I stray at the outset from my announced topic to appeal for a renewed historical scrutiny of Australian distributism as a pre-requisite for its re-birth and regeneration. There is a passage in Tolkien's great epic, *The Lord of the Rings*, that has a special poignancy for Australian distributists. Tolkien has Galadriel say to Frodo 'We have fought the long defeat'.(1) Might not much the same be said of Australian distributists and distributism? Have not we as distributists also experienced a long defeat? As the philosopher George Santayana reminds us, in order to avoid repeating the past it is necessary first for us to remember it.

Half a century and more ago, in 1944, Maisie Ward could report without fear of contradiction in her ground-breaking biography of the man in whose name we meet today, G.K. Chesterton, that: 'In Australia, Distributism has given a fresh slant to both Labor and Catholic leadership ... Most important, however, of all the Australian developments has been the approval of the main Distributist ideal by the Australasian Hierarchy as the aim of Catholic Social Action'.(2)

Is it not impossible reading her words today to feel other than mocked by them? Where today is apparent even the smallest remaining shred of the distributist slant on the part of the Labor leadership which Maisie Ward so confidently identified? Where today is there likewise
any remnant of her perceived distributist slant on the part of the Australasian hierarchy or Australia's Catholic leadership? What claim can a currently marginalised and enfeebled distributism credibly make on the attention of a new Labor Leader, Mark Latham, whose values, principles and aspirations are in so many respects uniquely compatible with distributism?

I am haunted by a story told by John Molony – Emeritus Professor of History at the Australian National University – in his 1991 study *The Worker Question: A New Historical Perspective on Rerum Novarum*. It reads:

Many years ago, Bishop Basil Roper told me a story of an event in his life which he much regretted. Before the First World War he was a young priest at the cathedral presbytery in Ballarat, Australia. One day, he was called into the parlour where a young man awaited him with a small document in his hand. It was a copy of *Rerum Novarum* and the young man wanted the priest to explain its contents to him. The priest was forced to tell him that he could not do so, because, although he was aware of Leo's encyclical, he was unable to explain it as he had never studied it. The young man went away unsatisfied, and, according to the bishop, ceased from that day to interest himself in the social teachings of the Church to which he belonged. It was regrettable because he was James Scullin who later, in the very week of the Wall Street crash in New York in 1929, became the first Catholic prime minister of Australia.(3)

Is it not unlikely that a young man today addressing Scullin's query to his parish priest would receive any greater satisfaction? Would not the odds against his receiving satisfaction would inconceivably greater still if his query were to encompass the distributism through which Chesterton and still more his great friend Hilaire Belloc sought to operationalise the teachings of *Rerum Novarum*?

What likelihood is there that a priest so questioned would be able to explain the meaning and substance of distributism, much less refer to specific examples of distributist endeavour such as the noble thirty-
year striving of the Antigonish priests Moses Coady and Jimmy Tompkins to give effect to distributism in Atlantic Canada. Would he not in all probability be unaware of the final bringing of distributism in its contemporary, evolved form to triumphant success by the Basque priest Don Jose Maria Arizmendiarrrieta, through the great complex of manufacturing, financial, retail, civil engineering and support co-operatives at *Mondragon* in the Basque region of Spain?

How is it that the supremely advantageous positioning of distributism described by Maisie Ward was so rapidly dissipated? How was it also that the unlooked for reprieve for distributism – the opportunity to build distributist entities consequent on the unforeseen explosive growth of credit unions and credit unionism in the nineteen-fifties and nineteen-sixties – has likewise been forfeited? How is it that even today there is no discernible attempt by distributists or the Church whose social teachings the distributist cause to plainly embodies to defend credit unions and credit unionism against the demutualisation that threatens to overtake them, and thereby keep alive some hope, be it ever so tenuous, that a rebirth of distributism might ultimately be achieved?

Be these and other questions for a renewed historical scrutiny of Australian distributism as pressing as they may, the answers to them are for another day. The topic on which you have asked me to speak is 'The Past, Present and Future of Distributism'. I apologies in advance to Dale Ahlquist for subjecting him to a repetition of much that was in the address on a similar topic that I delivered at his invitation to the American Chesterton Society at its conference in 2002. Unhappily, there is little new to be said about distributism. Tragically, there is no good news to report.

**COMMITMENT**

Let me by way of explanation of my commitment to distributism share with you two stories whose relevance will become clear. The first comes from the last days of the former Soviet Union. The then secretary-general of the Communist Party of the Soviet Union, Leonid Breznehev, was on his death bed, and the members of the Central
Committee were gathered in the bedroom, waiting for the end.

After a while, Breznehev lifted his head from the pillow, and beckoned over Andropov, the head of the NKVD. Andropov then leaned over the bed, and Brezhenev whispered to him 'Comrade, I want you to be my successor', to which Andropov, naturally enough, replied 'Anything you say, Comrade Secretary-General'.

At that, Brezhenev again lifted his head from the pillow, cast a dark and suspicious look around the room at the other Central Committee members and whispered to Andropov 'But comrade, will they follow you?', to which Andropov replied 'Well, Comrade Secretary-General, I can tell you this. If they won't follow me, they will follow you'. This story has come to exemplify for me that politics of coercion – of imposing by force what properly should be secured through informed consent.

My second story comes from the very different political culture of Louisiana in the early part of the last century, where the young Huey Long – the future Kingfish of Louisiana politics and central figure in Robert Penn Warren's remarkable novel *All the King's Men* – was setting out on his first ever day of campaigning for public office. At the beginning of the day, the party boss who was to accompany Huey on the campaign trail said to him 'Now Huey, you've got to remember – you come from North Louisiana, and today we're campaigning in South Louisiana, and we've got a lot of Catholic voters down here'.

So Huey then began all his speeches throughout the rest of the day 'Every Sunday morning at 10am, I harness up our old horse to the buggy, and I take my Catholic grandparents round to Mass. And every Sunday morning at 11am, I harness up that old horse to the buggy again, and take my Baptist grandparents round to the chapel'.

After hearing this introduction repeatedly throughout the day, the party boss said to Huey on their way home, 'Why, Huey, you've been a-holding out on us. I didn't know you had any Catholic grandparents'. To which Huey replied 'Don't be a darn fool, we didn't even have a horse'.(5) And that story has come to exemplify for me the politics of
seduction – the politics of getting people to do as we wish, by telling them what they want to hear, with which, in these opinion polling and focus group driven times, we are all too familiar.

It is my strong view that the public interest is best served by the politics neither of coercion nor seduction, but of empowerment – by enabling individual citizens, households and communities to take control of their own affairs to the greatest possible extent, and to the greatest possible extent become masters of their own destinies. It was in search of ways in which such outcomes might be achieved, that I was first introduced to the political philosophy that Hilaire Belloc and his close friend and fellow writer, Chesterton, christened distributism.

DISTRIBUTISM

The basis of distributism is the belief that a just social order can only be achieved through a much more widespread distribution of property. Distributism favours a 'society of owners' where property belongs to the many rather than the few. It correspondingly opposes the concentration of property in the hands either of the rich as under capitalism, or of the state as advocated by some socialists. In particular, ownership of the means of production, distribution and exchange must be widespread.

Faced as our forebears a century and more ago found themselves with similar challenges – gripped as so many then found themselves by an intense revulsion and agony of conscience over the persistence of poverty, deprivation and inequality in the presence of wealth and abundance – they were not afraid to question the shibboleths, the sacred cows, of free market ideology and the unfettered play of competitive forces.

Nor were they afraid to think radically about the remedies. The nineteenth century and the early decades of our present century were rich in perceived new possibilities for overcoming entrenched inequities and injustices. What key schools of reformist thought had in common was – in words which the great expatriate Polish philosopher Leszak Kolakowski has used to define modern social democracy – '... an
obstinate will to erode by inches the conditions which produce avoidable suffering, oppression, hunger, wars, racial and national hatred, insatiable greed and vindictive envy'. (6)

The issue which divided the reformers most fundamentally was whether, as many on honourable grounds concluded, the suffering of the poor could be relieved more rapidly and with greatest certainty through state socialism – through socialism on the model of the command economy and the statutory corporation – or whether on the contrary change could be effective only if it was from the bottom up. If the state socialist model has proved to be flawed – if its performance has fallen tragically short of its promise – that in no way makes less admirable the selfless dedication to the advancement of the dispossessed which so largely motivated its advocates.

It as much honours the motives of the state socialists as it acknowledges their failure to now address ourselves to the new question as to whether as Francis Fukuyama so famously suggests we at the end of history, and neo-liberalist capitalism is the only option available to us.(7) Or is it not the case that there are also older reformist traditions centring on mutualist, associative, communitarian and active citizenship and civil society thought, which state socialism in its day overshadowed? Should not this rich reformist inheritance now be re-visited and re-assessed?

It is to just such reformist traditions that distributism squarely belongs and – in its modern, evolved form – can now be seen to give triumphant expression. In arriving at their vision of distributism, Chesterton and Belloc reached back to notable reformers before them. 'It is my experience', wrote Chesterton, 'that the sort of man who does really become a Distributist is exactly the sort of man who has been a Socialist ... Mr Belloc himself had been a Socialist; my brother had been a Socialist; I had been a Socialist'.(8) Distributism was in a very real sense one of several breakaways from the state socialist orthodoxy of the day, comparable to the guild socialist and syndicalist movements that it also in many other key respects closely resembles.

In addition, there are clear echoes in distributism of the mutualism of
Robert Owen, Rochdale consumer co-operation, Raiffeisen credit unionism and the great mutual life assurance society and building society movements. There are echoes also of the worker co-operativism that Christian socialists such as John Ludlow and Frederick Maurice championed through their Society for Promoting Working Men's Associations in the eighteen-forties. As the American scholar Dermot Quinn points out: 'Co-operatives were essential to the Distributist ideal. They combined ownership, labour for profit, reward for initiative, a degree of self-sufficiency, elimination of waste (as in the duplication of equipment or use of unnecessary middlemen) and a strong commitment to reciprocal self-help'.(9)

What distributism echoed most plainly of all was the Catholic social teachings which Pope Leo XIII – acting in part at the instigation of the great British cardinal, Henry Manning – set out in 1891 in his social doctrine encyclical letter Rerum Novarum. One useful way of thinking about distributism as Chesterton and Belloc originally envisaged it is as their attempt to think through how to give operational effect to the teachings of Rerum Novarum.

**BRITISH DISTRIBUTISM**

Chesterton and Belloc were in no doubt as to the urgent need for reform. 'To say that I do not like the present state of wealth and poverty', Chesterton affirmed, 'is merely to say that I am not the devil in human form. No one but Satan or Beelzebub could like the present state of wealth and poverty'.(10)

Nor were they in any doubt that the change would necessarily be far-reaching. To quote Chesterton again:

The thing to be done is nothing more or less than the distribution of the great fortunes and the great estates. We can now only avoid Socialism by a change as vast as Socialism. If we are to save property, we must distribute property, almost as sternly and sweepingly as did the French Revolution.(11)
However, their vision of distributism was at the same time pluralist.
Chesterton wrote: 'Even my Utopia would contain different things of different types on different tenures ... There would be some things nationalised, some machines owned corporately, some guilds sharing common profits, and so on, as well as many absolute individual owners, where such owners are most possible ... Even while we remain industrial, we can work towards industrial distribution and away from industrial monopoly ... we can try to own our own tools ... In so far as the machine cannot be shared, I would have the ownership of it shared; that is, the direction of it shared, and the profits of it shared'.(12)

In addition, distributism was to be gradualist.

'If we leave things as they are', Chesterton argued, 'there will almost certainly be a crash of confiscations. If we hesitate, we will soon have to hurry. But if we start doing it quickly we shall have time to do it slowly'.(13) Belloc was of a similar mind. 'The restoration of Property', he wrote, 'must essentially be the product of a new mood, not a new scheme. It must grow from seed planted in the breast. It is too late to reinfuse it by design, and our efforts must everywhere be particular, local, and, in its origins at least, small'.(14)

What is audible here finally is a clear resonance with the view the personalist French Catholic philosopher Emmanuel Mounier expressed so eloquently in his A Personalist Manifesto. Mounier wrote:

The central move of any personalist revolution is not, then, to unite incoherent forces for an attack upon the coherent and powerful front of bourgeois and capitalist society. It is rather to implant in the vital organs, at present diseased, of our decadent civilisation the seeds and the ferment of a new civilisation.(15)

ANTIGONISM

In the event, the British distributism movement to which Chesterton and Belloc gave rise withered on the vine with the death of Chesterton
in 1936 and the coming of the Second World War. Its demise occurred because its adherents were interested far more in talking about it than in giving it effect. However, the distributist idea did not die with Chesterton as many supposed, but rather had emigrated earlier on to Canada. It was alive and well in Nova Scotia, and being carried forward by the Antigonish Movement which two remarkable Catholic priests, Father Jimmy Tompkins and Father Moses Coady established there in the 1920s and 1930s.

Coady and Tompkins created a new distributism on the basis of adult education and Rochdale co-operation and Raiffeisen credit unionism. Their aim was to enable local communities to become 'masters of their own destiny' and enjoy 'the good and abundant life', by mobilising local and regional resources for economic development. Coady wrote:

We start with the simple things that are vital to human living and move on up the scale to the more cultural and refining activities that make life whole and complete. Through credit unions, co-operative stores, lobster factories and sawmills, we are laying the foundations for an appreciation of Shakespeare and grand opera. (16)

If the Antigonish Movement ultimately asked more of consumer co-operation and credit unionism than they were able to deliver, that in no way detracts from the energy its adherents devoted to their cause, nor from the short-to-medium term alleviation of suffering, the enhancement of human dignity and the restoration of hope which they accomplished. (17)

MONDRAGON

It remained for a further notable priest, Don José Maria Arizmendiarieta, to make distributism work, through the great worker co-operatives complex that he established at Mondragon in the Basque region of Spain. The essentials of the Mondragon story are simple. From a standing start in 1956, the Mondragon co-operatives have grown to the point where they are now the largest business group in the Basque region of Spain, the seventh largest business group in
Spain and a major competitor in European and global marketplaces. What began forty-five years ago as a handful of workers in a disused factory, using hand tools and sheet to make oil-fired heaters and cookers, has now become a massive conglomerate of some 160 manufacturing, retail, financial, agricultural, civil engineering, service and support co-operatives.

All told, the co-operatives employ roughly 3 percent of the Basque region's 1,000,000 workers. While the region has lost 150,000 jobs since 1975, and unemployment even on official figures fluctuates between 15 and 20 per cent, employment in the co-operatives has increased since over the last five years, from 34,397 to 60,000, and further increases are anticipated.

Annual sales for the manufacturing co-operatives alone total more than $US 3 billion, and sales for the retail co-operatives are in excess of $US 3.5 billion. The MCC annual report for the year 2000 notes that sales of manufactured goods were up on 1999 by 18 per cent, investment by 37 per cent and assets by 17 per cent. Exports were up on 1999 by a further 22 per cent, to a stunning 49.4 per cent of all output.

The MCC is Spain's largest exporter of machine tools, and largest manufacturer of white goods such as refrigerators, stoves, washing machines and dishwashers. It is also the third largest supplier of automotive components in Europe – designated by General Motors in 1992 as 'European Components Supplier of the Year' – and a leading supplier of components for domestic appliances. Total Quality Management awards gained by the manufacturing co-operatives in the year 2000 included the European Foundation for Quality Management's European Quality Prize, and Gold and Silver Q prizes from the Basque Foundation for the Promotion of Quality.

Whole factories are designed and fabricated to order in Mondragon for buyers overseas. In addition, the MCC has some 22 overseas business subsidiaries, manufacturing – for example – semi-conductors in Thailand, white goods components in Mexico, refrigerators in Morocco and luxury coach bodies in China. It is expected that the number of
subsidiaries will double to around 55 by the end of 2002.(18)

MCC construction co-operatives carry out major civil engineering and building projects at home and abroad, including the building of spectator stands and other key facilities for events such as the Barcelona Olympic Games. The steel structure for the new Guggenheim Museum in Bilbao – a building comparable in stature and complexity to the Sydney Opera House – was fabricated by a Mondragon co-operative.

Not least, the retail co-operatives – Eroski and Consum – are Spain’s fastest-growing retail chain, with some 47 hypermarkets, 796 supermarkets, 569 self-service and franchise stores and a range of other specialist outlets. An Eroski subsidiary, Sofides, operates 3 hypermarkets and a chain of 19 supermarkets in France. The MCC’s financial co-operatives – the Caja Laboral Popular credit union (CLP) and the Lagun-Aro social insurance co-operative – are among Spain's larger financial intermediaries. Mondragon has not only grown from its standing start into a major conglomerate, but survived with flying colours the points of inter-generational succession where so many of its counterparts, and co-operatives and mutuals of other kinds, are wound-up or become moribund.

**REASONS FOR SUCCESS**

To what then are the achievements of the MCC attributable? Firstly, the success of the co-operatives stems from the fact that every permanent worker is an equal co-owner of the co-operative where he is employed, with an equal say on a one-member-one-vote basis in the governance of the co-operative and an equal proportionate share in its profits or, on occasion, losses. The key distributist objective of a well-judged distribution of property has been achieved in Mondragon. Members of the co-operatives have property of four kinds:

* **ownership of their jobs**;

* **direct personal ownership of the balances held for them in individual capital accounts, which earn additional income for**
them through interest to which they have regular access;

* a shared ownership of the assets of their co-operatives, such as buildings, equipment and reserves, for whose governance and management they are directly responsible; and

* a further shared ownership — albeit less direct — of the secondary support co-operatives in which the primary co-operatives are major stakeholders.

Nowhere else in the world has ownership of property been established on so well-distributed, diverse and entrenched a basis. In the words of a recent CEO of the MCC, Javier Mongelos, 'The workers who own these co-operatives know their future depends on making profits'.(19)

Secondly, the primary co-operatives are serviced on a mutualist basis by a unique system of secondary support co-operatives. Arizmendiarieta became aware at an early stage of the development of the co-operatives of the need for them to be self-sufficient. The support co-operatives were his answer. Capital is now sourced by the primary co-operatives from a support co-operative, the Caja Laboral Popular credit union (CLP), as is — for example — superannuation and other benefits from the Lagun-Aro social insurance co-operative, research and development services from the Ikerlan and Ideko research and development co-operatives and technical skilling from a university of technology co-operative.

The structure of the support co-operatives differs from the primary co-operatives, in that, pursuant to mutualist principles, they are owned and governed jointly by their workers and the primary co-operatives that source services from them. Profits distributed to workers in the secondary support co-operatives are linked to those of the primary co-operatives. Neither benefits without the other, and there is constant feedback to the effect that in order for either to succeed both must do so. Related interdependencies, reciprocities and mutual support are evident within the manufacturing, retail and financial sectoral groups.

Thirdly, the Mondragon credit union, the CLP, has been much more
than simply a source of capital for expanding current co-operatives or creating new ones. In the phase of rapid expansion that preceded the maturing of the co-operatives as signalled by the establishment of the MCC, what was then the Empresarial or Entrepreneurship Division of the CLP offered a uniquely comprehensive and effective service for incubating co-operatives and ensuring their success. Groups seeking to establish co-operatives were initially assigned a mentor or 'godfather' to work with them in the preparation of their application for a loan. Once loans were secured, the mentors remained with the co-operatives in order to assist them in the setting up of their business and enabling them to operate profitably.

As a condition of its loan, a new business entered into a Contract of Association with the CLP that specified – among other things – the mutualist structure and processes it should adopt. It was likewise a condition of the contract that specified performance and financial data should be reported to the CLP on a regular basis. Thanks to regular and comprehensive reporting, the CLP could count on receiving early warning where co-operatives experienced difficulties, and provide added specialist support through an Intervention Group within its Empresarial Division.

So effective was the Entrepreneurial Division that only a handful of the co-operatives have failed to become going concerns. Consequent on the establishment of the MCC – on the move of the co-operatives from the Mark I to the Mark II stage of their development – the functions of the Empresarial Division have now been re-assigned, with some elements being incorporated within the MCC and others in new management consultancy support co-operatives. Mondragon's ongoing expansion is now much less through establishing new co-operatives, and more through strategic acquisitions and alliances.

Fourth – and finally – the co-operatives enjoy a significant degree of competitive advantage consequent on their ability to minimise what agency theorists call 'the basic agency dilemma' – on their ability to reduce and perhaps ultimately eliminate divergences of interest which emerge inevitably between principals and agents in an agency relationship, and which thereby give rise to costs which defeat or
detract from the purpose for which the relationship was created. From the perspective of creating a more rational and equitable productive system, what Mondragon is primarily about is the evolution – albeit far from complete – of systems within which all principals are agents, and all agents are principals.(20)

APPLYING DISTRIBUTISM

How then can distributism – on however modest an initial scale – be used to address our current problems? In what form can Belloc's 'particular, local and, in its origins small' distributist project now be given effect? How can we realistically set out as Mounier suggests 'to implant in the vital organs, at present diseased, of our decadent civilisation the seeds and the ferment of a new civilisation'? In what way can a beginning – albeit small – be made at the task that Chesterton defines for us as 'nothing more or less than the distribution of the great fortunes and the great estates'? In what way can we begin to apply the lessons of modern, evolved distributism as exemplified by Mondragon?

The answer for countries such as the US and Australia may well lie in a re-invention and consequent reinvigoration of credit unionism. Credit unionism and distributism have close affinities with one another. Belloc and Chesterton were outspoken advocates of credit unionism. So too was their Distributist League. Much of the success of the Antigonish Movement stemmed from the establishment of credit unions. As has been seen, a credit union, the CLP has been a major contributor to the growth of the Mondragon co-operatives. The founders of today's credit unions in Australia were mostly adherents either of outright distributism or social Catholicism.

Mutualist bodies such as credit unions usually arise as a means of accessing goods or services that would otherwise be unavailable or unaffordable. The Rochdale Pioneers – the twenty-eight unemployed cotton weavers who established their co-operative store in Toad Lane in Manchester in 1844 and thereby gave birth to the modern worldwide retail co-operative movement – were responding to a pressing need for affordable access to household requisites such as
food and fuel. Friendly societies were initially a response to the need for burial benefits, and, later, for unemployment benefits, sickness benefits and medical care.

Access to affordable life assurance was offered by mutual assurance societies, as was access to affordable home loans by building societies. Processing and marketing co-operatives met a pressing need on the part of farmers to capture value added to their produce beyond the farm gate. Trade unions were originally mutualist bodies or co-operatives, formed by employees in response to the need to obtain better working conditions and a just price for their labour that De Rerum Novarum so rightly acknowledged and celebrated.

Credit unions in their turn were at first a response to the need for affordable carry-on loans for smallholder farmers, and later for affordable consumer finance. For example, when my wife and I bought our first home in 1958, our housing loan from our bank was for a thirty-year period at a fixed interest rate of 3 1/2 per cent. However, when households like ours came to put sea-grass matting on the floor as was fashionable at the time, a simple refrigerator in the kitchen and a single-tub washing machine in the laundry, we were referred by our banks to hire purchase companies for short term loans at interest rates in effective terms of up to 60 and 70 per cent. As a result, families in the outer suburban Catholic parishes of Australia's major cities began to gather round card tables after Mass, pool such savings as they had and queue to borrow from the pool at interest rates that were affordable for them. In this way, parish credit unions were born.

A little later, neighbouring non-Catholic households looked over the church fences, saw what a good thing the Catholics had going for them and secured admission, thereby causing the parish credit unions to become community credit unions. Later again, some trade unions recognised that workplaces were every bit as much communities as were suburbs, and industrial credit unions were established. So obviously right was the credit union idea, and so urgent the need for affordable consumer loans, that Australian credit unions now have more than 3 million members – one in every six of our population – and assets under management of more than $A 23 billion.
However, for all their great success, the credit unions have so far failed to re-invent themselves in the face of changing needs and circumstances. The interest rates that my younger children, who are marrying today, will pay to a credit union for loans will be no less than is freely available from banks and a wide range of other conventional financial intermediaries, and the rate they receive for deposits will be no greater. What is needed now is far less affordable consumer loans, than capital for local and regional economic development and the creation of jobs, such as has been harnessed in Mondragon by the CLP through its slogan 'savings or suitcases'.

Accordingly, Australia's credit unions are in summary what is known technically as 'frozen' mutuals or co-operatives – mutuals that are responding to past rather than present need, and thereby forfeiting, if not the nominal adherence then the active involvement and support of their members, that should be ranked among their major assets. They have thereby become – among other things – the more vulnerable to the predatory demutualisers who in recent years have plundered the assets of most of Australia's mutualist permanent building societies and mutual assurance societies.

There is no reason why Australian credit unions should not re-task themselves so as to expand their lending, from its present focus on personal and housing loans, to bringing about economic growth for the local and regional communities of whose capital they are custodians. Alternatively, new credit unions could be created for the purpose. In either case, risk could be minimised by syndicating larger loans between numbers of credit unions.

Such risk assessment skills as were unaffordable for local and regional credit unions on an in-house basis could be provided collaboratively on their behalf, by peak bodies such as, in the case of Australia, the Credit Union Services Corporation of Australia Limited (CUSCAL). Here again, the Mondragon experience should be an incentive for enacting legislation empowering credit unions to make loans for non-traditional purposes, without sacrifice of their capacity to comply with stringent prudential requirements.
Credit unions and other mutualist financial intermediaries could thereby transcend their role as lenders, and assume additional business incubator functions along the lines of the Empresarial Division of Mondragon's CLP, with preference to sole proprietor or small firms and those owned by their employees, either through worker cooperatives or employee share ownership plans (ESOPs). To the extent that it might be difficult in the US or Australia for purely local or regional credit unions to fund incubator services of the scale and sophistication of the Empresarial Division from their own resources, that function could also be assumed on their behalf by peak bodies, such again as CUSCAL.

It is likely that the interests of nascent worker-owned firms would be better served by incubators based on credit unions and other mutualist financial intermediaries, than by the co-operative development agencies that from time to time have been established by municipal and state governments. In this way, credit unions and credit unionism might in time become the initiators and agents of just so gradual but far-reaching a distributist revolution as Belloc and Chesterton advocated. (21)

CONCLUSION

In so much as it can be said that the jury is still out on the replicability of evolved distributism in the Mondragon mould, the issue may well be less the practicality of such a credit union driven distributist dawn, than the haunting concern to which Belloc gave expression so memorably in 1937. Belloc wrote:

The task is impossible unless there is still left in the mass of men a sufficient desire for economic independence to urge them towards its attainment. You can give political independence by a stroke of a pen, you can declare slaves to be free or give the vote to men who hitherto have had no vote; but you cannot give property to men or families as a permanent possession unless they desire economic freedom sufficiently to undertake its burdens.
Is there within the current generation of members of the co-operatives as fierce a desire for economic independence as motivated Arizmendiarieta and his associates? And, if so, is there also among external well-wishers of the co-operatives a sufficiently fierce will to work with them in seeing that economic freedom is not only defended and extended within them but made accessible much more widely to those elsewhere in the world who might choose to avail themselves of it?

At a time when the advocates of the statutory corporation school of state socialism, and their 'greed is good' counterparts in the corporate sphere, have simultaneously, permanently and irrevocably discredited themselves, the way is open for distributism to assume the major role to which its merits so plainly entitle it. What has been identified mistakenly by some as marking an end to history, instead marks potentially the birth of new opportunities and applications for distributism.

The events of recent years, and the problems that the world now finds confronting it, have opened up for us, as distributists, a window of opportunity such as we have not previously experienced – and that, if it is not grasped now, may never be seen again. Were Belloc, Chesterton, Tompkins, Coady and Arizmendiarieta – all in their respective days giants of distributism – alive today, the shape that evolved distributism has assumed at Mondragon might surprise them, but it is unlikely that they would be disappointed.


(4) But, by way of background-reading, see in particular Duncan B. 2001, Crusade or Conspiracy: Catholics and the Anti-Communist Struggle in Australia, Sydney, University of New South Wales Press.


(13) Chesterton 1910, p. 224.


(16) Coady M.M. 1939, Masters of Their Own Destiny: The Story of the Antigonish Movement of Adult Education Through Economic Co-


(18) For a useful account of the overseas subsidiaries and the issues they raise for the co-operatives, see Clamp C.A. 1999, The Internationalisation of Mondragon, Paper presented at the International Co-operative Alliance Congress, Quebec City, Canada, 30 August – 6 September, 1999.


The Hon. Race Mathews, PhD (Monash), MA (Melb.), BEd, is a Senior Research Fellow in the Faculty of Business and Economics at Monash University and an Adjunct Professor in the Faculty of Business and Law at Deakin University. He was previously a state MP and minister, a federal MP, a municipal councillor, chief of staff to Gough Whitlam as Leader of the Opposition in the Australian Parliament and a board
member and chairman of the Waverley credit union. His Australia's First Fabians: Middle-Class Radicals, Labour Activists and the Early Labour Movement was published in 1994 by Cambridge University Press and his Jobs of Our Own: Building a Stakeholder Society by Pluto Press (Australia) and Comerford and Miller (UK) in 1999.