

The 'State Tradition' in Australia: Reassessing an Earlier View

Roger Wettenhall
University of Canberra

Abstract

This article seeks to revive interest in an Australian 'state tradition' that has been undergoing continuous development since the first European settlements in the late 1700s and early 1800s. Recent attempts to redefine such a tradition miss many of the foundational elements. There has been a tendency to locate the beginnings in the federal 'settlement' of 1901, and to see as outdated and irrelevant anything that happened before the current mood of marketising and privatising came to dominate our notions of political and economic correctness.

Major changes have of course occurred in the nature of Australian statehood over the years, and they will continue to occur. However an understanding of the tradition restated in this article remains important for several reasons: because that tradition has furnished the foundations of so many of our national institutions; because it provides a standard against which the recent changes can be assessed; and because it will continue to influence and inform challenges to today's economic-rationalist/NPM (New Public Management) paradigm. Such challenges will seek to take us further forward, not backward, but in a style that is inclusive rather than divisive.

Introduction: Views of the State

On Conceptualising the State

Two decades ago publication of a book dramatically entitled *Bringing the State Back In* (Evans, Rueschemeyer & Skocpol, 1985), based on an international conference of the same name, attracted much interest in the political science and public administration communities. While the title led some to assume that it was an early counter to rising pro-privatisation thinking, it served a more theoretical purpose. The aim of the authors was to 'provide improved conceptualizations of states and how they operate' (*frontispiece*), and they were happy to acknowledge that the idea of 'bringing [the state] back in' had surfaced almost two decades earlier in the form of an exploration of conceptual issues surrounding the use of the term 'state' (p. 22). Noting that the 'concept of the state [was not then] much in vogue in the social sciences', political scientist JP Nettl (1968) had argued that the English and American traditions of political and social theory, compared with the continental European, were characterised by 'relative "statelessness"'. Contrasting the

dimensions of political culture across the three systems, he explored the relationship between 'state', 'nation', 'sovereignty', 'society' and 'community', and noted particularly that many contemporary so-called states were not coterminous with nations but were rather just 'unit[s] in the field of international relations'. His principal aim was to integrate 'the concept of the state into the current primacy of social science concerns and analytical methods' (559 et sub).

It is probably true that theoretical interest in the idea of the state has waxed and waned over not only decades but also centuries. It may be, in accordance with Nettl's view, that there was a decline in interest around the 1950s and 1960s. However there is a large literature, not all of it very new, that examines particular aspects of 'stateness', and it gives us a long list of familiar adjectival qualifiers: *sovereign, nation, liberal, democratic, authoritarian or totalitarian, capitalist, socialist, night-watchman, minimal, interventionist, regulatory, administrative, managerial, welfare, warfare, police, secret, automated, unitary, small, weak, strong, failed, fragile*, and so on.¹ A few of these qualifiers, like *federal* and *super*, suggest that statehood is not an exclusive concept and that there can be rankings of states and 'states within states' (Kingston & Spears, 2004).

Today's mass of literature runs from long-term explorations of the processes of state formation and state decline, such as Tilly (1975), van Creveld (1999), Gill (2003), Schlichte (2005) and Crawford (2006), to shorter-term explorations of changes currently occurring – or perceived to be occurring – in the modern-day state. The privatising, marketising and globalising movements of the late twentieth century have frequently been held to be weakening the state, thus adding more qualifying adjectives: *overloaded, hollowed-out, congested* (Skelcher, 2000); *virtual* (Frissen, 1999); *contracting* (Harden, 1992); *gridlocked contract or headless chicken* (Hood, 1995); or *self-restraining* (Schedler, Diamond & Plattner, 1999). Of course, like Hood, not all who reported these new interpretations subscribed to them, and serious scholars, such as Müller and Wright (1994) and Sørensen (2004), wanted to measure the extent of change. Some urged that the 'powerless state' was mere myth (Weiss, 1998). Others saw 'entrepreneurial states', as in Singapore, maintaining the Confucian tradition that 'the state should assume direct responsibility for the well-being of the people' (Thynne & Ariff, 1989: 7, 186), 'enterprising states' combining with and/or mobilising other governance forces (Considine, 2001); and 'enabling states' facilitating community-led projects and social outcomes (Botsman & Latham, 2001).

Whether or not the state has been in decline is not, however, the focus of this article. But it is relevant that a large polemical literature has urged movement away from 'the state' as previously conceived to 'the market' and that, through the 1980s and 1990s, many right-wing and even some mildly left-wing governments have implemented policies that have accepted that advice. Economic theorising moved massively in that direction and underpinned resulting 'reforms' that have shifted many activities out of public sectors, imported private sector ideas into government, and so on.

Some political and administrative theorists were, however, more concerned to explore what this thing called 'the state' really was. They believed that more comparative and historical research was needed into the circumstances associated with state intervention and state autonomy, and their work produced the first of the claims about

'bringing the state back in' as noted above. Interest developed in conceptualising 'the state' as a social phenomenon in its own right. In an important study, Rockman (1987) identified a range of relevant positions: at one end was a view of the state as 'the institution of political rule' and 'the embodiment of the 'public power' (Dyson, 1980: viii); at the other end, a view of it as the central government leadership (Krasner, 1978: 10-11).² Rockman's (1987: 5ff) own analysis of what he described as the 'functional dimension of the state' identified 'decision-making', 'production' and 'intermediary' varieties. Another typology of meanings was arranged according to a scale of concreteness (Benjamin & Duval, 1985: 23 et sub.), with the second (and second most concrete) of these meanings – the 'aggregate of public bureaucracy and administrative apparatus as an organised whole', or more simply a structure for organising governance – coming closest to the sense used in this article.

A strengthening of Australian interest in matters of statehood³ has been apparent over recent years, but this interest has mostly seen the origins in the federal 'settlement' of 1901. It is argued here, however, that vital roots of the Australian state tradition lie in the pre-federal period. It may be that they do not fit comfortably with modern directions in Australian statehood, but they should not be undervalued for that reason. This article therefore seeks to remind readers of earlier interpretations of the Australian state tradition and to offer some reassessment of those interpretations in the light of current theory and practice.

There has been recent comment on the alleged poverty of Australian writing in administrative history (Scott & Wanna, 2005). It is likely, however, that that comment relied excessively on writings by Australian public administrationists from a single outlet: the *Australian Journal of Public Administration*. Administrative history embraces the concerns of historians as well as administrationists (discussed in Wettenhall, 1968, 1977, 1987a). Had the critics been more prepared to consider contributions by historians and archivists in their own outlets and, indeed, contributions by public administrationists in a range of other outlets, they might not have been so pessimistic in their conclusions. It is hoped that the material presented in this article will show that, while more might have been done, the field is not as barren as has been suggested.

How Close to the British Tradition?

As previously noted, Nettl (1968) claimed that the British and American traditions of political and social theory were marked by 'relative statelessness' compared with the Continental European tradition in which the state appears to enjoy a much higher degree of autonomy from society. Because of its British origins and its sharing of the Westminster style of government, it has been easy to assume that settled Australia has been part of that condition. The countries of the 'Old Commonwealth', so this view runs, form a natural group of more-or-less developed democracies with similar institutional roots. Extending to the United States, they come to be seen as forming an Anglo-Saxon group which is reasonably homogeneous for analytical and comparative purposes. The assumption is that this comparability results from a shared heritage, even though the countries are, in many respects, heterogeneous.

The lack of a well-developed concept of the state is seen to be a distinguishing mark of this group. In the Anglo-Saxon category, it seems that there is a more fluid, inchoate, less absolute or broader view of the state than in Continental Europe or, say, in East Asia. It is also likely that the broader position covers many other countries derivative of the British tradition, such as India. But a tradition is in the nature of a model and it may have many components; some assumed adherents of a particular tradition may have fewer of those components and so be less faithful to the model than others. A question to be explored in this article is how close Australia has actually come to the British (or Anglo-Saxon) tradition, in the past and now.

A 'governmental tradition' can be understood as a 'set of inherited beliefs about the institutions and history of government' (Bevir, Rhodes & Weller, 2003: 6). All such beliefs arise from interactions of experience and theory and they are passed on through a process of learning or socialisation; to amount to a tradition, the beliefs and practices a teacher passes on 'must display a minimal level of consistency'. And traditions change when new experiences and/or new beliefs create 'dilemmas' for those committed to old traditions and force changes in those belief systems (pp. 9-10).

Several images of the state have traditionally commanded attention in Australia and, by the 1960s and 1970s, they added up to a fairly consistent view of the 'state tradition'. Within the Westminster group of countries, notwithstanding the assumptions about homogeneity, that tradition had much more in common with the state traditions of Canada and New Zealand (NZ) than it did with that of Britain itself.

Some serious dilemmas were emerging for the conceptualisers by the 1980s but, nearing the close of that decade, it was still possible to conclude that 'the old images require[d] qualifying rather than dismissing' (Halligan & Wettenhall, 1988: 17). After a few more years, however, it was apparent that changes amounting to a 'watershed' were taking place (Power, 1990) and that the old 'state tradition' no longer had much relevance to what was happening. As this article will suggest, it no longer explained the present, and whether it would have any effect in shaping future developments was increasingly doubtful. If a new state tradition was indeed emerging, it was likely that it would be less distinctively Australian and that it would remove some significant points of difference from the British model that had made the earlier tradition so remarkable.

The earlier tradition deserves to be remembered, however, both as an explanation of so much that had happened in Australian governmental history and as a way of providing a measure of the extent of change in the role of government that has occurred in the late twentieth century. To this end, the next and main section of this article seeks to record those earlier images of the Australian state and to understand how they came together to form a coherent tradition. The concluding and shorter section attempts to consider the extent to which that tradition has survived the recent pressures on government to redefine traditional relationships that existed within the public sector and between the private and public sectors.

Earlier Interpretations of the Australian State

Two Phases of Intense Administrative Development

Australia has experienced two intensive phases of administrative development. The first occurred during the decades before and succeeding the beginning of the twentieth century (up to about the time of World War I) and the second began in the 1970s and has continued through to the beginning of the twenty-first century (Halligan & Wettenhall, 1990; Halligan & Power, 1992). The second brings the challenges to the earlier interpretations of the 'state tradition'.

The first phase represents the culmination of the experiences of the pre-Federation years when the governments of six self-governing colonies were deeply engrossed in the processes of development, as well as those of the early years of Federation. The reforms it generated, with Federation itself not the least of them, built on the foundations established by the original crown colonies and the self-governing regimes which replaced them. This process attracted several significant observers from overseas and they, along with some 'locals' who extended their perspectives, constitute the first group of interpreters of the Australian governmental experience. Writing after the end of that phase and reflecting upon its impact, Hancock led a new set of observers who focused on the role of political parties. The 1950s and 1960s then produced another batch of writers interested in interpreting some of the fundamental relationships that involved bureaucracy, reflecting a new awareness of the *administrative state*.⁴

All contributed to the emerging recognition of the older 'state tradition' and will be considered within this article in turn. What emerged from their collective efforts was the proposition that the traditional Australian state comprised three principal elements: a high level of intervention; relatively low insulation from society; and a considerable number of relatively independent administrative bodies which came to form an important, institutionalised part of the state before the close of the nineteenth century.

Late Nineteenth and Early Twentieth Century Observers

As noted, the contemporary observers included both visitors from overseas and participants in the local political process who augmented their commentaries. Those visiting Australia (and NZ, where developments often paralleled those in the Australian States) around the close of the nineteenth century all remarked on the level of government action and the factors that motivated it. Their observations can be briefly summarised.

Regarding themselves as mentors of the new colony-states, the British were prone to chastise. A range of commentators, from hard-headed money-lenders and committed Social Darwinists to early scholars of railway economics and management, were appalled by what they saw as a rush towards state socialism (Wettenhall, 1970, 1990: 5).⁵ The great laboratory value for democratic societies of the Australasian experiments was, however, stressed by non-conformist Sir Charles Dilke, who saw merit in keeping 'public works' in government hands rather than 'bribing' private companies to build them in the American fashion (Dilke 1890: 195-196). Furthermore, some early advocates of rail and coal nationalisation earnestly proposed that the Australian statutory corporation form become

the organisational model of the hoped-for public industries in the UK (Hole, 1893; Wettenhall, 1990: 9-10).

French visitors in the early twentieth century were more concerned about the materialism and the intimacy they observed. For Métin (1901), the new Labor Party was not really 'carrying on a struggle against the bourgeoisie', but was instead 'concerned simply with obtaining good working conditions in the world as it is'. Métin also wrote that 'the poverty of ideas astonishes those who are accustomed to European polemics ... theoretical arguments ... are ignored or avoided' (cited in Encel, 1960: 70). Seigfried (cited in Encel, 1960: 71) focused on the relatively small scale of operations:

... with us [in Europe] the State always remains a distant and rather mysterious institution, which excludes all idea of personality. We laugh at the story which tells of the misadventures of the citizen who wanted to see the State.

But in NZ, Seigfried observed (and the same would have been true of any of the Australian States), 'nothing is easier. It is enough to find the Prime Minister' (cited in Encel, 1960: 70-71).

Such views received local endorsement. In Sydney, Holman (1905) declared (for Australian Labor) that: 'We regard the State not as some malign power hostile and foreign to ourselves, outside our control and not part of our organized existence'; rather 'we recognise in the State [or the Government of the day] merely a committee to which is delegated the powers of the community' (cited in Encel, 1960: 71). Expressing similar sentiments, Condliffe (1930) wrote in a later NZ commentary that: 'The widening of state functions is due primarily to colonial opportunism and freedom from theories. It has little to do with Socialism ... It is 'étatisme' rather than Socialism' (cited in Encel, 1960: 72). These early reports reveal the relatively high degree of government intervention, but also highlight the fact that pragmatism rather than principle, socialist or otherwise, was the main factor determining state action.

Hancock: Introducing the Political Parties

Writing with the advantage of a further generation of experience, Hancock (1930) extended the perspective of the earlier observers and explored the extent to which state intervention was increased by the actions of a particular political party:

... 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 ... To the Australian, the State means collective power at the service of individualistic 'rights'. Therefore he sees no opposition between his individualism and his reliance upon Government (pp. 72-73).

Hancock's view was taken up, and sometimes qualified, by many later scholars seeking to understand the origins of this 'state tradition'. As characterised by Encel (1960: 65), Hancock regarded egalitarianism as 'the driving force in Australian politics', and contributed to a stereotypic view that saw the Labor Party as the party of intervention which promoted egalitarianism. Under this view, while the Australian state was inherently

interventionist in economic, social and cultural matters, the position was highlighted and entrenched during:

... the formative period of Australian politics between 1890 and 1914 as the result of the emergence of the Australian Labor Party, which throughout its history has been the lodestar or positive pole of Australian politics ... important extensions of the frontiers of intervention have coincided with periods of Labor rule (Encel, 1969: 62).

The other parties were 'residual' or 'resistance' parties which sought to hinder Labor's ambitions, though their blocking was effectual only in the short term (Encel, 1960: 62; also Hancock, 1930: ch. XI; Eggleston, 1953; Mayer, 1956).

The central problem with this formulation was that the main non-Labor party (today's Liberal Party and its forebears) had frequently adopted interventionist stances during its history. The third major party over a long period (Country or, more recently, National Party) has often been interventionist on behalf of its mostly rural constituents.⁶

Encel: Distilling the Common Elements of these Perspectives

In an important contribution, Encel (1960) set himself the task of distilling the common elements in these earlier perspectives on the Australian state. Both in the ideas about it and in the way it conducted its affairs, he asserted, it was 'committed rather than neutral' and inherently interventionist. Further, the tension between the economic and social purposes of industrial production had invited 'continual state action to resolve it', and, in that sense, the state had always been forthcoming (p. 73).

Encel's own position can be reduced to two main dimensions. The first focused on the distinctive status of the state and its relationship to societal interests. The second was concerned with how that state responded. Encel argued first that the image of the state that emerged from this analysis was 'one that relie[d] upon almost the simplest possible species of utilitarianism. Primitive Benthamism ... has triumphed in Australia in a manner that would be inconceivable in Bentham's native land'. The Australian state in these terms was 'a machine, or perhaps a collection of pieces of machinery, available for manipulation by sufficiently powerful interested groups or syndicates' (Encel, 1960: 72). The state thus:

... acts as the administrative agency of the masses. That is to say, it is a body in which the organs of government and their concomitant institutions, like the party system, exist not to frame national policy but to execute the expressed demands of the community as formulated in practice by organized bodies claiming to interpret the general interest correctly (p. 73).

The second dimension was that the state had to moderate its commitment by casting intervention in two ways. Interventionist activity tended:

... to be detached as much as possible from the traditional state machine and dealt with in either a quasi-judicial or 'non-political' manner, or to be diffused among a number of organs with claims to sovereignty in their own sphere (p. 73).

Here the interventionist mode gave rise to 'a collection of more or less self-contained administrative satrapies' (or 'segmented government machines') which, though they were

capable of competing with each other, provided a stability not likely to be achieved in regular government where 'ministries came and went with kaleidoscopic rapidity'. These were the autonomous agencies further discussed below. The 'state machine' became a major political force and introduced 'machine politics on the American rather than the British model', with the interest group alignments driving the system rather than parties competing to establish policies of national concern (Encel, 1960: 75-76).

The formulation of this older Australian state tradition presented in this article draws on Encel's analysis, but is expressed differently. In this view, the traditional Australian state can be seen to have comprised three principal elements. First was the high level of intervention in the economy and society. Second was the relatively low insulation of the state from society; sectional interests dominated, either through the party system or by directly influencing administrative agencies. Third was the presence of important pockets of administrative autonomy and neutrality which formed an institutionalised part of the state from the nineteenth century until well into the twentieth century.

Taken together, these elements reveal that the particular circumstances of the Australian state produced distinctive organisational solutions. The motives were several: to depoliticise activities that had suffered at the hands of elected representatives; to remove decision-making from the political process because of the problems of reconciling intractable interests; and to buttress the position of those who were vulnerable in the interplay of powerful interests. The mechanism used was mostly the statutory authority.⁷ In its important manifestations, it took the form either of a public corporation that was insulated to some degree from intervention by politicians, or an arbitral commission that was endowed with autonomy in order to exercise judgment about public values. In a consideration of power relations in Australia, Parker (1968) described this tendency well: 'We have consistently sought to bureaucratise in this way the allocation of values or, as Max Weber might have put it, to routinise decisions that would otherwise register the prevailing patterns of power' (p. 27).

A Set of Images

It is useful to employ three 'images' to demonstrate this process further. These are the images of the 'public enterprise state', the 'social welfare state' and the 'arbitral state'. It is relevant also to consider the relationship of private enterprise to this developing state apparatus.

(i) The public enterprise state

The answer to the question why the original British colonies were established may be that they provided victualling ports for merchant ships engaged in the Pacific trade with convicts providing the needed labour force, or simply that they created a location to house convicts away from Britain (Blainey, 1966: 24ff). There can be no doubt, however, that the early colonies soon developed a familiarity with public enterprise and big government. As Australia's first professor of public administration expressed it (Bland, 1945: 203):

... the first two or three decades after 1788 saw State activity in excelsis. The Government fed, clothed and employed everyone. It cleared and cultivated farms; it bred and reared flocks; it built and ran mills; it discovered and developed mines.

The convicts were known as 'government servants': by use of their labour, government embarked on a wide variety of developmental and commercial activities.

When the transportation of convicts had ceased and self-government came in the 1850s (1860 in Queensland, 1890 in Western Australia), men steeped in British values moved to positions of leadership in the new legislatures and cabinets and many of the officials of the earlier colonial administrations stayed on as either politicians or public servants. They shared an interesting mix of commitment to *laissez-faire* principles and awareness that only the state, in the inhospitable colonial environment, could marshal the resources needed for vigorous development. The latter proved to be the more powerful sentiment and the public enterprise network expanded rapidly over the remainder of the nineteenth and early twentieth centuries.⁸

Railways provide the classic illustration. At first - from around 1850 - there was official stimulation for private companies, including generous government assistance. But the difficulties were immense and the companies scarcely efficient. Soon the colonial governments were claiming the right to nominate directors to watch over the public interest and before long legislative committees were reporting, for example, that 'private companies cannot succeed in constructing Railways without government aid upon a scale which ought not to be conceded', and that 'these important works should be taken up by the government' (Select Committee on Roads and Railways [SCRR], 1854). The takeovers began in 1854 (NSW) and 1856 (Victoria) with only a few small companies away from the main centres of population managing to survive the trend to State ownership while, under government initiative, the State systems grew from very modest proportions at the time of acquisition (usually just a few miles of track laid and frequently even that incomplete) to reach a peak aggregate of nearly 27,500 miles during World War II.

The tradition of government ownership of railways is thus as long as that of democratic government itself, and the mainstream of older Australian attitudes towards public ownership can be traced back to the initial railway acquisitions. The dominant considerations of governments and legislatures were clearly the inadequacy of private resources of capital, labour and technical competence, and the challenges of a harsh physical environment. Australian public enterprise took on its own special quality of pragmatic enthusiasm from this marriage of ideological reluctance and economic necessity. In terms of the nature and extent of its public enterprise network, therefore, the traditional Australian state stood close to countries like Sweden, Canada and developing states of the twentieth century, where public ownership has had a similar 'natural growth' character. It was distant from the metropolitan Anglo-Saxon powers (Britain and the USA), where public ownership has mostly had an 'acquisition-by-nationalisation' character.⁹ It has previously been argued (Wettenhall, 1990, 1996) that, for such reasons, Australia should be regarded for much of its settled history as a classic developing state.

Most of the other basic utility services followed the pattern of the railways. Tramway and electric power development mostly began with a combination of small private and

municipal enterprises. However the early operators experienced much difficulty in raising capital, especially when rapid growth and consolidation into larger units became necessary as concomitants of technological advance and territorial extension. Once more the States stepped in to ensure development in dimensions appropriate to the rate of national growth, a task for which only they commanded the necessary resources. Much intervention of this kind, in tramways, power supply, irrigation and water supply, (rural) closer settlement, banking and insurance, organised marketing and so on occurred in the first two decades of the twentieth century. But the interventionist mood did not stop there: as late as 1949, public ownership was seen as entirely appropriate for the construction and operation of the vast Snowy Mountains hydro-electric and irrigation scheme, which had widespread community and political support.¹⁰ Just a few years before, leading non-Labor politician RG Menzies had remarked: 'few people would have any quarrel with government control of railways, or tramways, or water supply, or such other great public utilities' (cited in *Com. Parl. Debs*, 1943, v. 183: 4180).

Economic historians Butlin, Barnard and Pincus (1982: chap 2) calculated that market intervention by Australian governments in the period 1860-1900 subsidised the inflow of almost half net migration and was directly responsible for securing the inflow of half the total foreign capital imports. Governments, primarily through their transport and communication activities, accounted for about 40 percent of total domestic capital formation in this period and by 1900 they owned about 50 percent of the country's total fixed capital (excluding land) and conducted the largest enterprises in the economy. After 1900, 'direct forms of intervention gave ground to indirect' (Butlin *et al.*, 1982: 10), but they still remained economically important.

The immensity of the economic impact of the public enterprise sector was demonstrated yet again in the late 1970s. At that time, for example, between 25 percent and 30 percent of all new capital investment in Victoria was being effected by that State's enterprises, so that they were still the major influence on the Victorian capital market (SSCFGO, 1979a; 1979b; Clarke & Porter, 1982; Foley, 1982).

The second major theme in the development of Australia's public enterprise state concerns the managerial challenge and responses to it, and is similarly important in establishing the distinctiveness within the contemporary Anglo-Saxon world of the country's early record in such matters. Mostly the state enterprises began their lives under orthodox ministerial control and departmental and public service machinery. Before long, however, the several States were concluding that this was an inappropriate means of administering what were often complex technical and commercial activities, and the old form of the statutory authority was resurrected, with some of the attributes of the joint-stock company thrown in, as a deliberately chosen 'suitable instrument for government in business' (Sawer, 1954: 11; repeated in Kewley, 1959: 102-103).

It is now widely accepted that the 'breakthrough' came in the reform of the Victorian State Railways in 1883. The new form, commonly referred to as the public or statutory corporation, separated the staff from the general public service and concentrated managerial authority in a board of expert commissioners. This alternative model of public administrative organisation was soon being copied and adapted in a wide variety of

enterprise contexts so much so that, by the 1970s, these corporations and associated non-departmental public authorities had come to employ something like three-quarters of Australia's national public sector personnel.¹¹

(ii) The social welfare state

Over the long term, Australian governments have also been heavily interventionist in social welfare matters. Here, two conditioning factors have been particularly important. First, the Australian social welfare state, like the public enterprise state, traces its origins back to the convict beginnings of European settlement: in one way or another, government *directly* assisted about half of all immigrants (including the convicts) between 1788 and 1976.¹² Second, large numbers of those settlers and their descendents have remained in the coastal cities. Australia was soon recognised as a heavily urbanised society (Jones, 1983: 7), and its growing urban aggregations quickly attracted the attentions of public health and welfare professionals. As already noted, the public enterprise experience bred interventionist government stances, and early social policy intervention was a natural adjunct to an already extensive public sector.

Direct provision of social welfare services came first from a variety of voluntary agencies, mostly subsidised by government. Many inquiries into the work of the agencies were commissioned during the later nineteenth century. While the Webbs were still championing the voluntary principle in England after the turn of the century, it had largely been discredited in Australia by the 1890s. There was no embarrassing legacy in Australia of earlier state action in the field, such as was furnished in Britain by the excesses of the old poor law (Jones, 1983: 19).

The States introduced compulsory education in the 1870s and provided most of the schools themselves. They also closely followed European developments in the provision of old age and invalidity pension schemes, an area in which Bismarck's Germany innovated. NSW and Victoria both introduced such schemes in 1900. They were adopted nationally in 1909, and thereafter the Commonwealth progressively introduced a range of other pension benefits all provided out of general tax revenues - this was the novel feature (Kewley, 1973: 563). Labor and non-Labor governments alike extended the range of tax-funded benefits. The one area that has significantly divided the parties and attracted unstable 'solutions' is that of contributory medical and hospital insurance.

Social welfare did not attract use of the public corporation in the way that public enterprise did. There was, nonetheless, some organisational experimentation as governments sought to distance the determination of benefits in individual cases from welfare policy-making. It is noteworthy that the Commonwealth Parliament legislated as early as 1908 to establish a statutory office of Commissioner of Pensions to make the determinations,¹³ even though it left the Secretary to the Treasury holding that office as a plurality (Kewley, 1973: 76). Almost 60 years later, a Director-General of Social Security found himself in much controversy as the High Court considered (in the Karen Green case) his dual role as statutory pension-determining authority and conventional senior public service policy adviser (Wettenhall, 1986: 37). The statutory authority soon became a

regular feature in other areas of claims determination, as in the establishment of the Repatriation Commission in 1917.

The Australian welfare state ran also to a protectionist policy which aided local manufacturing industries and exacted high tariffs for imports. This policy aided not only the growth of welfare benefits, but also the development of an innovative wage system involving the concept of a 'basic wage' (introduced in 1907) and industrial arbitration machinery which afforded significant benefits to the labour movement - again, state action at arm's length, through a powerful Conciliation and Arbitration Court. NZ developments broadly mirrored the Australian (Reeves, 1969) and these Antipodean innovations won wide acclaim overseas (Kewley, 1973; Jones, 1983: ch. 2; Castles, 1985).

In all these ways, the Australian welfare state operated alongside the Australian public enterprise state to create a large public sector, with relatively high levels of public employment and public spending. This was very clearly a 'production' state; it also required a vast administrative apparatus for its functioning.¹⁴

(iii) The arbitral state

The image of the arbitral state provides a further reflection of the tendency to resort to some form of independent statutory body for decision-making on a variety of important matters involving the distribution of resources. One important analysis saw this tendency grounded in the mutual distrust that existed among the various socio-economic groups and in the lack of a traditional elite with claims on impartiality or a concept of a public interest. According to this view, the central feature was 'the attempt to remove important allocative decisions from a process of *ad hoc* bargaining or trials of strength, based on the relative power of the competing interest groups, to a system of adjudication by committees, boards, tribunals, departmental agencies, autonomous corporations and similar institutional devices' (Parker, 1968: 25, 27-8).

This tendency was probably best illustrated in the use of quasi-judicial tribunals within the system of compulsory arbitration, instead of collective bargaining, for determining wage relativities. Similarly in fiscal financial relations, an independent Commonwealth Grants Commission, rather than direct bargaining, became very influential in determining allocations of federal funds to State governments after 1933. Other commissions have performed allocative functions within specific fields. Thus, the determination of electoral boundaries has been assigned to electoral commissions of the Commonwealth and State governments. Similar bodies have been used to channel grants to cultural and sporting institutions and individuals.

The availability of the statutory authority form has provided the opportunity for numerous other appellate and adjudicatory procedures. Parliaments legislated to create bodies not only to regulate entry and practice in various industries, services and professions (such as broadcasting, banking and insurance regulators and medical, dental and architect registration boards), but also to determine appeals by clients (such as taxpayers and war service pensioners) against decisions of public administrative bodies. The arbitral process also extended to the bureaucracy itself: public servants and officers of the services of large statutory corporations won the protection of statutory appeals bodies

to sit in judgment over first-instance decisions about promotions, retrenchments and disciplinary actions.

A consistent application of the principle was the public service board (or commissioner) which long existed in each State and the Commonwealth public service with statutory responsibility for making decisions about personnel and management. The origins of these boards in the pre-World War I generation lay in the desire to replace patronage with merit in civil service staffing.

The liking for autonomous arbitral bodies was commented on by two observers in the 1960s. Parker's (1968) perceptive appreciation has already been noted: for him, this 'long-established habit ... of institutionalizing the resolution of conflicts over the allocation of values' went further than in 'any other advanced in society' (p. 25). Similarly Encel (1970: 246) claimed that:

... there is no real counterpart to the remarkable scope of the arbitral principle in Australia, and the extent to which its operation supersedes both the discretionary powers of high officials and the authority of a central controlling agency to determine the structure of the system.

This important national characteristic made Australia fertile ground for the movement of the 1970s to an administrative law system with ombudsmen, Commonwealth and some State general administrative appeals tribunals, a new Federal Court with specialised administrative jurisdictions, and freedom of information legislation. This move owed more to continental European than to Anglo-Saxon traditions.

A Talent for Bureaucracy?

Before the onset of the recent reform period, the claim was made that Australians had developed 'a characteristic talent' for bureaucracy, and that that talent had been exercised on a scale that made Australia distinctive among modern nations (Davies, 1958: 3). Though this claim has attracted argument, there can be little doubt that Australian governments had, in one way or another, established large public sectors. Before World War I, the proportion of the Australian workforce in public employment was about 12 percent, which was twice that of Britain or the US (5% and 6%) (Butlin *et al.*, 1982: 5-6; Galligan, 1984: 84). They had also depended heavily on professional officers - engineers, architects, surveyors, health specialists and so on - through much of the developmental period; an educated generalist class of senior officers in the British tradition had scarcely begun to emerge even as late as World War II (Subramaniam, 1963, 1968: 337). This state system exhibited a marked focus on supplying infrastructure services for the community, and a host of implementing officials was necessary for its successful functioning.

The ready acceptance of bureaucracy and bureaucratic values ran hand-in-hand with the strong egalitarian sentiment noted by Hancock, Encel and others. Many who came to Australia were, in one way or another, opting out of the patterns of privilege and the strong class divisions of traditional European society. Whether as convicts or free settlers, they were effectively refugees from the harsh and disagreeable social conditions then prevalent in their home countries. Employing the terminology used in a study of

colonising patterns in North, Central and South America, the society they established in Australia was of the temperate-zone 'farm colony' variety rather than the tropical-zone 'exploitation colony' variety. This Australian society was generally 'content with the satisfaction of moderate wants', and demonstrated other characteristics consistent with the 'farm colony' category such as provision of its own workforce, a strong tendency towards individual independence and self-government and early establishment of universal elementary education but little 'high culture' (summarised from Haring, 1947: ch. 2).¹⁵

Those involved in the creation of this Australian society embraced bureaucracy all the more readily, whatever its faults, because in large part it elevated decision-making by reference to established rule over arbitrariness and because it proved to be a means of spreading that decision-making over a multiplicity of agents and agencies rather than concentrating it in a few (elitist) hands (Encel, 1970).¹⁶ Moreover, Australian bureaucracy became comparatively clean and corruption-free, especially after the creation of the public service boards, and this commended the system further to many of the nation's citizens.

The first great reform phase that Australian statecraft experienced - the 'progressive era' running from the 1880s until World War I (Halligan & Wettenhall, 1990: 20) - was easily accommodated within this sort of 'state'. It produced a mass of innovations such as the early advances into social welfare, votes for women, statutory corporations to manage the country's public enterprises, public service boards to guide the movement from patronage to merit in public service recruitment, *and not least Federation itself*. If not supremely efficient, this 'state' was effective enough in its protection of the social principles that had become important to it. The traditions established during the pre-federal period would endure and seemingly serve the new nation well through much of the twentieth century. Writing at a time when assessments were changing, Davis (1998: 158-159) accepted not only that 'a distinctive and successful pattern of public administration [had] emerged in colonial Australia', but also that the accompanying traditions had produced a long-enduring 'honest, capable, and reliable' public sector.

A different perspective on the combination of bureaucratic talent and arbitral authority emerged when another scholar sought to apply 'contemporary State theory' to the main formative elements of the Australian state up to 1901. For this scholar, such theory confers a collective sovereignty on the people that can only be expressed by the democratic vote. In that pre-federal evolution which endured through much of the federal period, however, Australia became wedded to a system of 'legalism' which gave the bureaucratic and judicial elements in governance 'the final say' in so many matters and so divested the people of ultimate authority. The paradox was that important principles accepted as part of the anti-elitist and mateship character of the society were erected into a thoroughly undemocratic system; in these conditions the state, if it existed at all, was 'invisible' (Davidson, 1991: xi, *passim*).

Pluralist Interpretations and the Place of Private Enterprise

It is remarkable that an account such as this could proceed so far with only a small reference made to private enterprise. A private sector was gradually developing, and it was

inevitable that it would eventually be acknowledged in interpretations of the nature of the Australian state.

This recognition emerged when pluralist explanations began to appear. Thus, a generation after Hancock (1930) directed attention to the role of the parties in governance, Miller (1964) borrowed from the new language of pluralistic democracy and offered another explanation. From this perspective, it was possible to assert that government both engaged in national development and represented the interests of 'syndicates', i.e. groups that benefited from its action. This duality was expressed through decentralisation of administration within the federal system and through creating 'organs of syndical satisfaction' such as arbitration tribunals and marketing boards. The parties simply engaged in different modes of intervention serving the interests of the particular syndicates they were aligned with (Miller, 1964: 65).

Another generation later, Galligan (1984: 82-83, *passim*) noted 'a resurgence of interest in the state among political scientists', but also showed how the pluralist democracy paradigm was reducing its centrality in understandings about governance. Mainline political scientists, he asserted, tended to view the state as just one of several competing power groups, while new-left treatments were either focusing on class divisions and the composition of the 'ruling class' (Connell & Irvine, 1980) or seeing the nation state as the client of international capitalism (Wheelwright, 1980). Concerns about corporatism followed easily from these preoccupations.

Galligan believed the pluralist paradigm went too far in neglecting the state. More significantly for an understanding of the Australian tradition, he drew on political economy studies to propose a significant addition to the earlier stereotype: it had left out private enterprise, and that gap needed filling in. Following on from Simms (1982, 1986) and also displaying some common ground with Miller (1964), Galligan observed that, far from resisting the interventions in economic and social life as argued by some, the non-Labor parties had actively participated in them. This perspective helps to explain why the Australian interventionism never adhered to an orthodox socialist pattern: the Liberals simply 'integrated state interventionism, particularly for national development purposes, with private business enterprise both in their party ideology and their practical administration' (p. 86). Therefore, whatever differences there were between them and Labor, they were not centrally about state interventionism; rather they saw a 'partnership' between the state and private enterprise as a progressive force.

State intervention was embarked on in so many fields with the clear intention of facilitating the expansion of rural settlement, the development of private industry and so on. Big companies emerged along with big government, and state intervention also soon spread to the protectionist devices which supported those companies. Economic analysis suggested that it was the structuring of the public-private partnership that was so distinctively Australian. By choosing public ownership of infrastructure services and thus avoiding the need for the strong regulatory stance of US governments, Australia avoided the 'adversary relationships' so characteristic of the American economy (Butlin *et al.*, 1982: ch. 2).

A symbiotic public-private relationship was thus facilitated, validating the strongly interventionist stance of non-Labor governments whose interventions, both entrepreneurial and regulatory, were designed to expand opportunities for private enterprise. Eventually a leading Liberal statesman propounded the theory of 'the development stimulator' to explain and justify many Australian public enterprises (Casey, 1949: 7-9). The Liberals were as accepting as Labor of Keynesian economic policies. This may have been, following the analysis of Polish economist Sachs (1964), public sector according to the Japanese development model which gave public enterprise a facilitating role, rather than according to the Indian development model which reserved strategic branches of production for public enterprise and wanted it to have a dominant place in the economy. Nevertheless, it is clear that the view that the Labor Party played the dominant role in determining the interventionist nature of the Australian state is in need of considerable qualification.

The Hancock-Encel conceptualisation was astray in that it was never just the state at the service of individual rights; it was also the state at the service of developing private capital. So, as Galligan pointed out, important questions emerge about class, competing elites and the extent of autonomy of state institutions that passed virtually unnoticed in the early formulations. We should not, however, forget the Encel (1960: 72) view of the state as the 'administrative agency of the masses' - it is likely that it was *both* that *and* the state at the service of developing private capital.

The liking for autonomous agencies, a preparedness to depart from regular departmental machinery, was a feature running through all three of the 'images' presented above. This feature suggests a strong predisposition towards pluralist modes of policy-making and service production and delivery in general. The federal 'solution' of 1901 was further evidence of this predisposition. As so much of this was *public* rather than *private*, the developing Australian nation seemed much more statist than the metropolitan Anglo-Saxon nations. However there never was, through this long founding period, any strong philosophical basis for *statisme* as experienced in continental Europe; it was a very practical, and largely a decentralist, matter.

The then prevalent form of non-departmental public body - the statutory authority/corporation¹⁷ - retained its popularity in both the state and the Commonwealth systems as the twentieth century progressed, though to varying degrees. Queensland and South Australia probably showed less enthusiasm than the others. As was pointed out in 1960, the operations in Victoria of these bodies were 'on a scale which overshadows those of the central departments, and their policies and not the departments' made up the fast-moving current in Victorian politics' (Davies, 1960: 190). In 1974, the Bland (1974) board of inquiry, critical of what it saw as the resulting 'disorderly organisational structure' (p. 50), recommended that the functions of Victorian government should be discharged only by ministers and departments. Another analyst suggested that the statutory bodies so disliked by the board of inquiry, each facing its own clientele group in a fairly direct manner and probably having that group represented on its board, allowed a greater degree of public participation in management than the ministerial/departmental system. This had long been seen in Victoria as providing a high degree of legitimacy to the political process

(Holmes, 1975: 57-59, 1976: 40-43; Wettenhall, 1986: 110-116). This was pluralist *statisme* writ large!

This article has so far presented a picture of what seems to be the received version of the state tradition in Australia as it existed up to the early 1980s, when Galligan presented his review. This version, it is suggested, satisfies the 'minimum level of consistency' test of tradition status (Bevir *et al.*, 2003: 9). Since then, there have been significant changes in Australian statecraft posing 'dilemmas' for those committed to that tradition, and the question now is whether it has much continuing relevance.

The Dilemmas of Change

New Policy Challenges Arise

Many of the important political and social changes that have taken place in Australia since World War II have had to do with greater diversity. For so much of Australia's history, the bulk of the non-Indigenous population could trace its origins back to the British Isles. Britain was by far the biggest trading partner and the emerging Australian nation saw in the Royal Navy patrolling the seas the principal defender of its security. A kind of 'empire citizenship' also protected Australians: so often British consular posts looked after their interests when they travelled. British law continued to operate for so long as Australian legislatures saw no need to enact separate legislation, the Privy Council in London remained the highest court of appeal, a British declaration of war was enough to commit Australia, and British generals disposed of its forces at war. Shared Westminster-style governing traditions further emphasised the common ground between Australia and Britain.

The nationalism that was developing in Australia for over a century was a reformist but not revolutionary (as in the original American colonies) style of colonial nationalism: 'home rule' was valued but so was the continuing Empire connection (Eddy & Schreuder, 1988: 2-8). An observation about Canada made in 1915 could just as easily have fitted this Australia: 'It never occurred to the average Canadian, even when his country reached national stature, that he could not remain both a Canadian and a Briton' (Wrong, cited in Eddy & Schreuder, 1988: 6).

Given that Australia never experienced a 'war of independence' in the American fashion, the nature of these links changed only very gradually. In this context, Australian governments, legislatures, political parties, interest groups and citizens directed their concerns mostly to issues of internal development, service delivery and material well-being. There was no great pressure to establish the kinds of national policies and policy-forming processes and mechanisms familiar elsewhere, and this was the context which nurtured the 'state tradition' described in this article.

Then came World War II. It demonstrated the fallibility of the British defence screen, so that Australia sought new alliances, especially with the USA. The war's aftermath not only brought millions of new migrants from non-British sources, but also focused governmental concerns on the great policy issues of reconstruction. Large secondary industries were created, shifting production and trading concerns mightily from

the earlier concentration on rural industries. Before long - incredibly for most Australians - the vanquished enemy, Japan, replaced Britain as the nation's major trading partner. The newly independent countries within Asia - and later Africa and elsewhere - demanded from Australia policy development of a kind unimaginable before the war. Its own great 'colony', Papua New Guinea, sought and won independence, and Australia became a significant contributor to the building of the United Nations system. Australia's defence forces also needed realigning and strengthening in the light of new strategic requirements. The atmosphere of the Cold War raised many new policy problems needing to be solved internally. Later economic downturn raised another host of such problems. The increasingly multicultural society demanded new community attitudes, with corresponding institutional and process development. The problems facing Australia's Indigenous population at last came to be regarded seriously. Quality-of-life issues such as environmental protection, occupational health and safety, and equal employment opportunity assumed a much more important place on the political agenda. This is by no means a complete list of the new policy challenges, but it is probably sufficient to establish the point that a whole new style of government had to be developed to cope with the management of the Australian nation in its dramatically changed post-World War II condition.¹⁸

There were dilemmas a-plenty, and year 1988¹⁹ exposed many of them. It was 'bicentenary' year, and there had been a multi-partisan effort to organise a colossal (and colossally expensive) state birthday party. But a bicentenary of what? Not of European discovery, not of nationhood, not even of Federation; just the arrival of that first convict fleet. Many of the bicentenary's organisers hoped it would contribute to a greater sense of 'Australianness'. In characteristic fashion, it spawned new bits of bureaucracy and, along with the accompanying World Expo 1988, drew much overseas attention. The event, however, also underlined the existence of deep divisions within the society, divisions based on ethnicity and on contrasting senses of the lessons of Australian history (Warhurst, 1987).

Towards New Explanations of Australian Statehood

Inevitably the changed political and social environment generated new explanations of the Australian condition. An early example was the description and reevaluation of the 'Australian settlement' by leading journalist Paul Kelly (1994) in his book *The End of Certainty*. This exercise drew significantly from the older state tradition presented above, but it also proclaimed the end of that tradition. Kelly's 'settlement' was constructed by 'practical men striving for income, justice, employment, and security', and it contained five main elements: White Australia, industry protection, wage arbitration, state paternalism and imperial benevolence. Though most of the ingredients were there before Federation, for Kelly the 'generation after Federation in 1901 turned an emerging national consensus into new laws and institutions', and its bipartisan acceptance 'provided the bonds for eight decades of national unity and progress despite its defects'. Then came the transformation of both the Labor and the non-Labor parties in the 1980s, which he saw as revolutionary in its effects, ensuring the 'irresistible demolition' of the settlement/old tradition. The nation was being remade, he asserted, and the only safe

prediction was that the new nation would be vastly different from that which went before (adapted from Kelly, 1994: 1-3).²⁰

A more recent review (Wanna & Weller, 2003) covers a good deal of similar ground. It identifies several 'traditions' emerging in the pre-federal period and coming together to establish the 'developmental settler-state' immortalised in Hancock's thesis. Then, somewhat discordantly, in its identification of three distinct phases of 'Australian government activism', it limits its coverage to the post-Federation period, the phases of which are: (1) 'Limited State (1901 to the 1930s)'; (2) 'State Triumphant (1940s to the 1970s)'; and (3) 'Restructured State (1980s to 2001)' with 2001 being the close of the period covered by that review (Wanna & Weller, 2003: 77). For these reviewers, the reconstruction that dismantled the earlier 'settlement' had several major causes: the emergence of economic rationalism and neo-Liberal ideas in the 1980s; the growth of Commonwealth power which brought about 'the demise of the fragmented bureaucratic state' (p. 64); and a less generous approach that has restricted the state's role in social welfare to 'providing a social safety net for those not immediately or likely to benefit from the new economy' (pp. 70-71).

The sense of the magnitude of this remaking has produced other reconsiderations. Thus the Research School of Social Sciences in the Australian National University embarked on what was described as 'a fundamental rethinking of Australia's key institutions' (Brennan & Castles, 2002: iii) in the lead-up to the Centenary of Federation that was celebrated in 2001. More than a dozen books resulted, each the outcome of an investigation of a particular aspect of the settlement to which Kelly had drawn attention. The capstone volume in this series focused particularly on the matter of social inclusion whereby groups get incorporated into the mainstream institutions and are thus able to participate in the restructuring, how this happens and why some groups get left out. Obviously, all this points to ways in which the old tradition had been affected by change, but it also finds it important to draw on elements of the old tradition to explain what has been happening (Brennan & Castles, 2002).

Another large Australian project of reconsideration, centred on Griffith University, has been mostly forward-looking, addressing the much-more-than-just-Australian issue of the future of government within a context in which government is seen as only one of several major social forces networking in the 'governance' of our societies (Davis & Keating, 2000). Inevitably it too looks back from time to time at the earlier arrangements, but its verdict on these is perhaps best summed up in one decisive comment: 'This world we have lost' (Davis & Rhodes, 2000: 78).

There are, however, also serious suggestions that, if 'this world' has indeed been lost, much of it needs recovering. In a sort of antidote to thinking about the Australian settlement and its dismantling, separate recent theorising goes way back before Federation and venerates an earlier 'Australian project' that thrived on 'expansiveness, enlargement and possibility', and in which 'people were prepared to take risks and try new ideas in an effort to show that in Australia we did things differently, and better, than elsewhere in the world' (Leigh, 2005: 3). It is acknowledged that the changes of the recent period have lifted living standards and improved the macroeconomic environment, but this theorising

asserts that we must never lose sight of the social values established by the old order. So the project is not finished. If it has been dented, then it needs to be reinvigorated, and there are more serious suggestions to that end (Duncan *et al.*, 2004: 7, ch. 4).

Has It All Been Lost?

The growing diversity of the post-World War II nation had paradoxical outcomes. On the one hand, it gave strong reinforcement to the pluralistic tendencies already in evidence, which in turn produced their own rich crop of new syndical organisations. On the other hand, it created pressures to define the contours of Australian nationhood that contributed to the emergence of an elite policy-oriented administrative class better able than the long-established service-delivery bureaucracy to claim a degree of statist autonomy from the society around it. A further complication came from the fact that inquiry boards and committees sitting in the most recent period of economic downturn had all been demanding that these same administrators adopt tougher 'managerial' styles more akin to those familiar in the world of private sector executives.

The concern for development did not disappear after World War II, and remained particularly strong in the 'frontier' States of Queensland and Western Australia. The State governments collectively continued to employ the bulk of the nation's public sector workforce and largely retained their focus on service-delivery issues. To this extent, the old 'state tradition' still applied, but it now provided only a partial explanation of the realities of Australian statecraft.

The movement at the level of Commonwealth Government was dramatic. It included not only a concentrating of financial and economic power but also the development of a sophisticated bureaucracy, closer in style to the elite bureaucracies of nations whose governments had been engaging for much longer periods in the policy work that comes with truly independent statehood. Numerous studies of governmental reform and development at federal level have attested to this change. One of its consequences, moreover, has been that the State governments have been forced to develop significant policy capacities in previously unthought-of areas in order to match the Commonwealth in the economic and other negotiations so essential for survival in the federal nation. The focus of the State governments on the issues that gave rise to the old 'state tradition' can therefore no longer be so single-minded (Warhurst, 1982; Painter, 1987).

The administrative reforms that have been occurring, moreover, have drawn Australia much closer to mainstream Anglo-Saxon systems than before. Though there are differences of detail in the reform mechanisms that have been taken up, Australia has been a full participant in the 'new public management' and 'reinventing government' movements that have infected state systems in many parts of the world. Aided by the new ease of communication, it has absorbed much from British, US and NZ change programs with their strident OECD backing, and has itself contributed significant items of 'model' value in the policy transfer process that is an important feature of modern globalisation (Savoie, 1994; OECD, 1995; Halligan, 1996, 2003; Hood, 1996; Pollitt & Bouckaert, 2000).

It is even possible, as we move into the twenty-first century, that a more classically European style of *statisme* is emerging, as suggested by the following developments (see, for example, Uhrig, 2003; Wettenhall, 2004; Bartos, 2005; Halligan, 2005):

- a new Commonwealth-level inquiry has attacked the autonomy of many non-departmental bodies remaining after privatising action has shifted a raft of old public enterprises to the private sector
- what is left inside the public sector is increasingly infected by private sector styles, including a preference for the company form over the older statutory authority form
- in particular, the Industrial Relations Commission, successor to the old Conciliation and Arbitration Court, has been drastically weakened
- government is increasingly resistant to holding open public inquiries, wanting all investigative activity to be in-house
- there is a strong push for a 'whole of government' approach to problems that emerge
- no doubt affected by the circumstance that, through the earlier 2000s, a conservative Commonwealth government has faced a 'front' of eight State and Territory Labor governments, Prime Minister Howard and his government have abandoned the older Liberal pro-federal stance and sought instead to dramatically enhance federal power at the expense of the sub-national units.

These are the kinds of changes that have been occurring over the past generation. The questions facing researchers concerned with conceptualising the modern Australian state are those which aim to explore how far the old images remain relevant and what new images need to be fashioned to describe all its contours in the later twentieth and early twenty-first centuries. It now seems that a 'revolution' has taken place, demonstrated by the weakening of main elements of the old system, notably the public enterprise, social welfare and arbitral states. To be sure, some elements of these 'states' remain and there are occasional reminders that they continue to be attractive to sections of the Australian community. They may even be large sections, though they are not normally powerful sections.

In early June 2006, as this article was being completed, there were just such reminders. The last vestiges of 'publicness' in the iconic Snowy Mountains hydro-electric scheme were about to be removed. Through 2002 and 2003, a process of 'corporatisation'²¹ had seen the constructing and then operating Snowy Mountains Hydro-Electric Authority converted from a Commonwealth statutory corporation to a Corporations Law company jointly owned by the Commonwealth, NSW and Victorian Governments. In 2005, the NSW Government declared its intention of selling its shareholding – it no longer seems significant that this was a Labor government - and the other owners fell into line. The protests began softly, but as the sales pitch intensified, they built up (Waterford, 2006) until, by June 2006, the Prime Minister was persuaded that

this sale would be hugely electorally unpopular. This was the old image of the Australian state as a public developer and protector of public assets reasserting itself. The Prime Minister gave in to what the press dramatically described as 'people power' (Fraser, 2006; Humphries & Murray, 2006) and the joint owners had to fall into line.

Here was a spectacular reminder that public opinion surveys through the 1980s and 1990s had consistently shown most Australians to be opposed to the hard commercialising, privatising policies adopted by their governments and their 'top end of town' backers.²² When such policies were subjected to the vote (as in NSW and Tasmanian elections where parties proposing energy privatisation through the 1990s fared badly), these attitudes could indeed become politically decisive. The strong opposition to the weakening of the Industrial Relations Commission, part of the old arbitral state, by the fourth Howard government seeking to implement its new industrial relations strategy in 2005-06, furnishes a similar reminder.

The public enterprise, social welfare and arbitral state images no longer tell us much about the ongoing Australian system. It is not often that their defenders command much political power and so they have become marginal to the concerns of Australian statecraft. The significance of the old tradition today is not that it has power to drive much political and administrative activity in the modern Australian state - rather, it reminds us of important forces that shaped the development of the state over the first two centuries of its existence.

While these forces have now been largely abandoned, it is important to remember that they contained many 'good' features that have arguably made us a better society than we might otherwise have been. This remembrance serves other useful purposes: it provides a measure of the distance we have travelled over the recent reform period, and it continues to inform challenges to today's economic-rationalist/'new public management' paradigm. To the extent that they are influential, such challenges will seek to take us further forward, not backward, but in a style that is inclusive rather than divisive

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Acknowledgements

The contribution of Prof John Halligan is gratefully acknowledged. Parts of this paper are based on a much earlier but not-previously-published paper written jointly with him and presented to the XIVth World Congress of the International Political Science Association in Washington DC, 28 August - 1 September 1988 (Halligan & Wettenhall 1988). Those parts have been revised and new material added. While Prof Halligan has commented on drafts of these revisions and additions, the responsibility for this new article is the author's.

Notes

- ¹ The author was once rash enough to use 'New Public Management State' in the title of a conference paper and this use was picked up and commented on by Christopher Hood! (Wettenhall, 2000; Hood, 2004: 4).
- ² See also Krasner (1984) for an extensive review essay, and Lentner (1984) for a response to it.
- ³ As a federal country, Australia exhibits the 'states within a state' complication. The main concern here is with the general idea of the state rather than the specific use of State to indicate a major sub-national unit under the Australian constitution. It will be necessary in what follows to use the word 'state' in both senses, and so (unless in direct quotes) the word is capitalised when it refers to NSW, etc. To avoid writing complications, State is also used freely in references to NSW etc in the later nineteenth century, although at that time they were more strictly 'self-governing colonies'.
- ⁴ 'Administrative state' is a term made popular in the works of Dwight Waldo (1948), a leading US public administration scholar.
- ⁵ The relevant page number/s of particular books and articles will appear as part of the in-text citation even when the cited material does not appear as a direct quote. This is purely for the purpose of assisting the reader to more easily locate specific elements of the argument from these texts.
- ⁶ Hancock (1930: 141-142) also lamented that this egalitarian society sold itself short by embarking upon economic adventures while distrusting the well-educated and refusing to recruit administrators capable of understanding economics. In a much later commentary, Davis (1998: 159) saw the rising power of economists in the late twentieth century public service, that contributed to the reversal of so many of the values of the founding century, as a case of 'Hancock's revenge'.
- ⁷ For a short review of the Australian statutory authority experience taking account of movement up to the early 2000s, see Wettenhall, 2005.
- ⁸ The characterisation of the Australian public enterprise state in the next few paragraphs was first spelt out, with appropriate references, in Wettenhall, 1987b: ch. 1.
- ⁹ See Verney (1959: 7) for a Swedish/British comparison that employs these characterisations.

- ¹⁰ Some of this thinking re-emerged in opposition to the plan of the joint owners of the successor Snowy Hydro Ltd (NSW, Victorian and Commonwealth Governments) to sell that enterprise to the private sector in 2005-06 which is commented on later in this article. The constructing public authority had made much use of private contractors to undertake parts of the work (McIntosh, Shauness & Wettenhall, 1997), but this had happened under very clear public direction and control.
- ¹¹ On the Victorian developments, see also Eggleston (1931, 1932); Davies (1960); Wettenhall (1961); Halligan (1982). On Australian developments in general, see Curnow and Saunders (1983); Wettenhall (1970, 1987b).
- ¹² The good quality of the assistance to the convicts and their descendents over the longer term is suggested by this somewhat surprising commentary: 'transportation was a successful social programme, probably one of the most effective examples of rehabilitation on record' (Jones, 1983: 7).
- ¹³ *Invalid and Old-age Pensions Act 17/1908*. Earlier, the *NSW Old-Age Pensions Act* of 1900 had established a Central Old-Age Pensions Board, working through District Boards to hear and determine claims for pensions (Kewley, 1973).
- ¹⁴ This adapts from the terminology used by people like Wilson (1989) and Gregory (1995) to classify types of public organisation. Ironically, in that they produce many goods and services they have much in common with private firms. However, the objectives of the modern reformers make them retreat from that common ground even as they are enjoined to behave more like private firms!
- ¹⁵ In contrast, 'exploitation colonies' were established for reasons of national prestige and economic benefit to the home country. They were highly capitalised with aristocratic forms of leadership displaying 'high culture' but little spread, characterised by great estates and absentee proprietors operating through local stewards and a servile workforce exploiting Indigenous people and imported slaves, and producing exotic commodities in great demand in Europe. Of course these are generalisations, but it is surely not insignificant that tropical parts of Australia came closer in at least some details to reproducing these 'exploitation' conditions.
- ¹⁶ On the development of similarly fragmented local government systems, see Power, Wettenhall and Halligan (1981).
- ¹⁷ As noted later in this article, one of the significant changes in organisational direction as the economic revisions of the late twentieth century have gathered force has been the rising preference for the form of the government-owned company over the statutory authority in some Australian jurisdictions.
- ¹⁸ For some relevant discussion, see Wilenski (1986); Castles, (1988); Davis *et al.* (1988).
- ¹⁹ When John Halligan and the author presented the original 'State Tradition' paper and speculated that the then-observable changes would require adjustment but not rejection of the old tradition (Halligan & Wettenhall, 1988).
- ²⁰ Kelly's assessment of the Australian settlement was debated in a symposium in *Australian Journal of Political Science*, 39 (1), March 2004.

²¹ For confusions over the use of the term 'corporatisation', see Wettenhall (1995).

²² Serious studies of Australian privatisations have pointed to the 'consultocracy' – the assembly of finance, legal, stockbroking, underwriting and advertising firms who advise and assist in the sales, collect huge fees for doing so and thus develop a strong vested interest in pushing privatisation activity – as the main 'winner' from this activity (Wettenhall, 2002: 114).