Rediscovering Australian Liberalism

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Liberalism in Australia has a proud, much older history than the Liberal Party, writes Zachary Gorman.*

There is a common misconception that the liberal movement in Australia essentially began with the creation of the modern Liberal Party in 1944. This is far from the case.

For much of the 19th century, Australian politics was defined by liberalism. The philosophy was so pervasive that it wasn't even the property of a political party; it was the essence of the political culture. It was only when the liberal orthodoxy began to be threatened, first by protectionists and then the birth of the Labor Party, that the innate preference for individual and economic freedom had to be rhetorically defined and defended. The man most responsible for this transformation of liberalism into a party cause was Joseph Carruthers, the self-made son of a convict who rose to become NSW Premier and one of the writers of the Federal Constitution. As liberalism again faces great challenges, and the reform movement of the 1980s and 1990s appears to be well and truly out of steam, we would do well to look to the past for inspiration.

The modern Liberal Party's mythology is very much tied up with the founder, Sir Robert Menzies. There are obvious and legitimate reasons for this. Menzies did create the modern Liberal Party, establishing organisational stability out of the quagmire that was the late United Australia Party. He was Australia's longest serving Prime Minister, fighting off the communist menace and ensuring that Australia avoided the social democratic descent of Great Britain. The recent passing of former NSW Liberal General Secretary and long-serving senator John Carrick reminds us that Menzies remains a man of living memory, and a connection to him is felt very strongly by a whole generation of Liberals, not least of whom is his only true rival for renown in the Liberal Party pantheon, John Howard.

But Australia has a very proud and much older liberal history. During the mid-to-late 19th century, Australia was perhaps the most liberal place in the world. Britain exported her political culture to the antipodes, but the twin conservative institutions of a landed aristocracy and an established Church of England failed to take root. This left the liberalism of four-time British Prime Minister William Gladstone, characterised by free trade, balanced budgets and low taxation, a virtually free playing field. Both free settlers and ex-convicts tended to have a tremendous work ethic, and their enterprise, combined with economic freedom, turned Australia from a distant military outpost into (per capita) one of the most prosperous countries in the world.

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After various colonies began to gain their democratic independence from 1856, almost all of their politicians came to describe themselves as liberals. For years they were able to pursue successful classical liberal policies without even the need for a party system. Then, in the wake of the inevitable downturn which followed the artificial boon of the gold rush, tariff protection started gaining support.

Tariffs forced the creation of new native industries by making imported goods unaffordable. The consumer was sacrificed in favour of the manufacturer, as was the agricultural industry, which would be forced to pay more for locally manufactured machinery. Even though their policy went against the basic precepts of classical liberalism, protectionists would not give up the popular title 'liberal'. They insisted they were 'new liberals' who still cared about the individual and enterprise, they just thought both could be helped by a healthy dose of state paternalism.

Protection was only the first challenge to classical liberalism in Australia. It soon morphed into 'new protection' which combined tariff protection with industrial arbitration and artificially high wages. The Labor Party was formed in response to the great maritime strike, and by 1905 that party's Queensland branch was advocating 'nationalisation of the means of production, distribution and exchange'. The national Labor Party settled for the 'collective ownership of monopolies and the extension of the industrial and economic functions of the state'.

The true birth of liberalism as a *party* movement in Australia came as a response to these

challenges. Joseph Carruthers was the first to see that the true 'lines of cleavage' in Australian politics would be fought over a fundamental difference in the role of the state. Were people best generally left to their own devices, with a minimal government providing essential services and allowing individuals to flourish, or could a benevolent state turn Australia into a 'working man's paradise'?

Fighting the 1904 NSW State election against both Labor and a protectionist party calling themselves the 'Progressives', Carruthers was emphatic that the unfettered individual remained the basis of liberty and prosperity. Leaning on the government, he argued, was as useless as leaning on your own shadow, for government could only ever be a shadow of the productive capabilities of individuals. In 1906 he put this emphatically:

'The State's prosperity today is not owing to the laws of Parliament, but to the enterprise of the people … As a native-born Australian, and the son of a working man, and as one who has risen from the lowest rung of the ladder to almost the highest position in the land, I feel that the incentive to the exercise of ability and industry lies in the encouragement of individual merit under liberalism, rather than in the levelling down of men under socialism.'

Carruthers founded a Liberal Party in NSW which permanently destroyed the protectionists and was able to repeatedly defeat its new main opponent, the Labor Party. Despite being a classical liberal, he was able to bring conservatives on board, for in Australia the Burkean instinct to conserve what was good in society ultimately meant conserving the classical liberal institutions of the 19th century. The fruits of his victories included fixing a deficit budget and the virtual abolition of income tax.

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Federal politician and Free Trade Party leader George Reid tried to export Carruthers' anti-socialist liberalism into the federal sphere and in 1906 he came very close to achieving a remarkable election victory. He was unable to completely vanquish the handful of remaining protectionists however, and he decided to submit to a merger with Alfred Deakin in the face of the threat of a Labor government.

This created the modern left-right divide and ultimately the broad church, which included not just the naturally aligned classical liberals and conservatives, but also paternalistic 'new liberals'. The electorate punished the extent of this compromise of principle however, and the 1910 election was a disaster for the first Commonwealth Liberal Party. In 1913, Joseph Cook was able to recapture some of Carruthers' success, but World War I brought this chapter of Australian political history to a close.

What are the lessons here? First and foremost, it is that liberalism needs defending. It was not enough that economic freedom brought Australia untold wealth. As soon as the extent of that

wealth could not match the heights of the gold rush, people began looking for seemingly simple alternatives. A similar electoral backlash ended John Howard's long period of uninterrupted and underappreciated growth.

The second lesson is the defence of liberalism needs to be whole hearted. It is not enough to argue for one small tax cut or piece of deregulation. Politicians need to establish from first principles why freedom is good and beneficial. Nineteenth century liberals were able to successfully sell free trade to working class electorates based on the fact that basics like tea and sugar would be affordable.

Finally, Carruthers shows that while pragmatism is important, it cannot form the basis of a political platform. A strong politician sells a whole philosophy to the electorate, and therefore negotiates on details from a position of strength. When a politician sells themselves on their ideological 'moderation' they have essentially given up the fight before it has begun.

All that being said, history shows us that when packaged correctly classical liberalism can be sold to the Australian electorate. Liberals have a proud past that extends beyond the constraints of the modern party and the towering achievements of Menzies. There is plenty of inspiration to be found, if only one bothers to look.

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