Introduction

The fortieth anniversary of the instigation of the Labor Split by Dr Evatt on 5 October, 1954, has revived theories of a thwarted Catholic takeover of Australia. Tom Truman's robust 1959 polemic Catholic Action in Politics\(^1\) is once again alive and well, and now living in Humphrey McQueen's column in the Weekend Australian.

McQueen argues that the Petrov Affair, Evatt's defeat at the 1954 elections and the subsequent denunciation of the Industrial Groups saved Australia from a national government dominated by the Catholic Action groups around B.A. Santamaria. McQueen's account reads in part:

"The claim that ASIO arranged Petrov's defection to save us from a left-wing government under Evatt has never held water, given how right-wing Evatt's policies were in 1954. If there is any truth in the Petrov conspiracy, it is more likely that the Anglo-Saxon Protestants moved to prevent a government in which Santamaria set the agenda than that they sabotaged the election chances of the left-wing Evatt."

"Evatt's madness and machinations" McQueen concludes, "prevented the forces of black Catholic reaction from dominating the government"\(^2\).

I speak with the greater feeling because the fears McQueen now recycles were very real at the time to me and many of my generation in the Labor Party. We lacked the historical background which would have enabled us distinguish between such genuine dangers to the party as Mr Santamaria and his associates may have represented, and the wilder flights of sectarian fantasy to which McQueen now gives renewed currency.

A more prosaic alternative view to that of McQueen, is that miscalculation on the part of Mr Santamaria resulted effectively in a marginalising of the role of Catholic social thought and thinkers in Australian political life from which as yet there has been no adequate recovery. As a nation, we are very much the poorer for what in other circumstances may well have been a fruitful cross-fertilisation between Catholic social

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\(^{2}\) McQueen H., 1994. "Time to Sing Evatt's Praises". Weekend Australian, 1/10/94.
thought and traditions such as the Fabian socialism of which I remain an unrepentant advocate.

It is plain in hindsight that the middle nineteen-fifties when the Santamaria Movement finally over-reached itself was also a point where the dominant democratic socialist paradigm of nationalisation, statutory corporations and command economies was approaching exhaustion. Opinion within the ALP was open increasingly to input from such credible sources as the predominantly Distributist tradition among Australian Catholics had to that point represented.

This is not in any way to suggest that Australia was likely to become a Distributist society or the ALP a Distributist party, but rather that a more profitable intellectual and political synthesis might have been achieved, and a legislative environment more propitious for the taking of Distributist initiatives created. At the least, ignorance or indifference would not now be causing ALP governments to adopt as has recently been the case measures prejudicial to such characteristically Distributist enterprises as credit unions, co-operatives and employee share ownership plans.

When the Movement usurped the authority of the church and the bishops to enforce its will within the unions and the party - as was the case unambiguously in Victoria if less so in other states and in particular in NSW - it did more than ensure that Evatt would turn in desperation to sectarianism as the only means adequate to arrest and finally roll back the burgeoning Santamaria hegemony. It gambled with - and lost - at that same moment the credibility which Catholic social theorists had worked for decades to achieve.

The fact that it is even now difficult or impossible to obtain a hearing for Catholic social insights of proven worth within the party and the unions which are their natural constituency - that successive generations of young labour women and men have grown up in virtual ignorance of the existence of Catholic social doctrine, much less of its

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3 For example, the Kirner Labor Government was only narrowly restrained from inadvertently wiping out the state's credit unions in the aftermath of the Pyramid building society fiasco. The Keating Labor government is now stripping credit unions nationally of the tax advantages which the Whitlam Labor government extended to them in recognition of their co-operative status as recently as twenty years ago. Credit unions have become subject in recent times to inappropriate regulatory requirements which seriously impair their establishment and growth. Efforts to up-date state co-operatives legislation or secure commonwealth legislation have largely been frustrated or ignored. The recent attempt to de-mutualise the NRMA highlights the vulnerability of Distributist and mutualist bodies.
content and significance - has been a major intellectual and political misfortune. History may well conclude that not the least of Mr Santamaria's disservices to Australia has been the exclusion from their rightful influence within the party and the unions of the Distributist doctrines to whose advancement his formidable intellect and advocacy had at an earlier stages of his career been devoted⁴.

**Distributism**

The principal biographer of the British writer and leading Distributist G.K. Chesterton, Maisie Ward, recorded in 1944 that "In Australia Distributism has given a fresh slant to both Labour and Catholic leadership"⁵. Bruce Duncan credits the Distributists with having been particularly important for Australian Catholics because "they introduced them to a whole new world of radical ideas"⁶. Yet so totally has the memory of Distributism been allowed to fade that it is necessary at the outset to recall briefly its origins, principles and objectives.

Catholic social reformers such as Ketteler, Von Vogelsang and Harmel in Europe and - later - J.A. Ryan in America and the young P.S. Cleary in Australia wanted a just social order which avoided replacing the excesses of capitalism with those of the bureaucratic state as favoured by communists and some socialists⁷. The thrust of Pope Leo XIII's great social encyclical *Rerum Novarum* in 1891 was supportive of the self-help values of the co-operative movement as established by the Rochdale Pioneers in 1844.

British Catholics such as Chesterton allied themselves with advocates of co-operation and Guild Socialism, against what Chesterton's friend Hilaire Belloc characterised memorably as "the Servile State". In the view of the Distributists - as Chesterton and his associates styled themselves - power and property had been filched from the common people in the course of the Industrial and Agricultural Revolutions, and should now be returned to them.

"The Distributists", Duncan writes, "were maximalists who would accept nothing less than workers owning the means of production". "The Distributist view", writes A.N. Wilson, "was that the Unions, instead of merely begging for wages, like children clamouring for more sweets, should demand, as of right, joint ownership of the industries in which they served":

To be shareholders in a common guild was the only way in which they could be liberated from the Servile State of Capitalism. Socialism was but the same Servile State given a different name. For a wage-earner, even if his wages became high, remained another man's property, his creature, his slave. Only by joint-proprietorship could the human dignity, destroyed by the Industrial Revolution, be restored.

The platform of the Distributist League specified that "Every worker should own a share in the Assets and Control of the business in which he works". Land, in the view of the League, should be owned by those who farmed it, houses by their occupants and small businesses by their operators.

The League's critics responded with the caricature of its objectives as "three acres and a cow". Efforts by Distributists to be taken seriously were also poorly served by elements within their ranks whose romantic attachment to the Middle Ages and medieval guilds distracted them from practical social reform, and caused them to oppose on principle the use of machinery, even for agriculture.

A case in point was the prominent Distributist cleric, Father Vincent McNabb. It has been said of Father McNabb that "Hatred of machinery combined with a love of poverty sundered him from his typewriter".

Duncan points out that disillusionment and consequent rejection of parliamentary reform on the part of other Distributists resulted in a move away from democratic methods and in a more authoritarian direction: "They heightened suspicion about the power of the State, the negative aspect of which was to hinder the introduction of welfare services for needy people".

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11 "Three acres and a cow" was in fact a slogan coined by the Liberal Party in Britain and used extensively by Lloyd George in the aftermath of World War I.
At the extreme, some Distributists flirted with fascism, and were admirers of Mussolini. Dudley Barker writes in his 1973 biography of Chesterton that "In all this Chesterton was pushed by Belloc, who was soon to be detecting Masonic Plots influencing America against the noble Italian, and who, during the civil war in Spain, could acclaim Franco as the saviour of us all"\(^{14}\). As was the case also for the Fabians, what Distributism from time to time needed most was to be saved from its friends\(^{15}\).

Chesterton for the most part stood squarely in the moderate and modernist camp of land distribution and worker ownership and control. "Distributists", he assured his audience in the course of a notable address, "are perfectly sensible and sane people"\(^{16}\). A revealing essay by Ian Boyd sees Chesterton novels such as The Napoleon of Notting Hill, The Ball and the Cross and The Return of Don Quixote as being notable for their underlying distrust and rejection of medievalist politics.

"What is interesting", Boyd writes, "is the implication that the medieval ideal is entirely destructive unless it is seen as a kind of myth providing a perennial social standard for the modern world"\(^{17}\). Maisie Ward says of Chesterton that "He did not want the League to consist entirely of extremists lest it should be thought to consist entirely of cranks, especially at a moment when 'intelligent people are beginning to like Distributism because Distributism is natural'"\(^{18}\).

**Shaw and Chesterton**

The issues were clarified for many by a notable series of public debates extending over a sixteen year period from 1911, between Chesterton and the best known Fabian socialist of the day, Bernard Shaw. Public interest in their discourse is exemplified by the overflow attendance at their final encounter, in the Kingsway Hall in London, in November, 1927.


\(^{15}\) As could be said also of the Fabians, who were compromised in the eyes of many by Shaw's *apologies* for Mussolini and Stalin and the Beatrix and Sidney Webb's *Soviet Communism: A New Civilisation*. In the case of Shaw and Mussolini, see for example Holroyd M., 1991. *Bernard Shaw*. Vol. III. 1918-1950: The Lure of Fantasy. London, Chatto & Windus. pp. 143-146.

\(^{16}\) Chesterton and Shaw, 1928. p. 34.


\(^{18}\) Ward, 1944. p. 440.
The auspicing body for the Kingsway Hall debate was Chesterton's Distributist League, as it had been on earlier occasions Shaw's Fabian Society and, earlier again, the Heretics Club at Cambridge University. Belloc as so often previously was master of ceremonies. Proceedings were relayed throughout and beyond Britain by the recently-established BBC, in what has been seen as "one of the most notable events of the first few months of the Corporation's existence"\[19\]. The topic - nominated by Chesterton - was "Do We Agree"?

A contemporary account evokes "the tumultuous attempts of crowds of people to storm Kingsway Hall on that November night". "Throughout the proceedings", the account continues, "wild hordes of men and women struggled in the corridors and hurled themselves against the shut doors of the hall"\[20\]. Shaw's most recent biographer, Michael Holroyd, writes that would-be attendees unable to gain admission "flowed round the building like hot lava"\[21\].

Shaw argued in an inspired opening passage that he and Chesterton would in the East be "reverenced as madmen":

It matters very little on what points they (ie. the madmen) differ; they have all kinds of aberrations which rise out of their training, out of their knowledge or ignorance. But if you listen to them carefully and find that at certain points they agree, then you have some reason for supposing that there the spirit of the age is coming through, and giving you an inspired message. Reject all the contradictory things they say and concentrate your attention on the things upon which they agree, and you may be listening to the voice of revelation\[22\].

"Not so much an opinion as a revolt", Shaw continued, had been growing up for the last hundred years or so "against the obviously monstrous and anomalous mis-distribution of wealth under what we call the capitalist system":

I have always, since I got clear on the subject of Socialism, said, Don't put in the foreground the nationalisation of the means of production, distribution and exchange; you will never get there if you begin with them. You have to begin with the distribution of wealth".

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\[22\] Chesterton and Shaw, 1928. pp. 10-11.
Chesterton was a Distributist, Shaw said, "which means today a Redistributist". "He has arrived", concluded Shaw, "by his own path at my own position".

"Mr Shaw", Chesterton for his part rejoined, "has laid down with critical justice and lucidity grounds with which I can imagine nobody being such a fool as to deny: the distribution of property in the modern world is a monstrosity and a blasphemy". There was further agreement, Chesterton said, in that "So far as possible under human conditions I should desire the community - or, as we used to call it in the old English language, the Commons - to own the means of production". "The whole point" was in Chesterton's view "when you say that the community ought to own the means of production, what do you mean?":

What Mr Shaw means is not that all the people should control the means of production, but that the product should be distributed among the vast mass of the Commons, and that is quite a different thing. It is not controlling the means of production at all. If all the citizens had simply an equal share of the income of the State they would not have any control of the capital. That is where G.K. Chesterton differs from George Bernard Shaw.

"Mr Bernard Shaw", Chesterton concluded, "proposes to distribute wealth. We propose to distribute power".

Hindsight shows plainly that such differences as were seen to arise between Chesterton and Shaw - between Distributism and Socialism - resulted on both sides from insufficiency of information. The means of giving effect to socialism favoured by Shaw - nationalisation, statutory corporations and the command economy - had at the time not been shown by bitter experience to be incompatible with basic socialist principles and values. In the case of Distributism, no practical means of giving effect to the ideals articulated by Chesterton had so far been formulated.

"Chesterton", as Ian Boyd points out, "never gave a systematic account of what he meant by Distributism anywhere in his writing". "About the details of this new world", as Maisie Ward acknowledges, "there was room for a variety of opinion". In the circumstances of the Kingsway Hall debate, Shaw could as freely claim to be in agreement with Chesterton as could Chesterton claim to disagree with Shaw.

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23 Chesterton and Shaw, 1928. pp. 15-16.
Subsequent developments in Distributist thought and practice allow no such latitude to those of us by whom the question "Do We Agree?" must now be addressed. The absence of practical ways to give effect to Distributism which so gravely handicapped Chesterton in his debates with Shaw has now long since been corrected. It remains for the nature and significance of what has been learned to be more widely understood and applied.

**Antigonish**

Proposals for a new Distributism driven by credit unions were hammered out in the first instance in the nineteen-thirties and beyond by the Antigonish Movement in Canada.

The Antigonish Movement stemmed from the work of a former Vice-President of the St Francis Xavier University at Antigonish in Nova Scotia, Father James J. Tomkins. In 1923, Tomkins transferred from the university to the poverty-stricken Canso parish as parish priest.

An ardent advocate of Rochdale co-operation and an admirer of adult education programs such as those of the University of Wisconsin, the Workers' Education Association in Britain and the Folk Schools in Scandinavia, Tomkins set out to persuade the exploited and impoverished local fishermen to pull themselves up by their bootstraps and take back control of their lives. "When a man gets up on his hind legs", Tomkins told his parishioners, "no one can walk on him". The "Antigonish Principles" for which the movement saw itself as standing read in summary:

... enhancing the dignity of the individual; education as the basis for social reform; economic co-operation as the foundation of production and distribution systems; and fundamental change for those social institutions which oppress the realisation of a full and abundant life for all people.

Study circles were formed, outside speakers were called in and discussion material was distributed. Nine years later, a climate conducive to the acceptance of co-operatives had emerged. The Canadian government was persuaded to to establish a Royal Commission on the fishing industry, whose final report in every respect endorsed the Tomkins formula of practical education in conjunction with co-operative action.

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The university established an Extension Board, with Father Moses Coady as its Director, and a mandate to undertake education for everyday life. "Adult education", Tomkins had stated, "should be designed for the best brains we have to wrestle with the worst problems we have". Coady was of the same mind. Tomkins' study clubs were reinforced and expanded. The Extension Board added general meetings, talks by trained lecturers and short courses and conferences at the university. There was a library service, special pamphlets and bulletins, radio broadcasts and a fortnightly newspaper.

What was in effect a Distributist crusade on the part of the Extension Board gave rise ultimately to credit unions, fishing co-operatives, dairy co-operatives, poultry co-operatives, a co-operative abattoir, housing societies and co-operative stores. On the occasion of Tomkins' retirement in 1949, Time reported that to then:

In 400 Maritime credit unions, 90,000 members had saved $9.5 million and lent out $23.5 million over 15 years. Four wholesale and 200 retail co-ops did $23 million worth of business a year. And co-op business enterprises valued at $30 million were selling everything from fish to seed potatoes.

The Antigonish Movement taught that constant adult education was the essential pre-requisite for enabling people to retain control of their lives and achieve economic and social self-sufficiency. The Movement's blueprint envisaged ideally that a community involving itself for the first time in organisation along co-operative lines - in putting to work Distributist principles - should begin with the establishment of a credit co-operative.

Capital mobilised from local sources through the credit union could then be drawn on to set up a co-operative store. Once a sufficiently large number of stores were in business, a co-operative wholesale body along the lines the Co-operative Wholesale Society in Britain could be formed.

The final step would be the establishment of produces co-operatives, which would supply their goods through the wholesale society to the co-operative stores, as autonomous components of an integrated co-operative manufacturing and merchandising system. While the many notable instances of co-operative development undertaken in Nova Scotia include no instance of the credit union driven model in its entirety - and as a consequence in the view of some "The focused vision and social critique of the once

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29 Chafe, 1962.
famed Antigonish Movement has virtually vanished from public life"31 - it has been taken up to triumphant effect at Mondragon in Spain.

**Mondragon**

The great complex of manufacturing, agricultural, consumer, service and support co-operatives at Mondragon exemplifies how credit union driven Distributism can be given effect.

The essentials of the Mondragon story are simple. Mondragon is a small town, engaged traditionally in the processing of iron and steel. The regional economy was devastated in the nineteen-thirties by the Spanish Civil War. Poverty and massive unemployment remained endemic well into the nineteen-fifties. In 1956, a remarkable Catholic priest, Don Jose Maria Arizmendiarietta, persuaded the Mondragon townspeople to back the establishment of a small factory, using hand tools and sheet metal to manufacture oil-fired heaters and stoves for the local market32. Three years later, the factory was re-structured as a co-operative, wholly owned and operated by its workers.

At the same time, a credit union, the *Caja Laboral Popular* (CLP) was formed to mobilise local capital for the expansion of the original factory and the establishment of additional industrial co-operatives. The CLP is a "secondary" or "support" co-operative, owned jointly by its workers and the industrial co-operatives it services.

What has developed from these small beginnings is a group of more than 100 co-operatives, known collectively since 1992 as the Mondragon Co-operative Corporation (MCC). All told, the Mondragon co-operatives have more than 25,000 members, and an annual turnover of $A6 billion. Their products include - to name only a sample - ultra-sophisticated machine tools, heavy earth-moving machinery, automotive components and Spain's largest range of furniture and domestic appliances. Whole factories are designed and fabricated to order in Mondragon, for buyers overseas. Up to a third of Mondragon's output is exported.

The MCC also operates co-operative supermarkets, hypermarkets and shopping malls, which currently are extending their activities into France. These *Eroski* consumer co-operatives are stocked in part from the group's agricultural co-operatives. Many of their

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31 MacInnes, 1985. p. 5.
32 Given the support of Franco by Belloc and some other Distributists, there is a nice irony in the fact that Arizmendiarietta fought on the republican side in the Civil War and narrowly escaped execution as a prisoner of Franco's army.
buildings are erected by the MCC construction co-operatives, which also built facilities for the Barcelona Olympic Games. The CLP has become Spain's thirteenth largest savings bank, with more than 200 branches. In 1992, General Motors designated the MCC as its "European Corporation of the Year".

The spectacular success of credit union driven Distributism as exemplified at Mondragon is attributable to three factors. First, the CLP enables the MCC to be totally capital self-sufficient, and also funds development for conventional businesses and development projects within and beyond the Basque region.

In addition, the CLP has operated an Entrepreneurial Division, which assesses applications for the establishment of new co-operatives, works closely on the preparation of business plans for those which are approved and supports them until they have found their feet. While MCC co-operatives have sometimes had to be amalgamated, only one has ever had to be closed down.

Secondly, the CLP has given rise to further support co-operatives. For example, Spanish law classifies members of co-operatives as self-employed, and consequently ineligible for pensions, health care and other social security benefits. The MCC has therefore developed a social security system of its own, through the Lagun-Aro support co-operative.

A research and development co-operative - Ikerlan - keeps the MCC at the cutting edge of technological and scientific advances, and enables it to enter into strategic alliances with advanced R & D centres elsewhere in the European community. At the time of a visit I paid to Mondragon in 1985, Ikerlan's specialties were robotics, artificial intelligence, computer-assisted design and manufacturing and numeric control systems for machine tools.

The MCC university of technology is a support co-operative, as are its school of business management and its network of local kindergartens and primary and secondary schools. Students at the university can if necessary pay their way as members of their own support co-operative - Alecoop - whose products include teaching machines. Mondragon exemplifies co-operatives supporting one another to achieve their common goals.

Thirdly, as members and co-owners, the workers in the co-operatives share equally in their profits - and, on occasion, losses - and have an equal say in their affairs. The rights of members include participating directly in the making of the policies of the co-
operatives, which then delegate the day-to-day conduct of their affairs to managers hired in on contract.

Unlike shareholders in conventional businesses, members are in a position to monitor performance continuously, and develop informed views as to where improvements are necessary and how to bring them about. Observers have summarised the outcome as an "institutionalisation of entrepreneurship".

The effect is apparent in productivity levels which are far higher than those in neighbouring private sector or public sector enterprises. Absenteeism and other indicators of workplace dysfunction are far less prevalent. A further attribute of Mondragon is its ability to enable adherents of otherwise divergent political persuasions to work harmoniously with one another. My three hosts at a lunch in Mondragon in 1985 were a Christian Democrat, a supporter of the Right in the Basque regional assembly and a left-socialist who at the time was pre-occupied with the need to defend the revolution in Nicaragua.

Conclusion:

Plainly Mondragon in every significant respect meets the requirements and fulfills the hopes of both Distributists and democratic socialists. What now remains to be seen is whether the reconciliation so achieved between the views respectively of Chesterton and Shaw is of other than academic interest or significance.

If currently there are among us those who believe like Chesterton that "the distribution of property in the modern world is a monstrosity and a blasphemy" they are conspicuous largely by their silence. Still less do we see challenged in any meaningful sense those such as Mrs Thatcher who trumpet in regard to the free market economy that "There is no alternative". If the heirs of Chesterton and Shaw have the commitment and energy to pursue so radical an alternative to our current social order as Mondragon offers, it is now time for them to speak out and act accordingly.

The alternative is that the future will be allowed to pass by default into the hands of those who affirm with Mrs Thatcher that "There is no such thing as society". Belloc in

that event will be shown to have been the authentic prophet at Kingsway Hall, predicting as he did in his summing-up that "in a few short years" the debate between Chesterton and Shaw would be as antiquated as were crinolines.\(^{34}\)

\(^{34}\) Chesterton and Shaw, 1928. p. 46.