plan proved to be constitutionally invalid or unworkable in practice.[4] This 'utter contrast of approach' was still obscured in the minds of many people by the socialists' habit of putting their objectives and principles under cover, especially at election times, and by the allegation that Liberals themselves were 'Socialist when it suits them'. But public utilities such as the post office, telephone service and railways, or schemes like the Snowy Mountains Authority, could not have been created and sustained by private investors in the very nature of the Australian continent and settlement. For a Liberal government to have supported them, Menzies contended, was merely proof that it was not doctrinaire, preferring instead to deal with each case on its merits, without dogma or prejudice. (The Liberal Party's general principle, he explained in Measure of the Years, had been that the socialist solution was inappropriate in any activity, such as in the practices of medicine, banking or law, where choice and personal confidence were essential.[5] The experience of these had shown that government organisms and private enterprise could exist alongside each other to the public advantage. At the very least, such cases disposed of the 'false hypothesis' that there was an inevitable conflict between government and industry and that such conflict could be resolved only by victory for one side.

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1    'Our Liberal Creed', p. 266.

2    p. 12.

3    ibid., p. 35.

4    'Our Liberal Creed', p. 266.

5    pp. 120-3.

6    ibid., pp. 9-10.

Following his analysis of the interdependence of government and industry in his Baillieu Lecture, Menzies stated three propositions in which he had 'learned to believe most strongly'. These make up a concise and eloquent summary of his economic philosophy as it has been presented here. The first proposition was his familiar axiom that rising standards of living in a democracy could not be adequately attained unless industries were developed, production increased, and the resources of the nation expanded. A simple process of redistribution, or the technique of state ownership, could not achieve this. The second was: 'An uncontrolled and unregulated free enterprise system would tend to destroy the weak, impoverish the poor, and reduce the dignity of the individual man and woman which it must be the purpose of democracy to create and enhance.'

The third proposition stated that a compromise between the two extremes was not a weak, but paradoxically a strong, solution. Blending the two ideas with common sense and a spirit of co-operation secured a modern state 'in which there is more to distribute because private citizens have been encouraged to produce more, for profit and reward, and have been helped to regard life as an adventure and not a folding of the hands with a feeling of absolute security'. In that state, Menzies concluded, the private entrepreneur would observe his social and industrial obligations 'partly because the government required him to do so, but even more importantly, because he realises that the adventures of discovery and risk investment, and advances in skill and management, will reap their richest harvest if the people employed in the enterprise feel that they are getting their share in advancing prospects and their full recognition as human beings'.

(8)   The 'riches of the mind' and 'spiritual' civilisation:
      Menzies' social and political values.

We have already noticed the emphasis which Liberals attached to the importance of 'moral' and 'spiritual' values in politics. The strain in Liberal thought between the belief in the 'spirit' of things and the emphasis on striving, enterprise, and the acquisition of property shows clearly in Menzies' thought, but it was reduced by the belief that religion and a broad education could inculcate duties and responsibilities to temper the excesses of striving and enterprise. Education was a personal enthusiasm of Menzies; but his stress on it was, if unusual, not unique in the Liberal party. His view that there was a conflict between science and values was part of his personal vision of the world -- derived partly

from an old-fashioned, liberal-humanistic view of science as technology -- but it, too, was also shared by many in his generation of Liberals. This section now explores Menzies' attitudes to striving, wealth, education and science more fully as they reveal his social and political values.

Much of Menzies' thought was directed towards the justification of individual enterprise. It was, for him, a personal as well as a social value. 'There is no substitute for individual work', he declared his credo to be on one occasion.[1] Menzies also liked to say that the only true classes were the 'active' and the 'idle'. In the normal political context, the 'enterprise' of which Menzies talks is of an economic kind, whether of the pioneer, the large-scale capitalist, or of the industrious middle-class man who strives to achieve that margin above sheer physical need which is necessary for him to buy a home, educate his children, and provide for his retirement. All honest work had a dignity and pride of its own, Menzies thought; although a life concentrated on the business of keeping oneself alive was a 'poor thing'.[2] There was, to Menzies, a self-evident moral virtue in effort which contributed to industrial progress or enhanced those values of frugality, independence and individual responsibility which provided progress and stability.

At the same time, Menzies disliked the acquisition of wealth for its own sake, especially when it was accompanied by harsh, uncompromising attitudes which excluded a sense of duty and obligation to society. In his Forgotten People talks he reserved some of his harshest strictures for the rich and their irresponsibility.[3] In a political sense, he said, they had shown 'neither comprehension nor competence'. Money-making was as a rule 'the lowest of all the arts'; and a repeated application of the test of money was a part of the cult of false values which was one of the 'great blots' on modern living. Great wealth and selfishness were 'not always strangers to one another'.

With some contempt Menzies noted the excuses made for not going into parliament by businessmen who repeatedly said that 'the country needs a government of businessmen'. In a lecture to the Melbourne Junior Chamber of Commerce in 1947 he observed that 'Of all the sections of the

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1    'Freedom in Modern Society', loc. cit., p. 215.

2    See The Place of a University in the Modern Community, an address delivered at the annual commencement of Canberra University College, 1939. Quotation at p. 15.

3    See pp. 1-2, 74, 7, 112, 175.

Australian community, the one which has most conspicuously failed to accept Parliamentary responsibility is the commercial section of the community'. He could look back over twenty years of parliamentary experience and 'fail to recall more than a handful of men of true, actual business training and experience who have served the people in Parliament'.[1] As prime minister, Menzies noted drily before an audience of businessmen that, whereas he never tried to tell the manufacturer how to make goods cheaper or better, the manufacturer was 'not infrequently... quite willing to give me five minutes of his time in which to solve the problems which have vexed me, in the study or the Cabinet room, for years'.[2] He could also wonder, to the same audience, 'what strange cud' the tough, practical kind of managers would sit chewing 'when their working days are over, and the accumulating riches of the mind have eluded them'.[3]

It was to make men conscious of their duties to society that Menzies was of the belief that great emphasis should be laid upon the civilising and character-building qualities of religion and a broad education. As we noted in chapter 5, Menzies thought that education in religion and the humanities made people conscious of their duties and responsibilities and prevented them from acquiring wholly materialistic or utilitarian outlooks.[4] He had set out his general views on tertiary education at greater length in a commencement address on The Place of the University in Modern Society in 1939.[5] He argued here that one of the proper functions of the university was to be a home of pure culture and learning in a commercial world full of 'practical' men with utilitarian philosophies of life. 'Useless' learning represented sanity in an insane world, and 'due proportion' in life and living. It developed the humane and imperishable elements in man, providing, as he quoted G.K. Chesterton, 'abstract and eternal

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1   From the highlights of an address 'Private Enterprise is [the] Only Way', reproduced in the Record. Vol. 1, no. 4, (September 1947), p. 17. Cf. The Forgotten People, p. 175.

2   'Democracy and Management', p. 197.

3   ibid., p. 207. Menzies was also widely reported to have once said that he 'believed in private enterprise, but less in the men running it'.

4   See also The Forgotten People, ch. XXX, and his paper 'The Challenge to Australian Education, (Melbourne, 1961).

5   cited above.

standards'. Menzies' major addresses on education usually contained the
two complementary themes that education of a liberal kind was more than
ever necessary to moderate the passion and prejudice of the mass movements
of the twentieth century; and that education of a technical or
utilitarian kind held the great danger of giving rise to specialisation
and a limited outlook.[1]

Menzies' antipathy to 'specialisation' was part of his broader view
that the twentieth century had seen a growing conflict between science and
moral values. It was one of his strongest and most persistent themes that
man's technical achievements had far surpassed his ability to handle the
moral and social dilemmas which they brought with them. The very selection
of material for Speech is of Time, he tells us, was designed partly to 'be
of some help to those who fear that the dramatic impact of modern science
and technology may distort our sense of social values and further depress
those humane studies which remain the greatest hope of true civilisation'.[2]
'Spiritual' civilisation, as he liked to put it, lagged behind 'material'
civilisation.[3] The history of the twentieth century was the tragic story
of how science had outrun the art of living.[4] This century had seen the
greatest scientific achievements of recorded history; but it had also been
disfigured more than any other by wars and organised hatred and cruelty.
Humane studies had faltered, not only before active opposition, but also
through impatience and indifference. Values had become debased or obscured;
and there was a widespread clash of material interests.

If, therefore, the second half of the twentieth century was to see
a restoration of civilisation and peace, there had to be a new marriage
between theory and practice, 'between the skill of the hand and the wisdom

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1    See, for example, his Second Dunrossil Memorial Lecture, The Post-
     graduate Student, delivered to The Institute of Radio and Electronics
     Engineers, Melbourne, 1965, esp. pp. 13-15.

2    Preface.

3    See 'Post-War International Relations', p. 34; and Modern Science and
     Civilization, (the Sir Henry Simpson Newland Oration given at Hobart
     in 1958, reprinted in Speech is of Time). The rest of this paragraph,
     except for additional points cited separately from other sources, is
     a summary of this oration. All of the 'Problems of Democracy' part of
     Speech is of Time, and his educational addresses generally, include
     the 'science versus values' theme.

4    See 'Politics as an Art' in Speech is of Time, p. 183. This is from
     an article in the New York Times Magazine, 28 November 1948.

of the mind; between the spirit of humanity and the talent of the individual'.
The basic malaise of 'our brilliantly clever century' was that men had
divided their lives into watertight compartments.[1] Science had admittedly
wrought miracles and produced progress in many fields; but men had now to
be brought back to an attitude of balanced judgement. Scientists should not
be a race apart, but citizens 'bound to a social consciousness and social
duties'. They could not, any more than non-scientists, stand aloof from
the great moral issues of the time. They should use their influence to see
that the instruments which they fashioned were used to serve the ends of
individual freedom and public virtue. They should not forget that natural
philosophy could not make its best contribution to life unless it was
accompanied by a moral and mental philosophy which could give it 'balance'.
Specialists could not contract out of the duties which all men owed to
civilisation. The rise of Hitler, Menzies thought, had been due in part
to the fact that Germans highly trained in special disciplines had been
content to leave matters outside those disciplines to the unguided decision
of the incompetent or the unscrupulous.

The free world had to maintain sufficient defensive military power to
deter aggression; but it was also vital that it should devise social and
educational policies which would encourage sanity and responsibility and
discourage blundering accident. The true function of pure science was to
enlarge the boundaries of human knowledge; that of applied science was to
raise the standards of human living and happiness. The products of science
were not ends in themselves; their true end was the enlargement of the human
mind and spirit. Although science would be increasingly important to man-
kind for the purpose of assuring rising material standards of living, the
true conception of the education and training of new generations should
not be distorted by a short-range policy of excessive concentration on
science in the Russian fashion. Rather, science and the humanities had to
be constantly touched and informed by each other if the new weapons of
science were not to be misused for destructive purposes.

(9) 'Statesmanship' and principles versus 'bread and circuses';
Menzies on leadership

Few leaders in Australian political history have been so successful
and prominent as Menzies. During his long years as leader of the federal

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1     'Democracy and Management', pp. 207-8.

parliamentary party Menzies acquired a reputation as a leader who 'dominated' his cabinet and party[1] through his powers of patronage, his eloquence, and his unique authority and prestige as founder, leader and (after 1949) prime minister. His reputation obscured persistent undertones of dissent and dissatisfaction within the Liberal party over his supposedly autocratic methods of handling the cabinet, party, and parliament[2] and his failure, in the eyes of some, to instil a sense of purposefulness and direction into the nation.[3] There was also a growing minority in the Liberal party which believed that the Liberal ministry should be selected by a ballot of all members of parliament in order to eliminate personal favouritism on the part of the leader and obsequiousness on the part of those who sought his patronage.[4]

Whatever the truth about his 'dominance', Menzies' concept of leadership did contain some identifiably elitist views about the kinds of people who were best fitted for leadership. (Menzies himself, however, saw these as being quite consistent with the democratic creed.) Australian Liberals, like middle-class parties generally,[5] tended to hold great respect for, and belief in the efficacy of, leadership; but, in the supposedly classless and egalitarian atmosphere of Australian politics, they were wary of putting

1    For two (critical) analyses of this 'dominance', see [Katharine West], 'Menzies, Holt and Liberals', Current Affairs Bulletin, Vol. 37, No. 9, (March 21 1966), pp. 131-44; and Colin Hughes, 'Australian Prime Ministers ', ibid., Vol. 48, No. 1, (June 1 1971), pp. 3-16.

2    Reports of 'rebels' or 'factions' or discontented backbenchers were not infrequent through Menzies' period of rule. See, for example of articles to this effect, the Sun, 7 April 1953; Mercury, 4 June 1955; Courier-Mail 24 February 1956; and Age, 17 February 1956 and 21 October 1957. Cf. H.B. Gullett's protrait of Menzies in the Observer, No. 6, 3 May 1958, pp. 165-7.

3    See,for example,the articles of Turner and Gullett cited on p.218.

4    A proposals for the election of two-thirds of the members of the federal cabinet was made as far back as 1952. This was lost. (See Minutes of the Eighth Annual Meeting of the Federal Counci, 26-7 October 1953, p. 97.) Reports of the Liberals putting forward this idea appeared intermittently, and Coates' survey in 1966 found that 14 wanted elected cabinets, against 20 who favoured the existing system. Most approved of the leader having great powers, but many were critical of the excessive (as they thought) authority which Menzies had wielded. (The Liberal Party of Australia..., pp. 47-9. See also Crisp, Australian National Government, pp. 330-1.)

5    Following Maurice Duverger, Political Parties - Their Organization and Activity in the Modern State, translated Barbara and Robert North, (Second revised edition, London, 1964), pp. 20-1.

forward as leaders men whose birth or wealth or education was suggestive of inherited privilege or an urban 'establishment' background.[1] In Menzies, a man born in relatively humble circumstances in north-west Victoria, but who possessed refinements of manner and speech acquired from a good education and successful legal career, the Liberal party probably had the ideal conservative leader for Australian democracy.

One of the major themes in Menzies' political thought, implicit in his many comments on Churchill and other political leaders, was that of leadership and what he called 'statesmanship'. It was also in his writings on leaders and the art of politics that Menzies' conception of the unity of theory and practice in political acitivity often revealed itself. For it was his central idea that leadership was the art of adjusting basic political principles to changed circumstances while at the same time preserving a clear perception of the nation's long-term interest as derived from these principles.

Some of Menzies' views on leadership in relation to parliament and representation can be mentioned briefly first. As we have noticed, he thought that members of parliament should exercise their independent judgement of the national interest instead of merely recording public opinion. He wanted to see the 'best elements' of society in parliament as well as a group of members more fairly representing a broad cross-section of society.[2] In his commencement address of 1939 he had denied that the concept of democracy excluded the idea of 'resolute leadership'.[3] The task of a democratic parliament, he said in his Fisher Lecture of 1942, was not to follow but to lead.[4] But a leader had to remain in contact with his people if he was to lead them effectively. What the statesman had to think of was not simply what people accepted at present, but what they would accept 'after proper instruction and reasonable persuasion'.

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1    See [West] 'Menzies, Holt and Liberals', p. 142, and West, Power in the Liberal Party, p. 263. See also S. Encel, 'Political Leadership in Australia', Australian Journal of Social Issues, Vol. 1, No.2, (Autumn 1962), pp. 2-10.

2    Cf. 'Politics as an Art', p. 185, where he uses the phrase 'corps    d'élite' in favourable contrast to a 'fair popular cross-section' (as being desirable in legislative assemblies).

3    The Place of a University in the Modern Community, pp. 29-30.

4    The Australian Economy During War, p. 7.

Menzies also believed that the progress of the world had depended on the ideas of a relatively few 'superior' men.[1] The great movements of history, he had said in The Forgotten People, had sprung from a few uncommon men.[2] However, great men like Churchill were not accidents; their appearance had its roots deep in the nation's history.[3] Great individual powers were not a freak of nature, but formed part of the pattern of greatness in any country or generation. Nor was it possible for a man to be a great leader without a great people. Churchill had evoked and stimulated courage in the English people; he had not created it, for courage was already an elemental part of the traditional British character.

The 'art of politics', according to Menzies, was essentially that of the persuasion and management of men. It was, in relation to public affairs, 'to provide exposition, persuasion, and inspiration'.[4] Its elements, as he would define them, were: to convey political ideas to others; to secure the acceptance of those ideas by the majority; to create a firm and understanding public opinion which would see that those ideas were translated into action; to accustom people into thinking, not only of the immediate present or the next election, but of the future in a long-term and comprehensive way; to temper the asperities of political conflict by seeking to stir up only noble and humane emotions; and above all, to encourage a wide realisation among people that rights connote duties. In all of his descriptions of the art of politics, Menzies laid strong emphasis upon the importance of 'long views'. Without them, he said in his lecture on 'Democracy and Management', 'democracy becomes a mere squabble for bread and circuses; statesmanship disappears, and the adroit manoevres of evanescent politics prevail'.[5]

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1    The Forgotten People, p. 130.

2    ibid., pp. 175-6.

3    See 'Churchill and his Contemporaries' in Speech is of Time, esp. pp. 57-8, 61, 69-70, and 74. This was the twenty-second Sir Richard Stawell Oration delivered at the University of Melbourne on 8 October 1955.

4    'Politics as an Art', p. 186.

5    loc.cit., p. 198.

Normally the politician's main instrument for effecting the persuasion of people to long-term views was that of speech. Speech, Menzies said in his George Adlington Syme Oration,[1] remained 'the most potent instrument for spiritual, social, and political progress'. In a growing world, whose complexity invited but defied quick and superficial judgements, the evolving and criticising of ideas remained a 'pre-eminent' task. Public speaking, he went on, had three main purposes: to instruct, persuade, and to entertain. A great thinker who was inarticulate could not command support and give effective leadership in a democratic electorate. People would not follow a leader whom they did not understand, or who seemed to be unaware of the problems of their own lives.

Eloquence by itself, however, was often self-defeating, because critics were all too ready to assume that fluency and an apt choice of words could create a great speech independently of thought and ideas. The case of Deakin showed that a reputation as a silver-tongued orator could temporarily distract people from the recognition of a leader's substantial achievements. If a speaker was to persuade he had to be aware of his audience, to catch its mood, and to be prepared to turn into productive avenues at the expense of the pre-determined course. He had metaphorically to be down off the platform and among his listeners, and to convince the audience that he was right. The essence of a speech was that it should reach the hearts and minds of the immediate audience; and the essence of a good speech was that the speaker had something to convey and did so in the simplest, most lucid and persuasive language.

Much of Menzies' own rhetoric as a political leader was designed to expound or defend a solution to a problem within a postulated unity of theory and practice. Menzies, as we saw, often argued against free-enterprisers that his government's economic measures were sensible temporary expedients necessary for the overall long-term balance of the economy. He also argued that to increase the central government's responsibility in certain areas was quite compatible with a realistic modern federalism.

Throughout, Menzies impressed upon his listeners and readers that many supposedly conflicting alternatives -- whether between Australian nationalism and loyalty to Britain, the interests of employers and employees, private enterprise and governmental activity, or power politics and collective security -- posed unreal antitheses. 'Properly understood',

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1     *Speech and Speakers*, Melbourne, May 1963. See also *The Measure of the Years*, pp. 9-11.

the two things were always compatible in the long term, for each was the necessary complement of the other. To academic criticism, he could often reply, 'we are not living in an academic world'. To tough-minded business-men, inflexible state-righters or unrealistic imperialists, he could often preach the need for them to raise their vision from the particular to the general or remark on the futility of yearning for lost eras. There was, he consistently argued, no genuine conflict between principle and expediency.

There was, however, always the danger that governments might be swayed too much by temporary considerations. The most important thing in public affairs, he told one audience,[1] was to have a 'genuine body of doctrine in your own mind, not an academic body of doctrine but that warm instinctive feeling that decent men have that that's right'. To bow a little to expediency was not to abandon principle; but to resume one's course after being blown aside by the storm was 'the hardest thing in public affairs'; and that was why it was important for politicans to periodically remind themselves of their principles and the good of the country. 'Remember always that a great deal of principle, and, occasionally, a little expediency is much better than impractical principle and a million times greater than unprincipled expediency.' The knowledge of how to 'constantly mould principles to the facts and circumstances', as he liked to quote Burke, was one possessed only by the politician versed in the arts of politics.

It can be seen in the way he raised the spectre of a 'technocracy' in rejecting the Vernon Report, or invoked 'ministerial responsibility' in arguing later against the civil servant's participation in parliamentary committees,[2] that Menzies attached great importance to the 'political' nature of decisions and was extremely jealous of the final prerogative of the elected politician to determine broad policy. Civil servants and economists should only 'advise ministers objectively' and present 'facts' and reports on the normal operations and trends of economic principles. It was for elected, responsible governments to finally lay down policy.[3] What Menzies said of the functions of the economist would have been his rule for all experts: 'We must adapt [his] economic schemes to a social philosophy, and to a concept of practical wisdom'.[4]

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1. In his speech 'Principles and Expediency', loc.cit. Quotations at pp. 47, 50.

2. See The Measure of the Years, ch. 17.

3. The Australian Economy During War, pp. 6-8.

4. ibid., p. 7.

Menzies' comments on other political leaders,[1] and the evaluations
implicit in them, reflected his own ideas on leadership. Good leadership
was characterised by simple eloquence, constructive policy-making, the
courage to resist the clamour of temporary public or press opinion, and
the flexible application of principles. The best leader would possess
broad views; and he would be able to persuade his party or the public
without ever moving too far ahead of it. This last, he thought was a
quality which the 'dry season' of 'intellectuals' found hard to recognise
and which led them to underestimate its power and the part it played in
great leadership.

(10) <u>Forgotten Truths, Twentieth-Century Democracy and the Good Society.</u>[2]

This survey of Menzies' ideas has dealt successively with his opinions
on the British Commonwealth and world politics, Australia's British
heritage and her national characteristics, capitalism and socialism and
welfare, science and values in modern civilisation, and on leadership and
the art of politics. The connections between these, and the common
assumptions underlying them, can now be elicited in the form of an account
which synthesises Menzies' views on democracy and its failings in the
twentieth century.

Menzies saw civilisation[3] as the process whereby groups of men in
tribal societies had accepted limitations upon their individual freedoms
as they gathered into larger, ordered societies. Anglo-Saxon democracy,
as he interpreted it, evolved from the foundation of the rule of law as
men wrested the power of self-government from kings and executives. In
governing themselves, men submitted to regulations of their own making. The
vast network of laws, orders and prohibitions in modern democracy were chains
which they wore lightly because they were of their own forging. Democracy,
however, had not lessened the responsibilities of man; it had magnified them.

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1    See: <u>Speech is of Time</u>, Part Two; <u>Afternoon Light</u>, chs. 4-7; and
     'Down Memory Lane' (an address given to the National Press Club's
     Luncheon in Canberra on 14 September 1964), reprinted in Mayer ed.,
     <u>Australian Politics</u>, (1966), ch. 30.

2    This account draws on all of Menzies' writings and the main sources
     (and the summaries and interpretation thereof) in the previous
     sections. Sources are therefore cited only for direct quotations, or
     on occasions where the argument or phraseology follows one source in
     particular. See also his series of 'Man to Man: Australia Today'
     broadcasts in 1953 and 1958, (Government Printer, Canberra, 1953/8).
     (These were broadcasts 'by the Prime Minister'.)

3    For this point, see 'Democracy and Management', pp. 193-6.

The people as a whole, instead of one ruler, had to display wisdom, honesty, and competence.

For as democracy had developed, the social responsibilities of government had steadily widened. In the interests of the individual, the organized community had accepted growing burdens of social services, industrial welfare, economic leadership and high and stable employment. The weightier the burdens accepted, the greater had to be its citizens' capacity and strength, and skill and production. For them to accept burdens that they were incapable of sustaining was to involve others in their own ruin. Those who expected to reap the blessings of freedom had, as Paine had said, to undergo the fatigue of supporting it. For men in a democracy were the masters as well as the servants of government.[1] Democrats in modern societies were especially concerned to provide opportunity for every individual citizen for a full, good, and self-respecting life.[2] The historic merit of democracy, conceived in spiritual rather than mechanical terms, was that it was not just one more system of government, appearing and disappearing in the march of history, but 'a spirit which adjusts man to man, which lends dignity to labour, and which moves constantly towards the light'.[3]

If a democracy concerned for the liberty and welfare of all citizens was to function properly, its citizens had to be educated to a sense of their duties and responsibilities. Menzies believed, with Jefferson, that 'an informed democracy is the greatest and most humane system of government ever devised; that it elevates and enfranchises the individual citizen; that it reconciles some demagogy with much dignity...'[4] Part of the humane-ness of democracy was, for Menzies, its concern for the less fortunate. The protection of the poor and the weak, and the elimination of the causes of poverty and weakness, was undoubtedly 'the supreme business of politics'.[5] But, Menzies goes on, 'One can recognise that [obligation] without in any way ceasing to insist that the first duty of every man is to do his utmost to stand on his own feet, to form his own judgements, and to accept his own responsibilities'.[6] The 'best and

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1    The Forgotten People, p. 171.

2    ibid., pp. 28, 172.

3    ibid., p. 172.

4    Well Informed Democracy...

5    'Freedom in Modern Society', p. 221.

6    ibid.,

strongest' community, he said in <u>The Forgotten People</u>, is not that in which everybody looks to his neighbour hoping for something from him, but that in which everyone looks to his neighbour, willing and able to do something for him.[1] The 'great race of men'

> is that one in which each develops his fullest
> individuality, in which ambition is encouraged,
> in which there are rewards for the courageous
> and enterprising, in which there is no foolish
> doctrine of equality between the active and the
> idle, the intelligent and the dull, the frugal
> and the improvident.[2]

Menzies disliked the tendency of democracy -- and Australian democracy in particular -- to resent the successful man. The highest purpose of democracy, he thought, should be the opportunity that it afforded for the individual's cultivation of his potential:

> ...democracy's true glory is not the achievement
> of a uniform mediocrity or the spirit of
> dependence upon government, but the encouragement
> of talent and initiative, the giving of
> opportunity to all who have the inherent quality
> to seize it.[3]

Menzies also feared the threat to liberty posed by majority rule. Although the essence of democracy was that the majority should rule, democracy could never be a real instrument of freedom unless its majorities were constantly tender for the rights of their minorities.

> The picture of our Elysium [he continued] is not
> of a place where freedom is to the strong, but a
> place where freedom is to the weak; where the
> majority will rule, but will insist upon the
> minority's right to disagree with them; where the
> humblest citizen will punctually and indeed
> reverently obey the law because it is his own.[4]

A true democracy, he re-iterated in 'Our Liberal Creed', required in its citizens 'the acceptance of duties and the self-respecting reception of rights'.[5] Ideally, this sense of democratic citizenship would be combined with individuality. Then

> ...the perfect society would be one in which, by
> equality of opportunity and a full development of
> individual character and talent, each citizen was
> independent in his own heart and mind, but all citizens
> were inter-dependent in all social rights and duties.[6]

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1    p. 186.

2    <u>ibid.</u>, p. 115.

3    'Democracy and Management', pp. 193-4.

4    'Freedom in Modern Society', p. 224.

5    <u>loc. cit.</u>, p. 265.

6    The Interdependence of Political and Industrial Leadership in the Modern State, p. 5.

But democracy had fallen far short of its promise. Menzies' indictment of the twentieth century of its many shortcomings is by now quite familiar and only needs to be recapitulated very briefly. Its increasing material standards, he thought, had not been matched by a corresponding moral and spiritual growth in people. People in democracies had become distracted by the false values of modern civilisation which emphasised material things at the expense of the traditional virtues of work and self-reliance. Democracy, again, had sought too much equality and uniformity at the expense of the liberty and the rights of minorities and individuals. The twentieth-century was also an age of false prophets and false propaganda, and of 'mass movements'[1] in which passion and prejudice had replaced reason and tolerance. As a result, the freedom of the mind to perceive truth honestly and clearly had been put in peril. Partly corrupted by this, men had not exercised their privilege of democratic citizenship intelligently and responsibly. They had willingly allowed themselves to become depedent on the state; and yet they resented the state's reasonable and necessary demands upon them. Democratic nations had rested complacently in their false security, reluctant to acknowledge the indivisibility of peace, liberty and prosperity in the world. Their peoples had also become preoccupied with their own narrow specialisms to the neglect of their responsibilities for society as a whole. Consequently, science had dangerously outstripped man's political, social and moral capabilities.

But Menzies was not wholly pessimistic. Certain beliefs had 'an enduring validity'; and there was a 'species of immortality' about good things. Menzies' hopes for a better world resided partly in education, as already seen, and partly in leadership. As the world became increasingly materialistic, complex and disordered, leaders had the task of recalling people to those ancient virtues and basic truths of their heritage which had become temporarily forgotten or else obscured in short-term conflicts and false antitheses. Public opinion was inclined to error in the short term; but it was usually sound and just in the long run. Statesmen had continually to try and elevate politics above the level of a false class war, sordid auction for votes, and scramble for material advantage by competing pressure groups.

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1    One of Menzies' favourite quotations was from Smuts' discussion of this danger in a rectorial address in 1934. Smuts had said: 'The disappearance of the sturdy, independent-minded, freedom loving individual and his replacement by a servile mass-mentality is the greatest human menace of our time.' Menzies like to cite other writers -- like J.M. Barrie, Charles Morgan, and R.S. Livingstone -- in this same vein.

CHAPTER 8

THE LIBERAL TRADITION:   The Character and Role of Liberal Thought
in Australia

(1)  Introduction

The Liberal Party of Australia is vigorous and progressive...
Its members work by the yardstick of experience and commonsense.
They are alive to the need for remedying abuses and for going
ahead in a moderate and cautious spirit, but they regard the New
Order in its more extreme forms with a wary and sceptical eye.

There is no Conservative Party as such in Australia.  The
Liberal Party is conservative in the sense that it resists
socialism, but both its platform and personnel are in general
highly progressive...

A. Grenfell Price and Colin G. Kerr, 1949.[1]

We have adopted -- in a fashion -- Great Britain's
Conservatism, Liberalism, Radicalism, America's Democracy,
Ireland's Nationalism.  But we have mixed elements of one with
elements of another and twisted them with strands of our own
growing so that their original exponents would not recognise them.
Picture the shade of Cobden greeting Deakin as a Liberal, of
Jefferson meeting Scullin [Chifley] as a Democrat, of Salisbury
[Baldwin] grasping hands with Mr. Lyons [Menzies] as leader of
the Conservatives!

J.A. McCallum, 1932 (updated).[2]

The Liberal Party is a residual party and contains remnants
of all the old historic Australian parties -- reactionaries,
intelligent Conservatives, Liberals of the Gladstonian or Lloyd
George type, and Radicals.

F.W. Eggleston, 1953.[3]

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1    From A. Grenfell Price and Colin G. Kerr, 'Contemporary Party
     Policies:  The Liberal Party', in Garnett, Freedom and Planning
     in Australia, p. 282.  (Price, who was UAP MHR for Boothby, S.A.,
     1941-3, had been a prominent non-Labour figure in South Australia
     since the early 1930s; Kerr was the public relations officer for
     the Liberal and Country League of SA in the 1940s.)

2    J.A. McCallum, 'Political Ideas in Australia', loc. cit., p. 29.

3    F.W. Eggleston, Reflections of an Australian Liberal, p.38.

The main propositions in the secondary literature regarding the LPA and its ideas were described in chapter 1. Run together, and put in a way unfavourable to the Liberal party, they were as follows. All the non-Labour parties in Australian political history were really conservative; that is, they wanted to preserve the power, wealth or privileges of their members and supporting interests, especially the upper classes and business community. Non-Labour 'ideology', so-called, was not much more than a few antiquated principles, mainly about free enterprise, borrowed most recently from past non-Labour parties and originally from nineteenth century English liberalism. Despite its protestations of being a 'new' party with a 'new' ideology, the Liberal party was much the same as its predecessors; it was in fact just another re-grouping of the conservative forces.

Because of their conservatism, all non-Labour parties were 'resisters'. Their main purpose was 'anti-Labour': to reject or slow down those Labour initiatives directed toward the bringing about of a society with a more equitable distribution of power and wealth. To a certain extent the realities of competitive party and electoral politics -- the need to seem moderate and progressive, to win over the uncommitted vote, and to accept the basic structure of the welfare-state -- combined to force the Liberal party to dilute its hard-core conservatism in order to make itself sufficiently 'progressive' to gain and hold power. Hence the 'pragmatism', tensions, compromises and ambiguities -- even, to some of its own doctrinaire supporters, hypocrisy or betrayal -- which were present in its policies and attitudes in government. But always the LPA was really conservative, if in a rather vacuous way; its reformist 'liberalism' was hollow and unconvincing, forced on it by circumstances, by its being in opposition, or adopted only for reasons of expediency.

(2)  The Liberal party as 'lineal descendant'

In what respects, if any, was the Liberal party the 'new' party that it claimed to be? Was it merely the 'lineal descendant' of the early Liberal, Nationalist and United Australia parties?

There were some obvious ways in which the LPA was the 'lineal descendant' of the earlier non-Labour parties. It inherited much of the leadership, membership and support of those earlier parties, and it placed the same interests and general principles in the forefront of its aims and ideology. The claim to new-ness was, of course, little heard after the late 1940s; it had been partly designed to counter in advance the criticism of the mid 1940s that the Liberal party was just the 'same old party under

a new name'. Once settled into power, and with public memory of the UAP and Nationalists fading, the LPA did not have the same reason to disown its forbears.

The Liberal party was, however, different from its predecessors in some important ways. Whereas the early Liberal, Nationalist and United Australia parties had been formed as a result of parliamentary crisis, and the latter two included sections of a split Labour party, the Liberal party was originally formed partly from groups and recruits outside the main con-servative party, the founders intending to give it the mass base which its predecessors had lacked. The Liberal party's organization, secondly, was a self-conscious departure from those of its predecessors. The LPA had a more active federal component, and professional secretariats at the state level. And the extra-parliamentary wing was generally stronger in having stricter (and more regular and democratic) procedures both for pre-selection of candidates and for influencing the parliamentary wing. The LPA was different again in having an inbuilt mechanism for raising finance, thereby, in constitutional theory at least, negating the influence of outside financial cabals. A fourth main difference was, as we shall see shortly, that the Liberal party placed greater emphasis than its predecessors on 'liberal' principles stressing the need for state action in certain spheres. Hence the secondary literature is only partly correct in seeing the LPA as 'lineal descendant'.

In accordance with the topic of this thesis, the modifications made by the Liberal party to the doctrines of its predecessors warrant separate, extended treatment. How much was there in the modern Liberal party's collection of ideas that was new?

In the absence of full-scale studies on the ideas of the Liberal party's predecessors, no definitive conclusions can be reached on this point. The evidence of this thesis, however, suggests that the Liberal party's thought on most questions was continuous with that of its predecessors;[1] that it was not new or original, although the tone and terminology occasionally changed. The Liberal party, I suggested, was always drawing on a tradition, changing its emphasis as the passage of events or climate of the times required, occasionally adding to or subtracting from it. As conservatism endeavoured to reconcile itself to the implications of democracy and the welfare state, non-Labour thought underwent a change which might be characterised as one

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1    Cf. Russell H. Barrett, Promises and Performances in Australian Politics 1928-1959, (New York, 1959), esp. the Appendix ('Summary of Promises and Performances, 1928-1959').

from liberal individualism to controlled individualism. But the reservations of the more conservative in the Liberal party, and the continued use by some businessmen and allied conservative groups of the language of liberal individualism, made for that persistent ambiguity and ambivalence toward state controls, social security and changes in the political system which we saw through the middle chapters of this thesis.

We saw in chapter 4 that the LPA now explicitly recognised the obligation of governments to manage the economy continuously rather than just to intervene to save it when it reached a point of crisis. Capitalism, in the language of the day, had to be 'controlled'; governments must eliminate, or at least mitigate the effects of, the boom-and-bust business or 'trade' cycle. This intervention in economic life, we saw, had been brought about mainly by the failure of the economic system in the late 1920s and early 1930s. This failure had shown that progress and economic development were not automatic but would have to be guided.

Although the change in attitude to state intervention in economic life was probably the main one in non-Labour ideology in the thirties and forties, conservative thought on matters of social policy and on the structure and workings of the political system had also changed as a result of the depression. Large-scale poverty and unemployment in the thirties, and, later, the wartime atmosphere and overseas ideas, induced Liberals and most other conservatives to acknowledge a social component in 'liberty' and 'opportunity'. It had become unthinkable by 1944 that men who had fought for their country should not be able to find jobs on their return to civilian life; or that the mass of the people, after the deprivations and hardships of the depression and the war years, should not enjoy social security and improved material conditions. All parties were conscious of the failure of governments after the first world war to redeem promises for a better world made during the struggle. The slogans a 'world safe for democracy' and a 'land fit for heroes' had become hollow cries; this time there could be no return to the status quo ante or to 'normalcy' Another betrayal of hopes through lack of foresight and proper planning would invite social revolution, conservatives feared.

What was required, then, was a capitalist system in which a measure of economic liberty was sacrificed in favour of the higher social ends of social security and full employment. There were, as we saw, a few unrepentant free-enterprisers in the Liberal party and business community or allied conservative groups who accepted the new ethos only grudgingly and as a matter of expediency; but the greater part of the Liberal party

and business community, chastened by the hostility which they had
encountered, contritely accepted the principle of continuous state
planning as a matter both of economic soundness and political morality.
The Right believed that it had been not the rationale behind private enter-
prise itself but rather the disfiguring of society by poverty and unemploy-
ment, and the anomalous spectacle of 'poverty amidst plenty', which had
brought disrepute, and even moral revulsion, upon capitalism.  Its new
society was to be a sensible compromise between the extremes of socialism,
with its inevitable full-scale planning, and an inhumane and discredited
laissez-faire.

The Liberal party, we may conclude, was 'new' in spirit and creed
only in that it had resolved to avoid the mistakes of its predecessors in
failing to publicise their doctrines and in that it had set down an
elaborated 'modern' philosophy which accepted social security and full
employment as essential goals for society.  Here again, the apparent
change was mainly a development of existing doctrine; the UAP and business
community had in fact been moving towards the acceptance of the principle
of a managed economy and of 'security within liberty' at least since the
depression.  The LPA's greater success, measured by its longevity, was
probably due to superior organization and leadership (as well as the
fortuituous factors of the split in the ALP, and world and domestic
prosperity after 1950) and not to any 'new' ideology.

(3)  The LPA as 'resister'

What illumination does this thesis provide on the initiative-
resistance theme?

The claims made by past non-Labour parties to refute this inter-
pretation of Australian political history have been a familiar part of
this thesis:  the achievements in nation-building and welfare of 'liberals'
like Reid and Deakin; and the way in which the Nationalists and UAP
combined the 'best of Labour' with the best of the non-Labour party and
passed various 'progressive' acts.  The contemporary Liberals added their
own acts to the same claims and records, as shown particularly in chapter 5.
In more modest moments, non-Labour parties did not deny that Labour also
introduced many welfare acts, nor that Labour had a special concern for
social welfare and the under-privileged.  But, they would say, they them-
selves had not been without compassion for the poor, if occasionally a
little slow to take action; and they had been more responsible and
realistic in the methods by which they proposed to improve their lot.
Believing that society prospered best under a regulated private enterprise

in which incentive was preserved, and that the resultant greater wealth eventually filtered down to benefit all sections, non-Labour parties were bound to think that they could do more for the poor in the long run, for they alone followed the slow but sure path of 'true' progress.

It has been shown that a traditional, cautious concern for contributory social welfare existed as a genuine part of non-Labour doctrine and not solely as a means of countering Labour's appeal. Within the terms of their own creed, non-Labour parties were humanitarian without being egalitarian; they were not merely paying a modern ransom for their security. That it may have taken fear of electoral defeat to make non-Labour introduce child endowment, or fear of social revolution to bring about its acceptance of full employment and social security, does not of itself prove that non-Labour was insincere nor that it only responded to Labour pressure. The LPA doubtless accepted gradual change not only from genuine conversion but also, like Reid's conservatives,[1] because it believed that this was necessary to forestall radical or socialist changes. The political historian would probably say that all parties in Australian political history were often opportunistic in the timing of their policies.

Yet the rhetoric of inter-party debate leaves the unmistakable impression that non-Labour exaggerated when it not only denied that it 'resisted' but went on to claim that it was really the 'initiator'. Its account was, of course, designed to refute Labour's cherished belief that the Labour movement had been the 'moving force' in Australian history, responsible either directly or by way of 'pressure' for all the great progressive legislation since the last quarter of the nineteenth century, especially in the areas of industrial regulation and social welfare. Labour was 'really' responsible, the ALP said, for Reid's social legislation in the 1890s, for the Conciliation and Arbitration Act of 1904, for old-age pensions in 1908, and for child endowment in 1941. Historians, of course, would be equally sceptical about these claims.

The non-Labour parties were, of course, at a disadvantage in this matter. The ALP had consistently advocated those changes which later eventuated -- more extensive schemes of social welfare, a more tightly regulated economy, wider federal powers, and a more independent Australian

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1    Cf. Deakin, speaking after the Fusion:    'The Conservative Party [i.e. Reid's Freetraders] realize, as they ought to have realized before, that the Liberal proposals submitted by us are their only safeguard against more dangerous measures.' (As quoted by Sawer, Australian Federal Politics and Law 1901-1929, p. 77).

foreign policy. In following along behind Labour, even if for respectable doctrinal reasons, non-Labour parties gave the impression that they lacked a coherent ideology of their own and merely responded belatedly to Labour's initiatives, or that they unwillingly accepted a _fait accompli_. By the mid-fifties Liberals were claiming that they had captured the 'ideological ascendancy'[1] and that Labour was now the 'negative' and 'reactionary' party, unable to come to terms with economic growth, affluence and the new 'classless' society. By then, of course, these terms had become part of the debased coinage of inter-party propaganda, and, as used in this way, had lost all clear meaning.

Part of the confusion has always lain in the muddleduse of the term 'anti-labour'. The non-Labour parties were 'anti-Labour' in the electoral and parliamentary senses of the term. Until the Liberals were well established, they appeared to have been temporary expedients, lacking the tradition, continuity and even the single name of the Labour party. The circumstances of 1909, 1917 and 1931 readily lent themselves to the inter-pretation that the 'Fusion' Liberal, Nationalist and United Australia parties were formed to put the Labour party out of office or to keep it out. The Labour party had also been able to claim a virtual monopoly of the symbols of Australian folk-lore history and culture. The non-Labour parties' fear and dislike of Labour, so strong in their rhetoric and literature, and their difficulties in putting forward a conservative doctrine attractive in the Australian setting, did long make it seem that they took their sense of their own identity and ideological position mainly from the fact of being anti-Labour. That they would constantly say 'we must not just be "negative" and "anti-Labour"' only served to enhance this impression. But at the deeper level of doctrine rather than inter-party propaganda the 'anti-Labour' charge had been false for all of the non-Labour parties. It has been the major assertion of this thesis, sub-stantiated through chapters 2-7, that the non-Labour parties possessed relatively comprehensive and coherent doctrines and ideologies of their own.

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1    W.H. Anderson's phrase in his presidential address of February 1956, entitled _Liberal Lead to an Expanding Nation_. (p. 5). Cf. Eggleston's admission: 'Since the end of the first decade of the century, the Australian Labour party has played a creative role. It has the other parties on the defensive and their policies are in the main reactions to its initiative.' (_Reflections of an Australian Liberal_, p. 40). Most of Coates' backbenchers, however, disagreed wholly or in part with Eggleston's view. (See _The Liberal Party of Australia_... pp.61-3, and the question on p.6, C2) Of course, they were looking back on fifteen more years of non-Labour activity.

(4) <u>Liberalism and Conservatism in the Liberal Party of Australia</u>

The secondary literature is basically correct in seeing the modern Liberals as being essentially conservative. But this view leaves unexplained the Liberal party's type of conservatism, its use of liberal language, and the importance of a liberal self-image to its sense of identity and to its morale and propaganda.

The conservative elements in Australian liberalism were fairly obvious. Australian liberalism wanted to preserve traditional institutions, values and practices because it believed that they were good or the best attainable. It believed that change should come only gradually and through these. It was largely devoid of that 'libertarianism', 'salvationism', and application of moral conscience to international affairs which Minogue had characterised as the distinguishing feature of modern British liberalism.[1]

The language of Australian liberalism was, on the surface, optimistic: it was bound up with the notions of development, opportunity for all, and future prosperity in a large island-continent untroubled by problems of race, religious strife, class divisions and belligerent neighbours. Yet it concealed a sense of the limitations of human nature, even if it rarely stated directly (like Wentworth in the 1850s) that human nature was corrupt.[2] This showed out in several ways. One fairly common non-Labour argument against socialism was to the effect that it went against the grain of human nature. Man was not sufficiently altruistic to work hard for the common good; he needed the incentive of direct personal reward. The UAP and Liberals sometimes argued in this same fashion when they ridiculed the visions of a 'New Jerusalem' put forward by some theorists and socialists in the mid-1940s. Society could be improved only through the reformation of the individual; the real and alleged failures of socialism in the Paraguay experiment, of communism in the Soviet Union, of nationalised industries in Britain in the 1940s, and of state enterprises in Australia proved that incentives were always necessary and that society could not be made better from above.

The non-Labour parties' emphasis throughout on law, religion and the importance of leadership also suggested an unspoken belief in the frailty and selfishness of human nature. The notion of liberty was narrowly

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1 In <u>The Liberal Mind</u>, esp. chs. I, II, VII.

2  Loveday and Martin, <u>op.cit.</u> pp. 15-16.

circumscribed by a heavy stress on order, morality, and national security. Man had, as it were, to be tamed and contained by the law; he needed religion to make him conscious of his obligations to society; and, at times of crisis he needed to be led by men who knew the course of honesty and sanity and responsibility. In the Liberals of Menzies' generation it is apparent that liberalism had become heavily overlaid with pessimism. The depression had destroyed the myth of inevitable material progress. Two world wars had shattered the other part of nineteenth century optimism -- belief in the perfectibility or even the improvability of man -- and made them recall, and perhaps exaggerate, the place of 'liberty against government' in the rise of liberal democracy in England.

In Menzies' own ideology, there was an evident sense of liberty being delicately balanced with order and justice, and always in peril. Menzies had seen liberal democracy threatened by socialism, fascism and communism in the twentieth century. Beneath his realism there was detectable a nostalgia and yearning for the simpler virtues of an older -- and in some ways better -- world as the present one became increasingly disordered, complex and materialistic. There can be read into Menzies a belief that improvements in human nature are acquired only slowly and painfully and that man is therefore wise to preserve his imperfect inheritance of liberty, order and justice while he seeks a better society. In Menzies' thought the substance of non-Labour philosophy continued to be conservative, becoming more overtly so, even while the language remained partly liberal in the old Whig and nineteenth century senses.

Despite this fairly heavy element of conservatism, Australian liberalism was not conservative in any literal or unqualified sense of the term. As a body of thought, distinct from all its specific attitudes, Australian liberalism was a conservatism of a 'reform' rather than status quo or reactionary kind.[1] There was no regionalism, philosophic tradition, historic cause or line of great leaders from which a fully fledged conservatism could develop and flourish. There were, of course, conservatives of the status quo on particular issues in the Liberal party; and conservatives in respect of one cause or a number of causes abounded in groups like the AFA of IPA-NSW. Not only that: there were those conservatives -- like W.H. Anderson warning against the acceptance of

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1    Following the distinction (a fairly conventional one) in Epstein, The Genesis of German Conservatism, pp. 7-11.

socialism in small doses, W.C. Wentworth calling for the abolition of the
means test, or F.A. Bland demanding checks on the bureaucracy -- who saw
themselves as true liberals and the keepers of the party conscience, not
allowing the necessary compromises of office to lead to the abandonment of
cherished 'liberal' principles. But the major non-Labour parties all had
to cast their appeal in terms of policies which were 'positive',
'constructive' and 'progressive'. Like the British Conservative party
and the U.S. Republican party, the LPA combined belief in individual
liberty with an acceptance of the welfare state and managed economy and
talked in terms of progress, prosperity, and opportunity for all.[1]

Australian liberalism, furthermore, stressed 'development' and the
idea of life as an adventure. Menzies and Anderson, we saw, felt nostalgic
for the days of their idealised 'pioneers'. In these respects Australian
liberalism was reminiscent of the American conservatism of the Republican
party rather than of the British conservatism espoused by Quintin Hogg or
Michael Oakeshott.[2] Liberals, indeed, frequently warned themselves against
becoming purely 'conservative', in the sense of never wanting to change
at all or only too slowly. They viewed conservatism of this kind as an
aberration into which past non-Labour parties had lapsed when they became
indecisive, frightened or complacent, or when they had lost the sense of
their own liberal traditions. This was what the Liberal rhetoric of 1944-6
suggested, as shown in chapter 3. The new Liberals were going to resusci-
tate that Deakinite liberalism which, in their interpretation, had
originally inspired the Nationalists and UAP but which had become dormant
or ineffective in the later years of these two parties.

The Liberal party, in its own eyes, had conserved (as Eggleston
suggested)[3] by 'revising, testing and adjusting' Labour's aims, not by
rejecting them. More dispassionate Liberals did not deny that the Labour
party also accepted the Liberals' ends of liberty, order and national
development. But they maintained that the ALP gave first priority to the
economic demands of trade unionists and was incapable of keeping the three
values in a proper balance.[4]

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1   Cf. J.A. McCallum's epigrammatic way of putting it: 'The anti-Labour
    party is conservative only in moments of supreme confidence, and
    reactionary only in moments of madness'. ('Political Ideas in
    Australia', loc. cit., p. 37.)

2   See Quintin Hogg, The Case for Conservatism, pp. 10,15; and Oakeshott's
    essay 'On Being Conservative', in his Rationalism in Politics, pp.172,
    184.

3   Reflections of an Australian Liberal, p. 128.

4   See, for example, McCallum 'How fares Parliamentary Government in the
    Federal System', loc.cit., p. 129. Cf. Eggleston, op. cit., ch. 4.

One of non-Labour's favourite ways of denying its conservatism and of laying claim to 'liberalism' was to contend that its ideology comprised a 'middle way'. Deakin claimed this (and Greenwood rationalised it for him); the Nationalists and UAP implied the same when they claimed that they represented all classes and sections and were even the 'true' Labour party; and the modern Liberals attributed the same presumed virtue to themselves in their definitions of liberalism in the 1940s and in their subsequent rhetoric and recitals of their record. The story which the non-Labour parties narrated of British and Australian history was, as reconstructed in chapter 2, one in which 'liberals' opposed 'conservatives' in the nineteenth century and brought about great reforms in the franchise, in social welfare, in industrial regulations and so on. The non-Labour parties in the twentieth century continued to espouse the causes of social welfare, of industrial regulations so far as they were compatible with individual liberty, and of private enterprise and constitutionalism. In being at once progressive and anti-socialist, therefore, they were following the sensible middle course between conservatism and socialism, just as the nineteenth century and early twentieth century liberals had done. In this way the Liberals' self-portrait was one of a centre party, neither conservative nor socialist. We have noted before that this flattering self-portrait is based on an interpretation of Australian politics which is nearer to mythology than authentic history.

What enabled Liberals to think of their creed as liberal and progressive was, in their own minds, that they combined their belief in 'liberty' with Labour's beliefs in 'equality of opportunity' and 'social justice'. Liberals could then conceive of themselves as 'liberal' by virtue of combining the various traditional strands of liberal belief. To Labour's challenge that liberty for all required more equality Liberals were saying, in effect, that their own equality of opportunity and social justice provided as much of this as was consistent with the retention of incentives and with proper limitations on state power. Labour, conversely, was anti-liberal because the ends it sought in economic, social and constitutional policy required such an increase of state power as to be destructive of individual liberties. Labour's original humanitarian objectives were worthy, but they had largely been achieved, in part (they repeated) by non-Labour parties. From this point the 'once great Labour party', as Liberals condescendingly called it, had sacrificed its original purposes and taken up socialist and pacifist causes. This interpretation, again, fails to recognise the weakness in the ameliorative strand of liberalism in all non-Labour parties after Deakin.

Thus, from their picture of Australian history and from the reformist nature of their conservatism, Australian Liberals remained partly liberal through their language and self-image. Especially under challenge, Australian Liberals recited liberalism's past glories -- its triumphal progress and record of reform over the centuries from Magna Carta down to the social welfare acts of Lloyd George. They remembered that economic liberty had preceded and brought about political liberty and believed that 'liberals' had presided over the great ages of economic expansion in both Britain and Australia. The rhetoric of Australian Liberals of the 1940s -- on the 'freedom of the individual', 'supremacy of Parliament', 'consent', and 'liberty against government' -- was often evocative of Whig and later liberal ideas in Britain. There was also a noticeable undertone in this rhetoric -- less strong than in earlier non-Labour thought -- suggestive of the belief that the main task of politics was to curb the interfering pretensions of government so as to release those spontaneous and creative forces in the individual which made for progress. But liberal rhetoric, as often noted or implied, was still mainly used by Australian Liberals for broadly conservative purposes.[1]

## (5) Ideology, Power and the Liberal party

We agreed in the Introduction not to enter into a technical discussion of the nature and functions of ideology; but a concluding word on the relation between ideas and action will summarize our view of the significance of ideas for the Liberal Party of Australia.

In the first place, politics for the Liberal party was more than a naked struggle for power between material interest groups. Liberals' ideas were not confined to economic policy, even though the idea of economic development and expansion was the key to their party's acceptance of social security and full employment and was the central interest of their major

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1    Cf. Matthews' comment that the rhetoric of liberal individualism in Australia 'tended to be a defensive weapon, used by professional and business men to protect the status quo against the "socialistic" policies of the Labor party and, less frequently, the welfare or interventionist or "extravagant" policies of non-Labor governments'. ('The All-for-Australia League', loc. cit., p. 137); and cf. Harris's notion of 'passive' or 'non-operative' beliefs used mainly for rhetorical purposes, in Beliefs in Society, pp. 232-4, 124, 141). Matthews rightly notes in the same place that Rosecrance's arguments that Australian capitalism was 'kept' by the 'radical ethos' are misleading and strange. The same judgement could be made of Rosecrance's contention (quoted in full above, p.9  ) that the Liberal party was 'a "party of resistance" animated by no particular political philosophy...'

supporting interest-groups. Liberal party and conservative literature, we have seen, carried on a continuing debate on all important aspects of economic and social policy and on the structure of the political system.

In the second place, we have shown that the Liberal party's ideas were not mere weapons in the electoral and parliamentary battles and that they were more important to Liberals than the superficial character of day-to-day debate might suggest. What appeared in policy speeches, newspapers and parliamentary debates was only the surface of a party's ideology. From the evidence presented we can dismiss the view that a party has no ideas because it has no officially elaborated ideological position; Liberal ideas were part of a coherent structure, despite any lack of formal integration.

The function of the LPA's ideas as an integral part of on-going life in the party was to help it find and express a general 'world view' on the major issues of the day. Having done so, Liberal ideas served several subordinate purposes. They provided, firstly, a base from which the party could wage the political battle. We have seen that ideas have an important place in the electoral, parliamentary and administrative arenas as the parties seek votes; as they justify their stands on issues; as they recognise , re-assure or placate pressure-groups; and as they try to construct a favourable image of themselves and a discreditable one of their opponents. Liberals, we saw, used their ideas to attack 'socialism' in the forties; to consolidate their parliamentary and electoral positions in the fifties; to adjust to difficulties in economic affairs in the sixties; and throughout for repetitive propaganda against the ALP in parliament and, even more, in the electorate at large.

Ideas also helped Liberals to find a viable identity for themselves and to sustain the morale of the more serious, committed members of the party. Some Liberals always felt a need to define and comprehend issues and situations, to publicize their own nostrums, to revise or uphold traditional policies, and to construct an intelligible view of the political world. This led them into the activity of discussing or propounding ideology. To the strongly partisan -- the active members and those who, like parliamentarians and federal presidents, regularly had to persuade, defend and criticise -- it was not true that there was 'little difference' between Labour and non-Labour. Differences were matters of important principle, which created and sustained their interest and activity in politics.

Given that ideas still play only a relatively limited role in politics, and given the general nature of party politics in Australia, we should not be surprised (as some of the LPA's critics have been) to find that, as with its predecessors, the practical experiences of the party have tended to shape and modify its ideas more than its ideas have shaped the party's actions when in power. Parties are naturally more 'ideological' or 'radical' in opposition, the more so if, as in the Liberal party's case, they are newly formed and anxious to shed their predecessor's reputation for conservatism. In conjunction with the wartime mood, the requirements of post-war reconstruction and the incumbency of a Labour government, this probably made the early LPA seem more radical or 'liberal' than it actually was and also forced the party to think, however unsystematically, in terms of the political and social system as a whole.

But in power there is an inherent conflict or tension between beliefs and the pressure of events and the intractable realities of politics. Policy, we may assume, results from the inter-play of events and beliefs; and all governments are unable to do as much as they would like. Limited financial resources; the impossibility of undoing existing schemes; extraneous events like the Korean war; fear of the electoral power of pressure groups (and of the DLP and Country party in the case of the LPA); the need to 'play' to a wider audience; and constitutional limitations upon central government in a federation -- these were some of the main factors which prevented the Liberal government both from fulfilling the expectations of more conservative supporters that it would 'free' private enterprise, abolish the means test and dismantle the system of uniform taxation, and also from fulfilling the expectations of more moderate supporters for genuinely 'liberal' or ameliorative policies of the kind which had been intimated in some of the reformist rhetoric of the forties. We noted in chapters 4-6 that the LPA often became defensive and apologetic in power and seemed to give different emphases to its doctrine -- ones which, for example, justified the retention of controls, of a large bureaucracy, of non-contributory social service schemes and the supremacy of the federal government.

If the pragmatic side of all ideologies normally receives emphasis in power, this applies with special force to conservative ideology. Conservative parties are, notoriously, 'parties of government'. Approving of things as they are, they are inclined to talk of 'adjustment',

'moderation' and 'conciliation' almost as ends in themselves.[1]  As well as this general ideological factor, there were two particular factors which presumably made the Liberal Party of Australia more 'conservative' in office.  First, the LPA, though not just a tool of big business, was always susceptible to pressure from the business community, both because of its natural ideological sympathy for private enterprise, and also, probably, because of the connections of many Liberal MPs and ministers with the business community.  Second, Liberal MPs were free from direct control by an extra-parliamentary organization and rank-and-file which, on many issues, was more reformist-inclined than the parliamentary party. Combined with the normal 'pragmatism' of all parties in office, these factors led to the ameliorative strand being kept fairly well suppressed or inactive when the LPA was in office.

Up to the time of Menzies' retirement there had not been a great deal of sustained public interest in or questioning of the Liberal party's goals and achievements.  But there were signs by the mid-sixties that this phase was ending.  Some Liberals also were coming to question the Liberal party's own goals and achievements.  Peter Coleman had anticipated the coming ferment when he spoke in 1963 of the 'ideological exhaustion' of the Liberal party and said that what was needed was central policies within the Deakin strand of social innovation, 'though on a scale undreamt of by Deakin'.[2]

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1    Cf. Harris, Beliefs in Society, pp. 106-7, 235-6.  Also Karl Mannheim, Essays on Sociology and Social Psychology, ed. Paul Kecskemeti, (London, 1953):  'Thus progressive reformism tends to takcle the system as a whole, while conservative reformism tackles particular details.' (p. 103.)

2    'The Liberal and Country Parties:  Platforms, Policies and Performance', loc. cit., pp. 2, 16.  Cf. Jupp, Australian Party Politics, p. 180, and Coates, The Liberal Party of Australia..., pp. 13, 16-17, 27-9, 30-1.

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