

State Socialism in Australian Political Thought: A Reconsideration

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In understanding the origins of conventional tenets in political thought, we should attend to cross-spectrum analysis of usage. Taking state socialism as an instance, this paper argues that the practice of treating it historically either as an element within a radical tradition (by Labour historians) or as a discredited part of a socialist agenda (by liberals) ignores the ways in which it was deployed across the political spectrum. Outsiders (such as the Webbs and Métin) skewed the record, describing the pragmatic accommodations they saw as “socialism without doctrines”, unconscious of the debates amongst Australian political elites. We need to explore anew where ideas came from, how they were taken up and adapted in the Australian context (by all sides) and the circumstances that determined their duration within everyday discourse.

There has been a welcome burgeoning of attention to Australian political thought in the past decade. When one attempts to follow a particular strand, however, academic specialisation sometimes impedes attempts to gain an understanding of broad usages of a term in general political discourse. Thus, for instance, the term “state socialism” has tended to be discussed either as an element *within* a radical tradition (ignoring its incorporation by liberalism),¹ as a short-hand way of describing a process (state intervention) rather than as a concept,² or from a perspective deeply influenced by interwar “new liberal” critics such as Keith Hancock and Frederic Eggleston (depicting it largely as part of a discredited socialist agenda). There are tantalising glimpses of how the term might have been understood across the liberal and labour spectrum in brief discussions by Frank Bongiorno and Beverley Kingston, and its subterranean role in the literary world of the 1890s is evoked by John Docker and Colin Hughes,³ but a

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¹ See, for instance, Robin Gollan, *Radical and Working Class Politics: A Study of Eastern Australia 1850-1910* (Melbourne, 1976); Verity Burgmann, *“In Our Time”: Socialism and the Rise of Labor 1885-1905* (Sydney, 1985).

² See, for instance, John Hirst, “State socialism”, in G. Davison *et al.*, eds, *The Oxford Companion to Australian History* (Melbourne, 1998), pp. 608-609.

³ Frank Bongiorno, *The People’s Party: Victorian Labor and the Radical Tradition 1875-1914* (Melbourne, 1996), Chs 1 and 6; Beverley Kingston, *The Oxford History of Australia, Vol. 3 1860-1900: Glad Confident Morning* (Melbourne, 1988), pp. 94-104; John Docker, *The Nervous Nineties: Australian Cultural Life in the 1890s* (Melbourne, 1991), Chs 7 and 8; Colin Hughes, “Looking Backward Revisited: The Ideas and Influence of Edward Bellamy”, in G. Stokes, ed., *Australian Political Ideas* (Sydney, 1994), pp. 77-113. See also what the late Robert Leach called “State Liberalism” in his *Political Ideologies: An Australian Introduction* (Melbourne, 1988), pp. 89-93.

more thorough-going cross-spectrum exploration of its utilisation in Australian discourse is called for.

This paper undertakes such an exploration. What it shows is considerable variation in the way “state socialism” was used and understood. Nonetheless, we need to establish a starting point if we are to appreciate the nuances of such usage. State socialism can be distinguished from socialism, on the one hand, and from social liberalism, on the other, by reference to its distinctive emphasis on the role of the state. Socialists aspired to public ownership of economic resources — the vesting of the means of production, distribution and exchange in the people. At the extreme, to take Marx as exemplar, this would see the withering away of the state: collective ownership and collective action would determine community life, and the market economy was eschewed. State socialists, in contrast, had a more qualified view. They were social democrats, usually committed to parliamentarism to achieve their ends. They believed in the state as the agency for the people, with the state intervening where necessary to achieve equitable distribution of output, uniform access to services and the well-being of the disadvantaged against market caprice. They believed in a regulated market economy and in public ownership where that would best serve their ends. Social liberals focussed on individual rights rather than collective benefit. They accorded a role to the state as the guarantor of those rights. If individuals’ capacities to pursue their interests were constrained by circumstances beyond their control — poverty, ill-health, poor education, for instance — there was a warrant for state action to address those impediments. Thus, the state was a residual actor, preserving basic rights according to need, rather than an interventionist agency working for equity and redistribution.

Inevitably, we will find shadings that obscure these distinctions, but what we argue is that for a period of roughly forty years, beginning in the late 1880s, state socialism was one of the concepts in terms of which Australians — of both radical and liberal persuasions — thought about their institutions, conceived the nature of state action and defined the possibilities of the political. In this article we look briefly at the links between Australian usage and overseas origins, and then more closely at the varieties of usage by activists across the political spectrum. We are attempting to recapture the ways of thought characteristic of political elites in the late nineteenth and early twentieth centuries. In so doing we will show that, far from inhabiting a polity of “socialism without doctrines”, Australian activists earnestly debated the applications of socialism and state socialism. Except for a radical minority who equated it with total state ownership, Australian intellectuals came to use state socialism to refer to the pragmatic adoption of government-run industries, businesses and essential services.⁴

British Socialism in the 1880s

A number of landmark texts established the currency of state socialism in British political debate in the 1880s. It was contest over the meanings of socialism that saw the gradual emergence of state socialism. This was the decade of the reception of Henry George’s theory of land reform and a single tax, as it was the decade of the first *Fabian Tracts* and of the *Fabian Essays*, of the social legislation of Bismarck, and of the publication of Edward Bellamy’s immensely popular socialist novel *Looking Backward*. It was also the decade of the first English language editions of *Capital*, but it is not Marxism that concerns us here, so much as what the Fabians called English

⁴ They varied in their use of capital letters and hyphens for the term, and we retain these idiosyncratic usages in all quotes.

Socialism, which is a combination of parliamentarism and the piecemeal nationalisation of land, infrastructure, and the means of production.⁵ During the 1880s British political writings were increasingly concerned with the role of the state in the economy, and by the latter part of this period the nature and the desirability, even the inevitability, of state socialism was one of the principal topics of political and economic debate.

In the 1880s adherence to socialist ideas found one focus in the land reform movement, and specifically in the writings of Henry George.⁶ George had advocated a single tax, to be levied on increments in the value of land (hence, on the ownership of resources), with the abolition of all other taxes. This was to lead to more widespread debate about land nationalisation. Henry George's 1879 text *Progress and Poverty* was a catalyst for the new discourse both in its impact on socialist thinkers, and in provoking a detailed exposition of the flaws of state socialism by his liberal critics. The latter can be detected in Henry Fawcett's 1883 pamphlet *State Socialism and the Nationalisation of the Land*, more than half of which is devoted to the cause of anti-Georgism. Fawcett, the leading classical economist of the time, says at the outset that land nationalisation is "the most important development of State socialism".⁷ Nevertheless he does go on to criticise several other strands of public ownership in the latter part of the text. He describes as a "scheme of State Socialism" any proposal for "the construction of railways, canals, and other public works from funds supplied by the Government". He also strongly opposes "all the schemes that are from time to time brought forward for carrying out various industrial undertakings by State funds instead of by private enterprise".⁸ His next target is public housing, and he claims that "the scheme of State Socialism which in England, during the next few years, is likely to assume most importance is the erection of improved dwellings for the poor", inevitably resulting in unacceptable levels of taxation. "The next scheme of State Socialism" which he rejects "is the proposal, which has been sanctioned by the high authority of Prince Bismarck, to create a fund [...] for the purpose of providing insurance against accidents and an allowance during sickness for workmen." Fawcett finishes on a positive note however — poorhouses need not be condemned because they are run by the state, as they encourage self-help.⁹ This was not Henry Fawcett's first anti-socialist diatribe. In 1872 his Chapter "Modern Socialism" in *Essays and Lectures on Social and Political Subjects* equated socialism with "government intervention", and blamed "Continental ideas" for socialism's gradual increase in popularity in some working class circles.¹⁰

Fawcett's pamphlet failed to kill English socialism — indeed 1883 was the year in which both the Social Democratic Federation (SDF) and the Fabian Society were

⁵ Fabian Society, *Tract 15: English Progress towards Social Democracy* (London, 1890), p. 10.

⁶ Beer refers to "the process of transition from land reform to socialism, which actually took place in the years between 1880 and 1890, when young intellectuals and intelligent working men passed from the meetings addressed by the American land reformer, Henry George, to those addressed by H.M. Hyndman and Sidney Webb". M. Beer, *A History of British Socialism* (London, 1953), p. 242.

⁷ Henry Fawcett, *State Socialism and the Nationalisation of the Land* (London, 1883), p. 3.

⁸ *Ibid.*, pp. 12, 14.

⁹ *Ibid.*, pp. 16, 19, 22.

¹⁰ Margot C. Finn, *After Chartism — Class and Nation in English Radical Politics, 1848-1874* (Cambridge, 1993), pp. 203-204. This early development ought not to be overstated, and Eric Hobsbawm has pointed out that in Britain "the native socialists during the 1860s and 1870s might all have been comfortably got into one smallish hall". E. Hobsbawm, *The Age of Capital 1848-1875* (London, 1975), p. 108.

founded, and 1884 saw the setting up of the Socialist League. Yet the commitment to social democracy (the SDF) and to gradualism (the Fabians) evinced the sort of qualified socialism that came increasingly to be deemed state socialism. In 1881 free trade ideology had already been challenged by the formation of the quasi-protectionist Fair Trade League, and in 1883 the publication of *The Bitter Cry of Outcast London*, by Andrew Mearns, exposed the crushing poverty of the East End.¹¹ The American Edward Bellamy's fictional account of a socialist state in which everything is nationalised, *Looking Backward*, came out in 1888, the year in which *The Contemporary Review* published an important article entitled simply "State-Socialism" by the economist and biographer of Adam Smith, John Rae.¹² He followed this paper, which attempts to reconcile orthodox economic theory and a limited form of public provision, with two subsequent articles in the same journal in 1890. The first of these latter articles, published in the September issue, is entitled "State Socialism and Social Reform", and was followed in the December issue by "State Socialism and Popular Right". Both of the 1890 articles are highly critical of nationalisation, although the first is interesting in that it sets down some of the factors which predispose essential utilities and services, such as the water supply and the postal system, to state ownership and control.¹³ But he criticises Bellamy and other "romantic socialists" for wanting to remove incentive and promote laziness, and he rejects the catchcry "we are all Socialists now", except insofar as it implies "a public awakening to our social miseries".¹⁴

It is at this point, in 1890, that the English writers appear to have discovered the existence of a social laboratory in the antipodes where state intervention was being tried in earnest. Rae's articles of that year contained numerous examples, but the leading student of colonial social experimentation was undoubtedly the radical writer and sometime parliamentarian, Charles Wentworth Dilke, in his two-volume work *Problems of Greater Britain*.¹⁵ In the second volume he argues that "Victoria has been the leader in the democratic and State-socialistic movements which render Australia a pioneer for England's good", and he describes that colony as the place where "democracy and State-socialism have completely triumphed". Dilke makes a sharp distinction between "State-socialism" and "Revolutionary Socialism", and he claims that "Revolutionary Socialism, as contrasted with State-socialism, is far stronger in Europe than in our colonies", adding that these colonies are "a picture of what England will become". This argument drew a swift response from the extreme opponents of interventionism, who grouped around the libertarian biological determinist Herbert Spencer in the 1891 anthology *A Plea for Liberty*, edited by Thomas Mackay. Spencer had used the term once himself, in his 1884 polemic *The Man versus The State*, where

¹¹ David Powell, *British Politics and the Labour Question, 1868-1990*. (London, 1992), pp. 12-13. Stephen Yeo has argued that there "was a complicated overlap between 'collectivism' and 'socialism'. The 1880s and 1890s were a time when the latter had become an attractive hold-all for hope, as a way out of darkest England and its culture of poverty". Yeo, "Notes on Three Socialisms — Collectivism, Statism and Associationism — Mainly in Late-Nineteenth- and Early-Twentieth-Century Britain", Carl Levy, ed., *Socialism and the Intelligentsia 1880-1914* (London, 1987), p. 236.

¹² John Rae, "State-Socialism", *The Contemporary Review*, Vol. 54, 2 (Aug. 1888), pp. 224-45.

¹³ John Rae, "State Socialism and Social Reform", *The Contemporary Review*, Vol. 58, 3 (September 1890), p. 447. See also John Rae, "State Socialism and Popular Right", *The Contemporary Review*, Vol. 58, 6 (December 1890), pp. 876-90.

¹⁴ *Ibid.* (September), p. 439.

¹⁵ Charles W. Dilke, *Problems of Greater Britain* (London, 1890).

he accuses Henry George of “going more than half-way to State-socialism”.¹⁶ The Chapter in the *Plea* by Charles Fairfield called “State Socialism in the Antipodes” is a lengthy attempt to refute Dilke’s main argument, while nevertheless agreeing that “State Socialism entirely permeates the ruling classes in Australia”. Elsewhere in the chapter he refers to “the all-powerful working class in the colonies” — we should note that, unlike Dilke, Fairfield never set foot in Australia. Apart from raging against Dilke and portraying the colonies as being on the brink of insolvency, more like a dystopia than a model, this writer has very little to say except that all interventionism is evil. He shrieks that “State Socialism weakens and demoralises the national character” and argues that “the rough objections to State Socialism everywhere are, that it does not profess to ‘pay’ in the business or commercial sense”.¹⁷

By this time the term was being employed by Fabians as well as by their opponents. In the celebrated 1889 text edited by George Bernard Shaw, *Fabian Essays in Socialism*, Hubert Bland argues that to “bring forward sixpenny telegrams as an instance of State Socialism” is mistaken, because such services do not advance the proletariat.¹⁸ Even though the concept of public ownership of capital may be discerned in various *Fabian Tracts* from their inception in 1884, it is not until Tract 45, first published in 1893, that we find “State Socialism” discussed as such. This is the Tract entitled *The Impossibilities of Anarchism* by Shaw, in which he discusses the distinction made in 1888 by the libertarian socialist B. R. Tucker between anarchism and “State Socialism” and Shaw mounts a defence of the latter, wherever the state is demonstrably controlled by the proletariat.¹⁹ In England, both within the socialist camp, and also in the wider world of political disputation, the term had, by the end of the decade, become common and was being hotly debated. It is now appropriate to turn our attention to the use of the term in Australian writings.

Australian Writings before Federation

The early use of the term in Australian discourse approximately coincides with its use in English political writings, and it surfaces with increasing frequency in the late 1880s and early 1890s. On 19 May 1883, in the Sydney periodical *The Liberal*, the term was applied to Marx in his obituary. The author says of *Capital*, that while “agreeing with most of its critical portions, we are not in accord with his remedies. He was a State Socialist, and advocated State control of all industries of all kinds whatever.”²⁰ This author might be assumed to have misunderstood Marx, especially his views on the state. Given the source of this comment, however, it is equally likely that the author deliberately equated socialism with state socialism as a ploy to discredit the latter (and an indirect condemnation of the experimentation discerned by Dilke). An early citation from an opposite quarter appears in the Melbourne anarchist newsletter, the *Liberator*,

¹⁶ H. Spencer, *The Man versus The State* (London: Williams and Norgate, 1885) p. 32. First published in 1884.

¹⁷ Thomas Mackay, ed., *A Plea for Liberty — An Argument Against Socialism and Socialistic Legislation* (London, 1891), pp. 145, 151, 156-57.

¹⁸ G. Bernard Shaw, ed., *Fabian Essays in Socialism* (London, 1908), p. 213.

¹⁹ Fabian Tracts — Tract 45: G. Bernard Shaw, *The Impossibilities of Anarchism* (London, 1893), pp. 17ff. According to Professor Greenleaf the Fabians “were fascinated by Bismarckian state Socialism”. W. H. Greenleaf, *The British Political Tradition* (London, 1983), Vol. I, p. 403.

²⁰ Henry Mayer, *Marx, Engels and Australia* (Melbourne, 1964), p. 149.

in 1886, where David A. Andrade asks readers to consider “joining the Anarchists and refusing aid to State Socialists”.²¹

The term appears to have been used regularly by members of the Australian Socialist League (ASL), based in Sydney, during the years from 1887 to 1890, and thereafter. The tensions over the future of capitalism and the role of the state are evident. In these first years of the League’s existence it was undecided about the role, if any, of the state in the project of defeating capitalism and overcoming class division, and at least three different factions developed.²² One of these was statist, but it was resisted by the other two in the League’s adopted journal, Winspear’s *Radical* (later called the *Australian Radical*). In November, 1887, the *Radical* argued that the “present day Socialist goes further than the State Socialist does, and affirms that it is better to at once cross swords with the privileges of the classes without waiting to see them removed by the supreme monopolist — the State.” In May, 1888, the *Australian Radical* distinguished “two kinds of Socialists — those who follow LIBERTY, and those who follow AUTHORITY; the latter are State Socialists [...] State Socialism is unrestricted AUTHORITY, which involves a denial of true co-operation, and winds up in slavery”.²³ According to Burgmann, those who believed that “the state should own and control all the means of production and distribution of wealth” were, at this time “clearly a minority”, and “a relatively small and beleaguered group” within the League.²⁴

The maritime strike of 1890 changed Australian politics at many levels including the intellectual level, and from this time onwards the expectations of the working class have been a major factor in all serious Australian political thinking. It is not a simple matter to describe this change, but the threat of class struggle called forth concessions from the colonial intellectual elite in the direction of legislative amelioration. The maritime strike also called forth an impressive Royal Commission, the *Report* of which, published in 1891, remains a standard reference for labour historians.

The Royal Commission, established by the government of New South Wales under the presidency of Dr Andrew Garran, a leading liberal intellectual and former editor of the *Sydney Morning Herald*, called over forty witnesses, including not only trade unionists and employers, but also some of the leading figures in colonial politics such as C.C. Kingston and Samuel Griffith. One of these witnesses was William Guy Higgs, an active member of the ASL and Editor of the *Australian Workman*. He professes a far-reaching socialism, engineered by a dominant state. In his testimony it is asserted that, “the idea of the Socialists is to do away with all profit, rent, and interest, and make the State the sole employer.” After claiming Karl Marx as “the nearest representative of my views”, Higgs goes on to say that “there are several authors who give a very good idea as to what is meant by State Socialism”, and provides some references, including W. H. Dawson’s *Bismarck and State Socialism* (1890). His testimony concludes with the idea that “the State will have to take over the machinery of production and exchange, in order to prevent labour troubles and bloodshed”, and that “capitalism, or private enterprise and its consequences, is the cause of strikes, and that

²¹ David Lovell, *Marxism and Australian Socialism Before the Bolshevik Revolution* (Melbourne, 1997), p. 159.

²² Burgmann, “*In Our Time*” — *Socialism and the Rise of Labor*, p. 39.

²³ *Ibid.*, pp. 41-42.

²⁴ *Ibid.*, p. 48.

State Socialism, or State co-operation, is the cure.”²⁵ In the first of two documentary Appendices, published as the fourth volume of the *Report*, there is a brief abstract of *Bismarck and State Socialism*, and also a summary of “Professor Wagner’s State Socialistic Scheme” based on an 1887 article in German.²⁶

William Lane, inspired by Bellamy, provides another variant of this argument. In the Brisbane *Worker* in March 1890 he claims that *Looking Backward* “has won rich men to the side of State socialism, and has moved the masses as no book dealing with political-economic topics ever moved them before.”²⁷ His own novel, *The Workingman’s Paradise*, published in 1892, owes a great deal to *Looking Backward*. At one point in the narrative, the hero, Ned, asks the socialist ideologue and intellectual protagonist Geisner: “We would be free under Socialism?”, to which Geisner responds: “What could stop us, even under State Socialism. The basis of all slavery and all slavish thought is necessarily the monopoly of the means of working, that is of living. If the State monopolises them, not the State ruled by the propertied classes but the State ruled by the whole people, to work would become every man’s right. ... We should be free as men have never been before, because the ideal of the State would be toleration and kindness.”²⁸

Edmund Mitchell speaks for those opposing views such as those of Higgs and Lane. For Mitchell, speaking at a public meeting in Melbourne in November 1892, the maritime strike had been a national disgrace, and although “Bellamy and theorists of his type may preach ideal social systems till the crack of doom”, only private enterprise is acceptable. Mitchell describes “nationalisation” as one of several “delusive and subversive doctrines”, and he goes on to allege that “the orators of the Trades’ Halls, whenever a strike occurs, mount their lorries in the Domains or public parks and call for the nationalisation of the industry affected.” He imagines the case of a newly pioneered irrigation colony. He claims that the moment when “prosperity becomes assured would be the signal for the State socialists to raise the cry of nationalising the irrigation colony.”²⁹

The maritime strike and its echoes, including strikes in 1891, 1892 and 1894, did not just precipitate lengthy reports, vitriolic public addresses, and utopian novels. It also played a pivotal role in the emergence of the Labor Party in Australia, which was to become the ALP. When the Labor Party first entered an Australian parliament in force, in 1891 in New South Wales, one of the leaders, James McGowen, used the term under discussion in an important speech, which was quoted by Thomas Roydhouse and H. J. Taperell in their 1892 book *The Labour Party in New South Wales — A History of its Formation and Legislative Career*. McGowen identified Labour[sic] as a party of “State Socialists”, although, as he was quick to add, “we may have broad definitions of our own with regard to how far we go in Socialism”.³⁰

²⁵ *Report of the Royal Commission on Strikes* (Sydney, 1891), Vol. III (Precis of Evidence), pp. 233-35.

²⁶ *Ibid.*, Vol. IV (Appendix), pp. 82-85.

²⁷ William Lane, *The Workingman’s Paradise: An Australian Labour Novel* (Sydney, 1980), Introduction (Michael Wilding), pp. 36-37. See also Docker, *The Nervous Nineties*, pp. 73ff..

²⁸ John Miller [William Lane], *The Workingman’s Paradise: An Australian Labour Novel* (Sydney, 1892), p. 119.

²⁹ Edmund Mitchell, *The Labour Question in Australia* (Melbourne, 1892), pp. 3, 14-17.

³⁰ Thomas Roydhouse and H. J. Taperell, *The Labour Party in New South Wales — A History of its Formation and Legislative Career* (Sydney, 1892), p. 71.

February 1891 marks the first of many occurrences of the term in the *Australian Economist*, official organ of the Economic Association, which was formed in Sydney at about the same time as the ASL (September 1887). This first use was in an address by the founder of the Association, Professor W. Scott of Sydney University, in which he describes “State Socialism” as public ownership of all capital, and predicts either a gradual growth of “State Socialism”, or social progress sufficient to render it unnecessary.³¹ In the same issue of the journal there is a notice of Charles Dilke’s advocacy of “State socialism and Municipal socialism”.³² In the May issue of 1891, A. DeLissa, writing on “The Labour Problem” raises the spectre of “State socialism” in support of the idea of arbitration, and relates “State socialism” to the pernicious influence of Bellamy.³³ In the December issue, W. J. Hynes blames the economic recession on trade union militancy and declares that union hostility to mechanisation is “one of the main features in State socialism.”³⁴

In the March 1893 issue of the *Australian Economist* is a short article “On State Socialism” by Colin McKay Smith, written at least partly as a reply to a previous paper on the radical theories of Henry George. Smith refers to the possible existence of only two economic systems, individualism, and “the hot-house deformity known to us as State Socialism.” He points to a “movement in favour of State Socialism now unfolding itself”, which he claims originated with Marx and Lassalle and was influenced by Bellamy and George. Smith, in the spirit of Fawcett and Spencer, writes the movement off as a fad and reaffirms the view that private enterprise is “opposed to the slavish maxims of State Socialism”.³⁵ In the subsequent discussion of this paper in the April number of the journal, the liberal Chard and the socialist Harker severely criticised Smith, both agreeing that the movement towards “State socialism” did not involve the wholesale nationalisation or municipalisation of capital, and that it was gradualist. Chard also claimed that the majority of “thinking people had more or less socialistic tendencies”, and Harker, for his part, conceded “that it was possible to graft State socialism upon individualism”.³⁶

The ill-fated Francis Adams, a leftist London intellectual forced to migrate to the healthier climate of Australia in the mid-1880s due to tuberculosis, and who wrote the poem “The Army of the Night”, used the term in 1893 in a discussion of the unemployment problem in Brisbane in his book *The Australians — A Social Sketch*. Here he begins by saying that the “idea of monopoly is in reality the prime idea of the day, and is the absolutely inevitable and necessary step towards ‘the coming slavery’ of State Socialism, the snake which is to swallow up all the other snakes”. At this point the reader might be perplexed by Adams’s attitude, given his obvious reference to “The Coming Slavery”, the second part of Spencer’s *The Man versus The State*. But he continues: “Many people prefer to call it social organisation, and rightly see in it the reaction against the extreme competition which was ruining all good production and

³¹ N.G. Butlin, V. Fitzgerald, and R. Scott, eds, “*The Australian Economist*” 1888 — 1898 (Canberra, 1986), p. 99 (2,11 — Feb. 1891).

³² *Ibid.*, p. 102.

³³ *Ibid.*, (2, 14), pp. 120, 123-24.

³⁴ *Ibid.*, (2,21), p. 176.

³⁵ *Ibid.*, (3,2), pp. 295-98. By contrast, in 1895 the Sydney *Bulletin* portrays state socialism as a golden mean between extremes of individualism and collectivism and advocates the public provision of common services. Cited in Docker, *The Nervous Nineties*, pp. 60-61.

³⁶ “*The Australian Economist*” 1888 — 1898 (3, 3), pp. 309-310.

devastating the life of its producers.”³⁷ Now readers can have no doubt which side Adams is on. He has no hesitation in regarding state socialism as “the prime idea of the day”.

By this time colonial liberals were becoming increasingly statist. Arguably, their adoption of social liberalism and criticism of *laissez-faire* economics — so influential within the “Australian settlement” — were inflected by considerations of state socialism. For instance, Alfred Deakin used the term in a letter to Josiah Royce, the American Hegelian philosopher, written in June 1892 and quoted in Walter Murdoch’s life of Deakin (1923). In the letter Deakin bemoans his personal and political difficulties:

We are having bad times here just now after our period of speculation, which has stripped me, and many others, of all we had. Our State socialism has received a check at the same time, so that we are facing adversity here in private and public.³⁸

Deakin was already a leading Australian liberal at the time he wrote this, making his reference to “State socialism”, and his implication of a policy project of some description doubly intriguing. The comment on “public” adversity may imply that this pursuit of state socialism was little more than a response to perceived public opinion, but we could equally well conclude that the idea had become an influential undercurrent in colonial liberalism just as it was an element in the liberalism of the economist Rae, noted above. As early as 1891, radical liberal C. C. Kingston had announced on a public platform that “I wish to be classified as a State Socialist — as one who recognizes it is right for the State to interfere for the good of society.”³⁹ Deakin would have agreed in principle only, and in a letter in 1893 he wrote: “State socialism I fear mainly because of the weakness of the social idea in us & run by selfishness nothing could exceed the corruption likely to be bred under a system of State Socialism.”⁴⁰

One of the major texts of Australian political thought appeared in 1893, Charles H. Pearson’s *National Life and Character — A Forecast*. Given its currency it would be highly unlikely for such a work to fail to mention the term under discussion, and unsurprisingly both the term and the idea arise frequently and form a significant part of Pearson’s thesis. Put simply, he argues that humanity is advancing, not towards greater freedom, “but to some form of State Socialism”, and that while this will make the citizen of the future more equal and more comfortable, it will also produce a future society lacking in energy, character, and spirituality.⁴¹ Pearson’s liberalism, early influenced by John Stuart Mill, and his admiration for Spencer as a “great thinker”,⁴² did not stop him from agreeing with his friend Dilke that the “tendency” of the Briton in the colonies, “where he is carrying out modern ideas with great freedom, is to adopt

³⁷ Francis Adams, *The Australians — A Social Sketch* (London, 1893), p. 225. Humphrey McQueen singles out Adams as one of the very few in Australia at the time who had read the 1887 English translation of *Capital*. See McQueen, *A New Britannia* (Melbourne, 1986), p. 189.

³⁸ Walter Murdoch, *Alfred Deakin — A Sketch* (London, 1923), p. 130.

³⁹ Kingston, *Oxford History of Australia, Vol. 3 1860-1900: Glad Confident Morning*, p. 98. See also Bongiorno, *The People’s Party*, p. 16.

⁴⁰ Quoted in Bongiorno, *The People’s Party*, p. 94.

⁴¹ Charles H. Pearson, *National Life and Character — A Forecast* (London, 1893), pp. 108-109. See Gregory Melleuish, *Cultural Liberalism in Australia* (Cambridge, 1995), pp. 36-38.

⁴² John Tregenza, *Professor of Democracy — The Life of Charles Henry Pearson, 1830-1894, Oxford Don and Australian Radical* (Melbourne, 1968), pp. 19, 79.

a very extensive system of State Socialism".⁴³ One should be cautious with this implication of an "extensive" role for state ownership and control of capital, however. On the subject of land nationalisation, he argues that the goal "of State Socialism in these matters is not so much that the State should keep the title-deeds of the land, as that no land should be monopolised by private persons". State mines are "eminently in accordance with the principles of State Socialism" only when they are too marginal to attract capital.⁴⁴ The scope for state monopolies is very limited, and it is "probably undesirable" that "men generally should look up to the State to take the lead in industrial undertakings", and he also questions the distributive role of the state, in "becoming the owner of large stores". In opposing the "extreme result" of the nationalisation of all capital, Pearson confirms his liberalism and distinguishes himself from the gradualist socialists.⁴⁵ Yet the pessimism remained, and in her review of the 1894 edition of the book, Maybanke Anderson worries about a future in which "State socialism may come upon us with its apotheosis of mediocrity, its check on ambition [and] its deadening of originality".⁴⁶

The adoption of the term by the more politically advanced liberal intellectuals in the colonies in the mid-1890s can be seen in statements by Henry Wrixon and A.B. Piddington. Wrixon, who had been a ministerial colleague of both Deakin and Pearson in the Gillies administration in Victoria, in the preface to his 1896 book *Socialism, being Notes on a Political Tour*, refers to "Australian provinces, where Socialist views (though not those of the most advanced type) are often advocated, and have been to some extent adopted".⁴⁷ He argues that "New Zealand is the community that has distanced all others over the world in the race towards State Socialism", but also says that "the Socialist State" would be a threat to freedom, and a little further on adds that "Socialists point with pride to what has been done in New Zealand and to its results, while opponents declare that personal energy and initiative is being sapped in the community".⁴⁸ When he comes to the British leg of his overseas tour, Wrixon remarks on the significance of the fact that "in 1893 the Trade Unions' Congress at Belfast pledged itself to complete State Socialism. They repeated the pledge at Norwich in 1894. At Cardiff, in 1895, they re-affirmed all that advanced Socialists expect to get in a generation."⁴⁹

The great issue of the day was socialism, apparently, and so in the June 1897 issue of the Australasian Edition of the *Review of Reviews*, A.B. Piddington's article "Socialism in the Parliament of New South Wales" would have raised fewer eyebrows than the title might lead us to suppose. Here, Piddington begins by outlining two different types of socialism. These are: "(1) State Socialism, whether of Bismarck — a sort of paternal protectorate regulating men's affairs for them by the compulsion of a superior wisdom, or that of Bellamy, in which all occupations are carried on by the community for the community. (2) The Socialism of Lassalle and Marx [...]". The second sort is called "'revolutionary' Socialism", as in Dilke, or alternatively

⁴³ Pearson, *National Life and Character — A Forecast*, p. 97. See also pp. 17, 18.

⁴⁴ *Ibid.*, p. 20.

⁴⁵ *Ibid.*, pp. 27-28, 20, 21.

⁴⁶ Jan Roberts and Beverley Kingston, eds, *Maybanke — A Woman's Voice* (Sydney, 2001), p. 121.

⁴⁷ Henry Wrixon, *Socialism, being Notes on a Political Tour* (London, 1896), p. viii.

⁴⁸ *Ibid.*, pp. 22-24.

⁴⁹ *Ibid.*, p. 69. On p. 58 he refers to a general acceptance of Marx's theory of value by all "Socialists".

“‘Collectivist’ Socialism”.⁵⁰ He argues that because of the 1890 “revolt of the working classes”, the New South Wales parliament was transformed, and that in the mid-1890s, “most of the important measures [...] passed into law, bore the unmistakable stamp of State Socialism”. Piddington concludes that “it would seem that State Socialism is steadily growing in New South Wales, the colony that so long has been the least forward in adopting the doctrine, while ‘collectivist’ Socialism has lost the fire and vigour it displayed in the great movement of 1891”, and adds that “recent palliatives” need to be successful, in order to avert another “social crisis”.⁵¹

Early Commonwealth and Inter-war Writings

Thus far, it is evident that the term under consideration progressed from being little more than a fragment of technical jargon in discussions of political economy in the mid-1880s, to a frequently used term of mainstream political debate at the time of Australian federation in 1901. It is evident that the distinction between outright socialism and state socialism was progressively refined. There are some hints that the debate about the appropriate role of the state this encouraged influenced social liberal thinking.

Not surprisingly, state socialism had found its way into the 1901 French text by that famous tourist Albert Métin, *Le Socialisme sans Doctrines*, judging from the translations of Encel and of Ward.⁵² Whether or not one subscribes to the notion of an “Australian Settlement”, the first decade of the Commonwealth was noteworthy for the advance of the state in Australia, especially during the Deakin and Fisher administrations in the second half of that decade. At this time the two party system emerged fully for the first time, after a confusing beginning to federation when the political playing field was occupied by “three elevens”, and this emergence began in earnest when George Reid opposed the socialism of both Alfred Deakin and the ALP in 1905-06.⁵³

As we have seen, since the heyday of Herbert Spencer and Henry Fawcett there had existed in both British and colonial intellectual circles a view that state intervention or state ownership of capital, other than a bare minimum for the administration of the legal system and for military defence, is an unwarranted infringement against sacred liberties or, just as bad, an interference with the market. When Reid adopted such a position, going against his Labor enemies and also against the then fashionable New Liberalism of T.H. Green and Bernard Bosanquet, he attempted to bring down his opponents with the claim that they were “Socialists”.⁵⁴

Reid’s chief non-Labor and Protectionist opponent was Alfred Deakin.⁵⁵ In an important speech at Ballarat in June 1905, Deakin argues that Reid’s position is “too vague and abstract”, and that because he (Reid) is “in favour of any form of State action — what is called State Socialism — which assists private enterprise”, then he

⁵⁰ *The Review of Reviews* (Australasian Edition), 10, 6 (June 20, 1897), p. 670. Dilke, *Problems of Greater Britain*, p. 507.

⁵¹ A.B. Piddington, “Socialism in the Parliament of New South Wales”, pp. 670, 671, 673.

⁵² Russel Ward, ed., *Métin: Socialism Without Doctrine* (Sydney, 1977), p. 160. Sol Encel, “The Concept of the State in Australian Politics”, *Australian Journal of Politics and History*, Vol. 6, 1 (May 1960), p. 71.

⁵³ Tod Moore, Sandra Bourke and Graham Maddox, “Australia and the Emergence of the Modern Two-Party System”, *Australian Journal of Politics and History*, Vol. 44, 1 (March 1998), pp. 18-19.

⁵⁴ George H. Reid, *My Reminiscences* (London, 1917), p. 250.

⁵⁵ Gregory Melleuish, *A Short History of Australian Liberalism* (Sydney, 2001), p. 22.

too would be called a socialist “in England, America, and elsewhere”.⁵⁶ Conversely, when he (Reid) says “that the policy of the Socialists, which he denounces, requires that all means of production, distribution, and exchange should be transferred from private enterprise to the State”, he is in agreement with 99 percent of the population, and thus he provides no basis to distinguish his position “from State Socialists or other Socialists.”⁵⁷

Deakin is a moderate, liberal supporter of state intervention, as he proceeds to make clear in his speech. His first move is to separate himself from the Marxist position, which he describes as “the Socialism of the Continent”. “Here we have what is called State Socialism”, and he then distinguishes this from Bellamy-style “State Socialism”, based on “an assumption of all the activities of daily life by the State”, which he utterly opposes. Although “we have not hesitated in Australia to use what is termed State Socialism elsewhere more freely than in most countries”, Deakin believes only in “employing the machinery of the State in order to cope with great injustices and injuries which at present beset our social system”. He also feels that intervention is only justified if no more “efficient” way exists, and he further warns his audience “that State Socialism is largely a financial problem”, involving enormous debts for “railways, water works, etc.”.⁵⁸ His next move is to question the role of the Commonwealth itself in such interventions. Although the Australian States have had success in “undertaking to control their railways, post offices, telegraphs, and other enterprises”, a State government “because it is larger, because it is further away from its constituents, because supervision is less easy and continuous, becomes a less profitable employer of State Socialism than the municipality”. By extension, “the Commonwealth, embracing the whole of Australia, taking in its scattered population, and endeavouring to deal with these by State Socialism, you have a still larger and more unfavourable field”. The last part of Deakin’s argument is to reject nationalisation, or “what is called in Europe extreme State Socialism”, in favour of regulation. This implies compensation, and “Who is to pay?” becomes the “question of State Socialism”. Deakin’s view is that “State Socialism is a remedy only to be applied with caution, or else the remedy may easily be worse than the disease”.⁵⁹ For all these qualifications, the care Deakin takes to differentiate state socialism from socialism, and the fact that it is admitted as a remedy at all, confirms its importance as an undercurrent influencing the development of social liberalism.

In early April, 1906, in Sydney, Reid publicly debated W.A. Holman, a Labor orator of note and future ALP Premier of New South Wales,⁶⁰ on the topic of socialism. The debate was published verbatim shortly afterwards, under the title of the topic itself: *Socialism — As Defined in the Australian Labor Party’s Objective and Platform*. We should note that at its 1905 Federal Conference, the ALP had adopted as its objective “the collective ownership of monopolies and the extension of the industrial and economic functions of the State and the Municipality”.⁶¹ Reid argues effectively in the

⁵⁶ Alfred Deakin, *The Presessional Speech of Mr. Alfred Deakin, M.P., to his Constituents* (Melbourne, 1905), pp. 4-5.

⁵⁷ *Ibid.*, p. 5.

⁵⁸ *Ibid.*, p. 7.

⁵⁹ *Ibid.*, pp. 8-9.

⁶⁰ For biographical details see H.V. Evatt, *Australian Labour Leader — The Story of W. A. Holman and the Labour Movement* (Sydney, 1954), especially pp. 125-30.

⁶¹ L.F. Crisp, *The Australian Federal Labour Party 1901-1951* (London, 1955), p. 271. For a wealth of information on the background to both the debate and the ALP objective see Patrick Ford,

Spencerian tradition and he always uses the term “Socialism”, modification of which would weaken his position, but at the conclusion of the debate Holman, who had been arguing equally competently the case for state intervention and state ownership, becomes explicit. He starts by reaffirming that “we regard the State as the great instrument for good, as the great instrument for uplifting humanity; we regard the State not as some malign power”. He then claims that “State Socialism involves no tyranny and no despotism”, and that “only by an organization upon the lines of the whole community can we hope to throw off the real tyranny of financial and capitalistic control, only by the power of the State can the workers hope to work out their emancipation from the bonds which private property is able to impose on them to-day, and only by State Socialism, such as we now advocate, can we initiate a genuine republic in Australia, where all men shall be free, all men shall be equal, and no man shall make them afraid. (Loud and prolonged applause)”⁶² During the following decade ALP governments in several states established many government-owned and run operations of economic significance, varying from pubs and fish and chip shops to electricity grids.⁶³ There had even been calls at one time for a “State Pawn-shop”.⁶⁴ Such developments were to provoke liberals in their elaboration of the appropriate limits of state action: this would contribute to the demise of state socialism as an element in Australian political discourse.

The growth of the two party system was not seriously impaired by the conscription debates and consequent ALP split during the Great War, although it took until the late 1920s for it to return to anything like what it had been in 1914. In the meantime a group of anti-labour intellectuals connected with the Australian branches of the Workers’ Educational Association developed arguments similar to Deakin’s, against intervention based on efficiency considerations.⁶⁵ Three of the WEA intellectuals, Frederic Eggleston, Clarence Northcott, and Meredith Atkinson, were particularly interested in this theme, and through Eggleston it was also strongly to influence the work of W.K. Hancock.

Clarence Northcott, who had been associated with Francis Anderson (who had in turn been close to Professor Scott) and Meredith Atkinson at Sydney University, before moving to New York and publishing his 1918 book, *Australian Social Development*, was firmly committed to “expert knowledge” as a means to achieving “social

Cardinal Moran and the ALP (Melbourne, 1966), pp. 57-58, 84, 123-24, 141, 160-61, 166, 175, 191-92, 196, 265. Also see Bruce O’Meagher, ed., *The Socialist Objective — Labor and Socialism* (Sydney, 1983).

⁶² G.H. Reid and W.A. Holman, *Socialism — As Defined in the Australian Labor Party’s Objective and Platform* (Sydney, 1906), pp. 62-63. The widespread fear of monopolies and trusts at this time could bring calls for nationalisation even from conservatives. For an excellent American example of this see Thomas C. Spelling, *Bossism and Monopoly* (New York, 1906).

⁶³ *Socialism at Work — How the Queensland Government succeeded in profitably establishing State Ventures where the needs of the people called for State Competition or State Monopoly* (Brisbane, 1918). R.S. Parker, “Public Enterprise in New South Wales”, *Australian Journal of Politics and History*, Vol. 4, 2 (November 1958), pp. 208-23. J.R. Robertson, “The Foundations of State Socialism in Western Australia: 1911-16”, *Historical Studies*, 10/39 (November 1962), pp. 309-26. D.J. Murphy, “The Establishment of State Enterprises in Queensland, 1915-1918”, *Labour History*, Vol. 14 (May 1968), pp. 13-22.

⁶⁴ Bongiorno, *The People’s Party*, p. 176.

⁶⁵ The best study of this group is Tim Rowse’s *Australian Liberalism and National Character* (Melbourne, 1978).

efficiency”.⁶⁶ In the book he points to the divergence of views between “Liberal” and “Labour” parties on the crucial question of “State interference”, and goes on to claim that “the Labour party has a definite theory of the increasing necessity for State interference in the interest of social welfare”, which “receives wide endorsement by public opinion”. He proceeds to distinguish between public works of a reproductive nature, including “railways, harbours, roads, land purchases and settlement” and “a more recent extension of the economic and industrial activity of the State” which “has taken the form of industrial enterprises”. After listing some such “state works”, he observes that “a practical, undogmatic state socialism, operated in the interests of the people, is slowly invading the sphere of capitalistic enterprise”. Such an “extension of the State” is based on “that large social ideal that inspires their [i.e. Labour’s] clumsiest movements and their most short-sighted activities”, and it ignores the argument that “private enterprise [...] can perform its function more efficiently than the state”.⁶⁷

Meredith Atkinson, in the 1919 edition of his *New Social Order*, shares Northcott’s low opinion of government-owned and operated services and industries. Favouring a stridently corporatist approach to the “problems of industry” he asserts that “social legislation and State Socialism — the two great streams of the reform movement — have failed”, and in another place worries about “the risks and faults of a vast extension of centralised State Socialism”.⁶⁸ Atkinson equates state socialism, which he uses interchangeably with the Fabian term “Municipal Socialism”, with “State Capitalism”, which he distinguishes clearly from the “revolutionary schools of thought” associated with Marxism. He also complains that “some forms of State Socialism” are based on bad social “palliatives” which “lead the worker to lean too heavily upon the State”, although he is not specific, and he remarks that there “is nothing really new in the State Socialism of Australia”, contradicting the earlier view of Dilke, Métin, and others.⁶⁹ His basic position is that “State Socialism, Co-operation, Syndicalism, and at last Guild Socialism, have successively, and in our time collectively, held the field. [...] But every fresh social experiment provides new proof of the simple fact that, until the human material with which we must build our new society is more unselfish, more public-spirited, and more efficient, every mechanical reform must fall short”.⁷⁰

Frederic Eggleston was also close to Atkinson and his circle at this time, and contributed to a conference, which Atkinson organised in Sydney in 1915, to introduce the trade union movement to economic ideas of “efficiency”.⁷¹ In the resulting volume, edited by Atkinson, *Trade Unionism in Australia*, Eggleston’s paper on co-operatives appears and, with it, a report of the discussion which followed. At the end of that discussion, he says: “As to the Government entering into the industrial field, he regarded that project as unsound if applied generally, and not to the best interests of the

⁶⁶ Clarence H. Northcott, *Australian Social Development* (New York, 1918), p. 10. See also: James Walter and Tod Moore, “The New Social Order? Australia’s Contribution to ‘new liberal’ thinking in the interwar period”, APSA50 refereed conference paper, 2002, available via: <http://arts.anu.edu.au/sss/apsa/default.htm>.

⁶⁷ C.H. Northcott, *Australian Social Development*, pp. 163-68.

⁶⁸ Meredith Atkinson, *The New Social Order — A Study of Post-War Reconstruction* (Sydney, 1919), pp. 216, 201.

⁶⁹ *Ibid.*, pp. 225, 64-65, 274.

⁷⁰ *Ibid.*, p. 71.

⁷¹ For biographical information see Warren Osmond, *Frederic Eggleston — An Intellectual in Australian Politics* (Sydney, 1985).

community.”⁷² In the 1920s he had many opportunities to reflect upon this remark, as he was an anti-labour Victorian MP and held office in the Peacock and Allen-Peacock ministries as Minister of Railways, and as vice-president of the Board of Land and Works. His political career provided a great deal of the ammunition he used against ideological enemies in his book, *State Socialism in Victoria*, which was eventually published in London in 1932.

The overall argument of Eggleston’s book is that publicly owned and operated essential services, judging from the Victorian experience, are not economically or politically sound. He concludes that the “economic results of State Socialism” demonstrated “very little positive benefit. Some State utilities were losing enormously, and no striking economic advantages could be claimed for any.”⁷³ He also refers to “the evils of State Socialism” and the “defects of State Socialism”, however he adds that if “we condemn State Socialism in Victoria on balance, we must not be taken to be in favour of a stark *laissez-faire* as against co-operative and social methods of solving our problems, or even as condemning State Socialism permanently”.⁷⁴ Eggleston was a supporter of Adam Smith, and so when he says: “There is nothing abnormal in State action”, he is thinking of “great common services likely to become monopolies” and reproductive infrastructure, not capital generally, and he specifies “Transport, Agriculture, Water Supply, Electricity, Roads, Banking, Sewerage, Insurance, Hospitals” with this in mind.⁷⁵ His pessimistic conclusion is remarkable, because he feels that in Victoria “State Socialism is on the whole more systematic, and the principles of organisation and control have been more carefully worked out” than elsewhere, and that for “laboratory purposes it is the more valuable, for it is State Socialism at its best.” Yet he feels “State Socialism has on the whole failed” because it causes “a failure of the individual citizen”; it has not produced “active citizens”, but has been “regarded as a substitute for individual action, releasing the citizen from responsibility”.⁷⁶

Underlying Eggleston’s apparently reluctant distaste for state intervention is his mania for a certain notion of “efficiency”, which is a common distinguishing characteristic of elites in the interwar period in Australia.⁷⁷ This is allied in his thinking with a combative attitude towards Marxian socialists, and indeed towards socialists in general. On the railways, he argues that “efficiency may be achieved” by the use of independent managers (presumably trained in “scientific management”), and “may be impaired” by subsidisation and “political control”, and he adds that “economy and efficiency” demand the “strictest canons of business management”.⁷⁸ After rejecting the use of railways “to secure social justice, to promote employment and even to create a spearhead of industrial power in the class war”, he returns to the need for “expert managers”, and makes the point that “any expectation of successful railway policy under State Socialism is exceedingly optimistic”.⁷⁹ Eggleston appears to be saying that there is a good state socialism and a bad state socialism, depending upon the degree to which individualism is maintained by operating services as though they were in private

⁷² Meredith Atkinson, ed., *Trade Unionism in Australia* (Sydney, 1915), p. 91.

⁷³ Frederic W. Eggleston, *State Socialism in Victoria* (London, 1932), p. 291.

⁷⁴ *Ibid.*, pp 261, 267, 283.

⁷⁵ *Ibid.*, pp. 2-3.

⁷⁶ *Ibid.*, pp. 5, 13-14.

⁷⁷ See Walter and Moore, “The New Social Order?”, pp. 9-10.

⁷⁸ Eggleston, *State Socialism in Victoria*, pp. 31, 119, 127.

⁷⁹ *Ibid.*, pp. 128, 133.

hands, without rationing, community obligations or cross-subsidisation. He saves the worst of his venom for “the fallacious ideology of Karl Marx”, and for the “socialistic politician [who] well knows that his constituents have no interest in socialistic theory”.⁸⁰

It may be that Eggleston’s book was not widely read, although this is difficult to ascertain, but it is certain that W.K. Hancock’s *Australia*, published in 1930, was and still is very influential — it could be regarded as the canonical text of Australian liberalism. The seventh chapter of that book, entitled “State Socialism”, is based on the then unpublished manuscript of the Eggleston book, allowing the ideas which it contains to reach a much wider audience than would otherwise have been the case.⁸¹ At the end of the chapter Hancock affects equivocation concerning Eggleston’s negative conclusion, but quickly points out that “a State should give up running businesses if it will not run them on business principles”.⁸² Elsewhere in the book Hancock places himself foursquare in the Atkinson/Eggleston tradition, lamenting the obsession of the Australian masses with their rights, while deaf to a handful of “shrill protests about duties”. He feels obliged to point out that the “Australian voter has been continually blamed for his lack of initiative and for his excessive dependence upon the State”. He argues, in an oft-quoted passage, that “Australian democracy has come to look upon the State as a vast public utility, whose duty it is to provide the greatest happiness for the greatest number”.⁸³ Hancock only uses the term under discussion as a chapter heading. By the 1930s it had become largely redundant in public political discourse, and its use at such a late stage by Eggleston and Hancock should not be taken as indicative of continuing importance, although it does suggest that they placed a special emphasis upon it, and that they saw it as having been significant in the Australian political context. In fact, new liberals, such as Atkinson, Eggleston and Hancock, effectively administered its *coup de grace*.

Conclusion

Noel Butlin has shown us that a strong role for the state in Australia’s colonial economies preceded the Labor Party and drew nothing from socialism.⁸⁴ From the 1880s, however, the borrowed discourse of state socialism could give coherence to this tendency and activists began to rely upon it to articulate their aspirations and to rationalise what they were doing. In the 1890s and the early Commonwealth period, the rhetoric of pragmatic government intervention in the economy for the public good became widespread, and could even be regarded as a state socialist “project”.⁸⁵ The aggressiveness of this policy approach, and the competition between the public and the private sectors, were variously described according to the political leanings of commentators, with a spectrum stretching from reproductive capital works to total

⁸⁰ *Ibid.*, p. 244.

⁸¹ W.K. Hancock, *Australia* (London, 1930), p. 130.

⁸² *Ibid.*, p. 145.

⁸³ *Ibid.*, pp. 73, 69, 72. See also p. 214.

⁸⁴ This paraphrases Hirst, “State Socialism”, p. 608. See Noel Butlin, *Forming a Colonial Economy, Australia 1810-1850* (Melbourne, 1994); Noel Butlin, *Australian Domestic Product, Investment and Foreign Borrowing: 1861-1939* (Cambridge, 1962). Also see Andrew Wells, *Constructing Capitalism: An Economic History of Eastern Australia 1788-1901* (Sydney, 1989), pp. 93-106; Stuart Macintyre, *Winners and Losers — The Pursuit of Social Justice in Australian History* (Sydney, 1985), p. 41.

⁸⁵ Peter Beilharz, Mark Considine and Rob Watts, *Arguing About the Welfare State — The Australian Experience* (Sydney, 1992), pp. 20-21.

nationalisation, but broadly speaking “state socialism” was understood along the lines advocated by the English Fabians in the late 1880s and the 1890s. Even liberals like Deakin could refer to it in supporting state intervention. The ALP endorsed and applied this type of policy in the period before and during the First World War. The increasing demonisation of socialism, and of Labor, with the fusion of the free-trade and protectionist wings of parliamentary liberalism from 1910 on, presaged the emergence of an ideology — new liberalism — that would finally erode the claims of state socialism.⁸⁶ The new liberals explicitly targeted state socialism, as our discussion of Atkinson, Eggleston and Hancock shows, but they were also critical of *laissez-faire* capitalism. In their emphasis on co-operative control of industry by workers and employers, and the interlinking of society and the state via recognition of “the general interest”, they allowed for a more proactive interpretation of collective (as opposed to individual) action than was favoured by classical liberals. Therefore, despite their concerted opposition to over-reliance on the state, they provided a link with the collectivist tenor of the Australian settlement that allowed political elites to dispense with the rhetoric of state socialism. It was the tenets of new liberalism that laid the ground for the acceptance of Keynesian social liberalism (by a Labor government), and the direction of social development by a new professional class,⁸⁷ in the post Second World War period.

⁸⁶ The consolidation of Australian new liberalism is outlined in more detail elsewhere: see Walter and Moore, “The New Social Order?”.

⁸⁷ See Nicholas Brown, *Governing Prosperity* (Cambridge, 1995), *passim*.

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