CHAPTER FIVE

CATHOLICISM AND THE WELFARE STATE: THEORETICAL PERSPECTIVES

Introduction: Bringing Religion back into Welfare State Debates

Recent European research has demonstrated that the evolution and development of the welfare state is not linear, but rather interactive. That is, it is contingent upon historical, social and political context, but more importantly it is a consequence of socio-economic and cultural cleavages other than politics (Esping-Andersen, 1998: 32). This acknowledgement facilitated the examination of the role of religion, which curiously enough had, at least until recently, largely been ignored by most scholars. Several recent studies, however, have concluded that religion is an important determinant of welfare state development. In particular Esping-Andersen (1990), Castles (1993, 1994), and van Kersbergen (1995), have demonstrated that religious adherence and belief influences the nature of the welfare state. More importantly for this thesis, they argue that Catholicism produces a ‘Catholic world of welfare’ (Castles, 1994). It is linked to Catholic social teaching, in particular the principle of subsidiarity, which argues for an order of social provision based upon the family as the first provider, assisted by the Church and intermediate associations, and only in the last instance, the state. Esping-Andersen, Castles, and van Kersbergen, then, argue that Catholic social teaching promotes ‘a “welfare society” over a “welfare state”’ (Smyth, 2003: 17), an approach that is echoed in contemporary communitarian discussions of welfare arrangements both in Australia and overseas. Whilst it is desirable not to marginalise the contribution of families, and intermediate associations, there is, however, a risk (Smyth, 2003: 17): too rigid an adherence to the principle of subsidiarity may compromise the common good, and thus the Church’s mission to the needy and vulnerable. It is no longer possible to simply leave welfare provision in the realm of the private if one is serious about the maintenance and protection of ‘inalienable rights’. Rather the state must co-ordinate, plan, and regulate arrangements in order to ensure the maintenance and protection of those rights, but not at the expense of excessive centralisation. Regardless, the work of Esping-Andersen, Castles, and van Kersbergen suggests that the influence of Catholic social
teaching is inherently resistant to an increased role for the state in the provision of welfare.

Whilst the work of Esping-Andersen, Castles, and van Kersbergen is crucial, it concentrates on European welfare state development. Smyth, through an examination of the “social origins” of the development of the Australian welfare state, moves beyond Europe to examine ‘the neglected, historical role of the Catholic Church in promoting a ‘welfare society’ over a “welfare state” in Australia’ (Smyth, 2003: 17). His work extends that of the European scholars, but he also modifies that position by highlighting the need for cooperation with the state and other agencies, and the need for planning in order to address social need. This acknowledgement ultimately led the Australian Church to embrace the ‘welfare state’, no doubt assisted by John XXIII’s endorsement of the welfare state and the deliberations of Vatican II. Catholic social teaching, then, is not inherently resistant to the role of the state, but rather resistance is contingent upon historical, social and political context. The task of this chapter is to examine the theoretical material on the development of the welfare state before proceeding to an examination of two case studies, namely the national health schemes proposed by the ALP in the 1940s and the 1970s, in the following four chapters.

**What is the welfare state?**

Examination of the response of the Australian Catholic Church to Labor’s proposals to introduce universal comprehensive health insurance schemes in the 1940s and again in the 1970s raises crucial questions about the welfare state. In particular it raises questions about the role of the family, market and the state, and the relationship between Church and state in the area of social provision. This, however, begs the question, what is the welfare state? As Esping-Andersen notes, the literature is largely silent on this question as much of the research has concentrated on ‘theoretical concerns with other phenomena, such as power, industrialization, or capitalist contradictions; the welfare state has generally received scant conceptual attention’ (1990: 18). Nevertheless, the idea of the welfare state embodies some degree of state provision or intervention based on the idea of social rights tied to citizenship, a characteristic that had the capacity to invite an antagonistic response from the Catholic Church during the period of this study because of its insistence on the primacy of the principle of subsidiarity. This was not a consequence of Catholic
social teaching *per se*, but rather a preconciliar reading of Catholic social teaching, which favoured family provision and mutual assistance guided by the spirit of charity. Moreover, it was heavily influenced by the fear, and threat, of communism.

A key concern for the Church during the two periods under study was the need to protect the proper role and function of the family. The welfare state, which was characterised as an omnipotent state, would disempower the family, the proper source of social provision. Thus the Church opted to support a ‘residual’ rather than ‘institutional’ welfare state – to use the terminology of Wilensky and Lebeaux (1965) – in which the state intervened only in the event of family or market failure. An ‘institutional’ welfare state was less attractive to the Church as state provision that was universal and targeted to the whole population threatened the role of the family as the source of social provision, and relied on an expanded, active role for the state.

Support for a residual welfare state, however, presented a difficulty for a Church committed to the needy and vulnerable, as residual welfare states, which include Australia, tend to provide meagre means-tested benefits tied to need forcing all others to contract private-sector welfare. Moreover, the ‘residual, temporary, substitute characteristic (of the residual welfare state means that) social welfare thus conceived often carries the stigma of “dole” or “charity”’ (Wilensky & Lebeaux, 1965: 139). Whilst the residual welfare state may satisfy the concern to restrict the state, and to promote the first line function of the family, it could be argued it also contradicts the solidaristic intent of Catholic social doctrine insofar as the population is divided into the ‘deserving’ and ‘undeserving’, the poor and the rich, and it strips individuals of what is theirs as a matter of right. Labor’s proposals to provide access to health care, irrespective of prior earnings, contributions, or performance, in the 1940s, and again in the 1970s – moves resisted by Catholic authorities – aimed to overcome these deficiencies. Proposals, then, that had the capacity to advance the Church’s mission, especially to the poor, were resisted by the Church giving rise to the paradox described in Chapter One.

**Religion – A Determinant of Social Policy**

Academic discussion of the development of the welfare state has generally focussed on the influence of social democracy to the detriment of consideration of other
determinants. Some researchers, however, argue religious ideas and beliefs had, and have, a considerable influence on social policy, ‘and different religious beliefs have resulted in a wide variety of policy responses’ (Higgins, 1981: 72). Indeed, religious doctrine ‘has established the rationale for many social welfare activities and to the extent that there is an ideology of social policy in different societies it has often provided it’ (Higgins, 1981: 74). Stephens, in an earlier study of the transition from capitalism to socialism, surmised that ‘anti-capitalist aspects of Catholic ideology – such as notions of a fair wage or prohibitions on usury – as well as the generally positive attitude of the Catholic Church towards welfare for the poor might encourage government welfare spending’ (1979: 100). Historically, however, the Church has more often than not ‘acted as a conservative force arguing that State intervention was both morally wrong and practically inappropriate’ (Higgins, 1981: 74). Church based welfare provision was preferable to state provision which, if given free rein, would become an instrument of state oppression. Stephens, however, notes religious influence is also mediated by social and political context. For example welfare state expenditure in continental Europe was encouraged by the existence of Catholic centre parties and substantial working class bases, particularly strong Catholic trade unions. Often increased expenditure was a consequence of coalitions of, or competition between, Catholic centre and social democratic politics, both of which competed for the loyalty of the working class (Stephens, 1979: 106-108; 124). Wilensky goes so far as to argue that ‘the two movements overlap considerably in ideological terms, and that Catholicism indeed constitutes a more important determinant of welfare statism than does left power’ (cited in van Kersbergen, 1995: 24).

The ‘Open-Closed’ Catholicism Distinction
The importance of religion as a determinant of social policy varies across space, and is influenced by social and political context, which Whyte attempted to describe, explain, and understand, through the development of two ideal types – ‘closed’ and ‘open’ Catholicism. ‘Closed’ Catholicism is characterised by three components, namely the existence of a confessional political party supported by Catholics but not non-Catholics; linkage of the Catholic political party to Catholic social organisations run on a confessional basis; and strong clerical control and guidance of the Catholic population. By way of contrast there is no Catholic party in ‘open’ Catholicism. Rather, Catholics divide their support in the same way as the rest of the population.
Social organisations are non-confessional, and the clergy do not participate in politics. Countries fall somewhere between the two types. Moreover, they fall along a ‘right-left’ spectrum although this is subordinate to Whyte’s main ‘closed-open’ theme (Whyte, 1981: 7-10). The continental European countries of Austria, Belgium, France, Germany, Italy, The Netherlands and Switzerland are found at the ‘closed’ end of the spectrum. All have a strong Catholic history that has greatly influenced social policy. An Anglo-American group comprising Australia, Canada, Ireland, New Zealand, United Kingdom and the United States fall towards the ‘open’ end. These countries, with the exception of Ireland, have not experienced the same degree of Catholic influence upon social policy as has the European group. Moreover, they have been more responsive to the influence of liberalism.

Whilst Whyte assigns Australia to the Anglo-American group, an examination of the three components of his ideal types would suggest that it veers more towards the centre than the open end of the spectrum. First, Australian Catholics and the Australian Church have generally not supported a confessional Catholic party. However, in the 1950s a group of Catholics strongly committed to anti-communism did support the mainly Catholic breakaway Democratic Labor Party. It was not, however, despite the efforts of some Victorian Catholics, a Church Party. Indeed the NSW Church opposed the formation of a Church party, and opposed the DLP on the grounds that it was a quasi-Church party. Generally speaking, their political allegiance was vested in the secular Australian Labor Party, but this was more a consequence of class and ethnic origins rather than Catholicism per se. The ALP did not espouse Catholic social principles or teachings. Secondly, Catholics did not generally support separate social organisations. Nevertheless, the same Catholics who supported the formation of the DLP did form an influential, but secret anti-communist group known as the ‘Movement’ to work within the trade-union movement, which was discussed in the previous chapter. Finally, clerical involvement in politics, notwithstanding the tumultuous events of the 1950s, was more circumspect than that in continental Europe. This did not mean that political debates, particularly those related to support for schools and hospitals, were not marked by religious cleavages. Indeed, differences, sometimes heated, did characterise debate, but the level of disquiet was not of the same order as that occurring on the continent. All in all, then, the Australian Church in the periods under study in this thesis, namely the 1940s and
the 1970s, exhibited characteristics of both ‘open’ and ‘closed’ Catholicism. That is it adopted a centrist position with regard to the key differentiating factors identified by Whyte.

‘Closed’ Catholicism

The growing pace of industrialisation and modernisation in the nineteenth century provided fertile ground for the emergence of mass party political activity and trade union organisation, which also ushered in the conditions necessary for the emergence of ‘closed’ Catholicism. Not only did Catholic political parties begin to emerge, but also Catholic social organisations, such as Catholic trade unions, and organisations of Catholic farmers and employers. All were underpinned by the growth and development of a distinctive Catholic social doctrine that arose out of disquiet about the inequities flowing from the operations of laissez-faire liberalism, and the emergence of socialism. Instead Catholic thinkers looked to Catholic social teaching to provide an alternative (Whyte, 1981: 47-63).

The search for an alternative or third way, based upon Catholic principles revealed conflicting schools of thought, one conservative and the other more radical. The former argued that the ‘social question’ was a moral problem that could be addressed by recourse to the virtue of charity augmented by strictly limited state intervention. It accepted the basic framework of capitalism, but sought to ameliorate the unjustness of the system by advocating a strong social insurance system to protect against sickness, old age and unemployment, and the introduction of family allowances to equalise the burdens of small and large families. By the nineteen thirties most democratic politicians accepted these ideas, which meant that Catholics could quite easily form coalitions with social democrats and liberals.

The latter view, which was particularly strong in Germany, argued that the ‘social question’ was more than a moral problem. Indeed, it was linked to injustices in the very structure of society, which could be remedied by the intervention of the state. Whilst the school was seemingly in accord with the socialist critique of capitalist societies, it rejected the socialist remedy because it preached revolution and conflict between classes. This position was, it asserted, equally as cruel and unjust as capitalism. Contrary to both capitalism and socialism, this school of thought argued
for harmony between individuals and classes that could be realised by the strengthening of natural and organic groups in society, and the development of corporations in which employers and employees of every branch of industry would meet to jointly agree on measures to achieve their common welfare. This view was the basis of the first major social encyclical, *Rerum Novarum*, published in 1891, which condemned socialism, but also argued for state intervention to address the plight of the worker. Whilst neither school existed in pure form the effect of the 1929 Depression prompted Pius XI to endorse the corporate organisation of society on the fortieth anniversary of the release of *Rerum Novarum*. This corporatist approach became a distinctive Catholic principle, which facilitated the emergence of ‘closed’ Catholicism in both Europe and Australia. It is, then, possible to argue that Catholic social thinking contained within itself the seeds for both resistance to, and support for, state intervention. This capacity helps to explain the paradox identified in Chapter One. That is, it helps to explain why a Church committed to the poor, sick, and vulnerable, resisted proposals – that to all intents and purposes – would have provided access to health care.

Like their European counterparts, Catholics in the Anglo-American countries made contributions to Catholic social teaching, established study groups, and tolerated clerical involvement in politics, most notably in the field of education. Cardinal Moran publicly supported the fledgling Australian Labor Party at the turn of the twentieth century, and Archbishop Mannix crusaded against conscription in 1916. Engagement in these types of activities, as in Europe, created a shared Catholic experience that set Catholics apart from their fellow citizens. Nevertheless, as already indicated, there was also evidence of a much more ‘open’ Catholicism. Generally speaking, unlike Europe, there were no Catholic political parties or confessional social organisations. Where they did exist they were generally of the ‘ginger’ type, i.e. they tried to inculcate Catholic principles and teachings into non-confessional parties or unions such as the Australian ‘Movement’. In the main, however, Catholics took their place in political parties and unions along with non-Catholic members, although Catholics did tend to identify with the more left leaning political parties. Catholic identification with the Australian Labor Party was a case in point (Whyte, 1981: 63-69).
Support for ‘closed’ Catholicism was also assisted by the growth of Catholic Action. Its members were meant to bring Christ into the lives of their various communities through prayer, acts of good works, and example, not direct political action. Whilst not a new phenomenon, the movement flourished during the pontificate of Pius XI. Informed by Catholic social principles and teachings, they worked for the renewal of society along Catholic lines through political action, a fact that was to have grave consequences for the Church in Australia. The tendency to ‘closed’ Catholicism was even further strengthened by the commencement of the Cold War, which removed any possibility of Catholic collaboration with communists or communist sympathisers, the re-emergence of the school state-aid debate in some countries, the extension of the franchise to women – many of whom tended to support Catholic or Christian political parties – and the willingness of the European hierarchies to direct their congregations. The Anglo-American countries were similarly affected, but the factors retarding and supporting the growth of ‘closed’ Catholicism had less effect. This is not to say that there were no examples of a stronger effect. For example the intervention of the Australian hierarchy during the nineteen-fifties provided evidence of an increase in ‘closed’ Catholicism that was only moderated by the lack of episcopal unity. Generally speaking, then, both groups moved towards ‘closed’ Catholicism during the period 1920-1960, but it was a difference in pace and degree (Whyte, 1981: 84-99).

By the end of the nineteen-twenties it had become evident that the orientation of the continental European countries diverged from the Anglo-American group, but it was a matter of pace rather than one of direction. Whyte argues that continental European Catholics, who had traditionally been aligned with conservatism, were forced to re-think their position by the emergence of liberalism. Some maintained a pan-conservative alliance, but others were not prepared to continue their association with the unpopular and privileged conservative bodies. Hence they opted for more democratic, but confessional organisations, a move to the left in policy, but one that emphasised Catholicism, i.e. a move towards ‘closed’ Catholicism as an escape from conservatism. Anglo-American Catholics, however, were not subjected to the same pressures and instead moved towards an alliance with liberalism, and the more left wing of the major political parties, i.e. they opted for a more ‘open’ Catholicism (Whyte, 1981: 69-75). Catholicism, then, is not essentially conservative, but rather
contains the seeds of both resistance against, and support for, state intervention that is fostered by historical, political and social circumstances. The period under study in this thesis, then, was influenced by their historical and political context.

**Accounts of the welfare state**

The work of Wilensky, Stephens, and Whyte prompted further consideration of the impact of religious cleavages upon the development of the welfare state. Until recently, accounts of the evolution of the welfare state have either viewed it as an automatic and functional response to industrialisation or modernisation in which the traditional bonds of family, kinship and community had broken down, or implied that the welfare state was an accidental side-effect that legitimised capitalism by mitigating its harmful effects. Whilst each provided a different answer, all were preoccupied with the relationship between the market and the state, and convergence among economically developed nations was assumed leaving unexplored any variations in welfare state development. Political and institutional theories, however, attempted to explain the divergence by arguing the economy could not be isolated from social and political institutions. Whilst these theories acknowledged variations in welfare state development, they argued that it was more likely that such development was a consequence of the extension of democratic rights. This, however, did not explain the development of welfare states in countries such as Germany, where Bismarck acted to suppress democracy. Nor did it explain the slow pace of welfare state development in the United States and Australia, where democracy assumed importance relatively early in their histories. What was needed was an account of the impact of social agents, social class, or social structures, on welfare state development (Esping-Andersen, 1990: 15).

The theory of working class mobilisation of political power highlighted the importance of social classes as agents of change, and argued that the balance of power between classes had an impact on outcomes. According to the theory, the ‘social democratisation of capitalism depends on the degree to which the balance of power favours labour’ (van Kersbergen, 1995: 13). Thus politics and party composition, contrary to earlier theories, do matter as the level of worker organisation and the hold of the workers on political power determine the degree of equality. Worker unity is the necessary precondition for collective power and the strengthening of labour
organisations vis-à-vis the power of capital. If workers are highly organised, then, welfare arrangements will provide for a greater degree of equality and social rights that in turn promotes the unity of the workers. There are, however major difficulties with this theory.

First, it assumes that socialism is the natural basis of worker mobilisation. Whilst some argue the welfare state is a stepping-stone along the path to socialism, others argue equality may be a feature of the welfare state, but it is not its goal. Instead they argue the ‘welfare state is more about reappportioning risks than the redistribution of wealth. Equality refers to risk distribution’ (van Kersbergen, 1995: 14-15). Individuals, then, are grouped not according to class, but according to exposure to risk. Consequently welfare policies do not reflect the victory of the working class, but rather the ‘fact that “otherwise privileged groups discovered that they shared a common interest in reallocating risk with the disadvantaged”’ (Baldwin cited in van Kersbergen, 1995: 15). In other words privileged groups share the risk, but not their resources (Baldwin cited in van Kersbergen, 1995: 15). In addition to this conclusion, researchers noted that the demographic structure of a country, not the strength of the labour movement, determines social expenditure. Consequently, the researchers concluded that identification of social democracy with the welfare state is a mistake. The second difficulty associated with the theory of the working class mobilisation of political power is its adoption of a linear view of power in which increases in union strength equate to a bigger welfare state, an assumption that is not realised in practice. Not surprisingly, in the face of these shortcomings, scholars began to call for a re-conceptualisation and re-theorisation of the welfare state (Esping-Andersen, 1990: 9-34; van Kersbergen, 1995: 6-30).

Esping-Andersen: ‘The Three Worlds of Welfare Capitalism’

Among those who responded to the challenge was Esping-Andersen who led the way. He argued for an examination of the welfare state that focussed on social rights, stratification, and the interactions between the family, the market and the state in the production of social welfare from an historical perspective. It is, he argues, ‘the history of political class coalitions (that) is the most decisive cause of welfare-state variations’ (1990: 1). Adopting a comparative approach, and framing his questions in terms of political economy, Esping-Andersen analysed the institutional characteristics
of the welfare state programs of selected countries. This included an assessment of ‘how state activities are interlocked with the market’s and the family’s role in social provision’ (Esping-Andersen, 1998: 21). The examination revealed that welfare states are ‘not linearly distributed, but clustered by regime-types’ (Esping-Andersen, 1998: 26), each of which is ‘organized around its own discrete logic of organization, stratification, and societal integration. They owe their origins to different historical forces, and they follow qualitatively different developmental trajectories’ (Esping-Andersen, 1990: 3).

On the basis of his research, Esping-Andersen identified three clusters: a liberal world comprised of the English-speaking nations; a social democratic world comprised of the Scandinavian nations; and a corporatist or conservative world comprised of the Western European nations of Austria, Belgium, France, Germany and Italy, a grouping largely consistent with Whyte’s ‘closed’ group. The three regimes differ with respect to the role of the state, the market, and the family in the guaranteeing of social security; the stratification systems arising from the mix of state, market and family; and, ‘the degree to which individuals, or families, can uphold a socially acceptable standard of living independently of market participation’ (Esping-Andersen, 1990: 37), i.e. de-commodification. Thus the ‘liberal welfare state’, of which Australia is an archetypical example, restricts entitlements by application of a means test, and encourages the market by obliging the majority of the population to purchase private social protection. Essentially the welfare state caters for the working class and the poor. The ‘corporatist welfare state’ typical of continental Europe is shaped by the values of the Catholic Church, namely preservation of the traditional family and the principle of subsidiarity. Consequently their welfare programs resist the expansion of the state. Instead, this regime opts for social insurance schemes funded by employee and employer contributions, not direct taxation. Social provision is the preserve of the family, and the state intervenes only when the family breaks down. That is, the state is the avenue of last resort. The ‘social-democratic welfare state’ typical of Scandinavia promotes social equality and protection of the family not through reliance on the family or the market, but through universal provision administered and managed by the state. It protects the working class and the poor, but also incorporates white-collar citizens. On the basis of this evidence Esping-Andersen concluded that a theory of welfare state development must abandon the idea
that there is one causal factor. Rather explanation of the clusters requires identification of ‘interaction effects’ between ‘the nature of class mobilisation (especially of the working class); class-political coalition structures; and the historical legacy of regime institutionalization’ (Esping-Andersen, 1998: 29). Differences among welfare states, then, are a consequence of interactive historical forces that shape the development of welfare state regimes (Esping-Andersen, 1998).

Castles: ‘The Catholic world of welfare’

Further support for a distinctive ‘Catholic world of welfare’ (Castles, 1994) was derived from Castles’ work on the ‘families of nations’ project (1993). He identified distinct families of nations based upon shared historical and cultural attributes that produced similar public policy outcomes in Western and Southern Europe countries. Moreover, Castles and Mitchell (1993) refined Esping-Andersen’s ‘three worlds of welfare capitalism’ by demonstrating that there was in fact a fourth world, namely a radical world. It incorporated the means-tested, residual type of welfare state characteristic of Australia, New Zealand, and the United Kingdom that was a consequence of a coherent social democratic strategy that followed labour’s achievement of guaranteed employment and wage growth. Thus the radical world ‘corresponds closely to a particular configuration of political preconditions, consisting of a labour movement unable to obtain a degree of partisan control commensurate with its political support base in the community and of an historical legacy of radical egalitarianism’ (Castles & Mitchell, 1993: 123). Esping-Andersen later conceded this point arguing much of the literature on the welfare state concentrated on state, not market, provision of welfare. Thus it ‘runs the risk of underrating the possible effects of private or less straightforwardly political interventions in the market … (i.e. it neglects) the role of families and semi-public or voluntary associations in the provision of care and welfare’ (van Kersbergen, 1995: 21; Fn 4, 254). In other words literature on the welfare state exhibits a social democratic bias that obscures variations in the real world. This acknowledgement provides further support for the existence of other determinants of welfare state development. This includes, but is not restricted to, religion. In 1994 Castles further extended support for the role of religion through an examination of welfare expenditure, family policy, and labour market policy in Western and Southern Europe. It revealed that there was
a very strong *prima facie* case that religious differences are an important factor in determining contemporary public policy outcomes across a very wide range of areas and that religious doctrines, beliefs and traditions, and their crystallisation in laws and social institutions, constitute the basis of a Catholic family of nations with public policies quite different from those of national groupings with other historical and cultural antecedents (Castles, 1994: 35).

Thus Castles reinforced the idea of a ‘Catholic world of welfare’. In particular he highlighted the significance of the primacy of the family and the principle of subsidiarity, which inclines the ‘Catholic world of welfare’ to be reluctant to hand power over to the state.

The reconceptualisation of the welfare state proposed by Esping-Andersen, and further developed by Castles, and Castles and Mitchell, not only highlighted the variations in welfare state development, but also identified different configurations of family, market and state. The corroboration of the view that social democracy did not necessarily equate with welfare state development and his identification of regime clusters brought to the fore, but did not discover, the impact of Catholicism on welfare state development. Indeed, van Kersbergen notes that Stephens, Wilensky, and Castles had already concluded that socialists rarely initiated welfare state reforms. Moreover, there were examples of countries pursuing equality through the intervention of the state that had not been a consequence of social democracy (1995: 23). Nevertheless, Esping-Andersen expanded on the political forces that shape welfare state development by demonstrating that Christian democracy and social democracy produce fundamentally different kinds of welfare states. What is more he noted that welfare states influenced by Catholicism are reluctant to expand collective social services, a point of particular relevance to this study. Like Whyte he linked these features to Catholic social teaching, most notably *Rerum Novarum* and *Quadragesimo Anno*, which outlined the Church’s opposition to both capitalism and socialism, but also argued that the intervention of the state should be limited by the principle of subsidiarity. Furthermore, Catholicism advocated corporatism as the means whereby society would be protected against the vagaries of the market and class warfare. Based upon the old guilds the Church advocated not revolution, but the establishment of occupational groupings that would unite workers and employers in the care of its members and their interests. They would ‘integrate the individual into an organic entity’ (Esping-Andersen, 1990: 40), and as such would protect the
individual against the social fragmentation and dislocation arising as a consequence of capitalism and industrialisation.

van Kersbergen: The link between religion and the welfare state

Whilst the work of Esping-Andersen, Castles, and Castles and Mitchell furthered understanding of the development of the welfare state, van Kersbergen (1995) argued it still did not sufficiently challenge the assumptions of social democracy, or adequately examine the idea of Christian democracy. He contends that Esping-Andersen dismissed the equation of socialism with wage-earner mobilisation, yet continued to stress the importance of ‘de-commodification, equality and solidarity, i.e. the typically social democratic values’ (van Kersbergen, 1995: 25). The liberal and conservative regimes are largely defined by emphasising how they differ from the social democratic regime. But this analysis fell into the trap he was trying to avoid, i.e. a linear analysis of social democracy (van Kersbergen, 1995: 25). Taken to its logical conclusion other political actors can only filter the demands of labour, which of their nature are social democratic. This relativisation, however, privileges the relationship between the interests of the workers and social democracy, which then obscures the impact of other actors such as the Church upon welfare state development. This is not helped by the lack of theoretical and empirical attention directed towards the impact of Catholicism upon welfare state development, and more particularly the influence of Christian Democracy. As Hanley notes ‘Christian democracy is in many ways an elusive and shifting phenomenon’ (1994: 2) making it difficult to arrive at a satisfactory definition. This problem, however, has largely been overcome by reference to both the ‘distinctiveness and elusiveness, both the “essence” of Christian democracy and its various national “manifestations” and variations’ (van Kersbergen, 1995: 27).

In delineating the ‘distinctiveness and elusiveness’ of Christian democracy, van Kersbergen underscored the importance of Catholic social doctrine. It directs political activity towards the

building of social and political consensus … (through) a politics of mediation, i.e. the religiously inspired, ideologically condensed and politically practised conviction that conflicts of social interests can and must be reconciled politically in order to restore the natural and organic harmony of society (van Kersbergen, 1995: 28).
To that end, and contrary to liberalism, rights are attached to the family and groups rather than to the individual and, contrary to socialism, state intervention is ‘subsidiary’. It should not interfere in normal market relations, but in the case of family and market breakdown it may act as the avenue of last resort. Consequently, the model of social reform arising out of Catholic doctrine is social and capitalist – ‘social capitalism’. Religiously inspired it accepts, but moderates, the worst effects of capitalist market relations, largely via the mechanism of a safety net. It ‘is the specific arrangement between market, state and family by which resources produced in the private economy are channelled into families that fail to secure adequate income by themselves. The state assists those who fail to help themselves in the performance of their natural duty’ (van Kersbergen, 1994: 42). Whilst Christian Democracy offers one means of realising Catholic influence on social policy it is not the only avenue. Indeed, as Castles notes in his discussion of the influence of Catholicism upon public policy, in those Catholic countries that do not have a Christian democratic party, the role of Christian parties obscures the fact that the Church, and thus Catholicism, may have other avenues of influence open to her, namely ‘as an elite pressure group and as a force shaping the demands of the electorate at the mass level’ (Castles, 1994: 24). Given the relative weakness of Catholicism in Australia it is these other influences that help explain the influence of the Church upon the two health insurance debates under study, although it may overstate the influence of the Church upon churchgoers, and the capacity of the Church to deliver the vote.

Confessional political parties and organisations were and are a feature of continental Europe. They are generally characterised as conservative, but they have a propensity, nonetheless, for ‘a fairly generous type of welfarism’ (Hanley, 1994: 3), attributable to their base in Catholic social thought. Like all caricatures this contains some truth, but it also exaggerates and omits other aspects, especially in light of the acknowledgement that political opinion and arrangements vary over time and space. Nevertheless, the identification of features that are shared in common provides a means of understanding the influence of Catholicism on politics and social policy. Francis Castles concludes ‘that the evidence points to the existence of what may be described as a Catholic family of nations quite distinctive in the character of its policy outcomes from other groups of Western democratic nations’ (1994: 21).
Whilst the influence of Catholicism upon politics followed different paths in continental Europe and in Anglo-America, it drew upon the same source, i.e. Catholic social thought, which van Kersbergen argues spawned a core set of social principles. These are ‘intimately affiliated with the European tradition of social Catholicism and comprises one of the main “little traditions” of Roman Catholicism as opposed to the “grand tradition” of the established hierarchy of the Church’ (1995: 177). Despite national variations, there is a distinct Catholic approach to welfare capitalism. It derives from organicist or corporatist modes of thought that postulate a particular view of the individual and community. That is, it is personalist. As Hanley explains, this approach sees society as composed not of individuals (as in the liberal paradigm), but persons. The person is an outgoing, fundamentally sociable being, whose destiny is realised not in competition (again as with liberalism) but more through insertion into different types of community, be it neighbourhood, church, family or nation (1994: 4).

This is instinctively solidaristic, but it is not the solidarity of social democracy, which is based upon material and formal equality, but rather solidarity based upon harmony between social beings.

Catholic social teaching emphasises duties or responsibility rather than rights; the family and the social group rather than the individual; and society rather than the state, both of which have a separate identity, but together comprise an organic unity. The state provides the legal and political framework that makes possible societal harmony or solidarity between various social groups, i.e. it ‘sets the conditions under which the parts of the organic unity can best perform their functions’ (van Kersbergen, 1995: 180). It ‘shapes its citizens’ characters to do what is right, rather than do it for them itself’ (Fogarty, 1957: 91). Policy then should enable personalities to acquire basic characteristics, and social and technical skills, that will allow groups of various sizes and shapes, of which the family is the pre-eminent social unit, to strive for their own salvation (Fogarty, 1957: 29). This emphasis on the responsibility of individuals and social groups explains why the public provision of services does not assume the same level of importance as mutual assistance and charity in Catholic social policy (van Kersbergen, 1995: 180-185). Catholicism argues that the family is the basic unit of society, which must be strengthened by policies that enhance the
functions of the family without usurping either the rights or tasks of the family. In this view, welfare is the proper province of the family, and only as a matter of last resort should the state assume responsibility for such functions (Dierickx, 1994: 15-30). The role of the state, then, is assured but limited, a position legitimised by recourse to the principle of subsidiarity.

By relaxing the assumption that wage earners are by nature social democrats van Kersbergen corroborated Esping-Andersen’s work on welfare types, and furthered the understanding of the role of religion in welfare state formation. It enabled him to explore the role of other political actors in the development of the welfare state. In particular it enabled him to develop Esping-Andersen’s linkage between the corporatist or conservative regime and the Catholic Church. Thus van Kersbergen argues that the principle of subsidiarity is the basis for the intervention of the state into areas such as welfare and health in the countries comprising the corporatist regime. He concludes ‘that the specific properties of Catholic social theory and the pro-welfare stance of the Church also promote social policy’, leading to ‘a distinctively Catholic type of welfare state’ (1995: 7). In the following pages, it will be the task of this thesis to use the theoretical insights derived from Esping-Andersen, Castles, and van Kersbergen to explain Catholic resistance to the two nominated national health proposals. But before doing so it is now time to look in more depth at the particular contribution of the Australian academic, Smyth. Whilst following Esping-Andersen, Castles, and van Kersbergen, Smyth moved beyond Europe and into the Australian context to explore the influence of religion on the development of social policy.

**Smyth: Preference for a ‘welfare society’ over a ‘welfare state’**

As noted at the outset there has been very little investigation of the impact of Catholicism upon social policy, other than education, undertaken in Australia. Paul Smyth, however, has examined the historical role of the Church in promoting ‘a “welfare society” over a “welfare state” in Australia’ (2003: 17). In particular he notes that the Catholic social teaching principles that underpinned the European ‘Catholic world of welfare’ also applied in Australia. Unlike Europe, however, the political conservatism of European Catholic social teaching did not find the same resonance in the Australian Church. The anti-socialist concerns of the papacy were
not its concern, or at least not to the same degree. Unlike the European Church the Australian Church had not lost its links to the working class. Rather, it had reached an early accommodation with the Australian Labor Party, widely perceived as the party of the socialists (Cahill, 1989: 528), by drawing a distinction between the doctrinaire socialism condemned by the Church and what Moran deemed to be the acceptable socialism of the ALP. Thus, as Duncan perceptively observes, the Church in Australia, at least prior to the 1940s, ‘confirmed the legitimacy of Catholic support for Labor reformism, recognised the independence of the laity in politics and granted an acceptable use of the term socialism’ (1991: 176). This point is crucial, as these links, or ‘bonds’ or ‘affinities’ – between the Catholic Church and the ALP – were strained to ‘breaking point’ in the 1940s and 1950s, especially in Victoria. The associated fall out from this rupture ultimately changed the relations between the Church and the ALP, even to the point of resistance to Labor initiatives.

Despite the difference between the European and local response the Australian Church did support the ‘organic’ organisation of society. Thus it argued for the payment of a just wage and ownership of private property, so that families would have the means to manage their own affairs free from the excesses of capitalism and over-reliance of the state. Adherence to the principle of subsidiarity would protect families and intermediate associations against domination by the state. Moreover, charity

was proposed as the basis of social organisation and promoted in opposition to the dull compulsions of the State. Charity would be the glue for an “organic society” built up from below by trade unions, mutual societies, church-based schools and hospitals as well as charities, all of which would be organised by the church and be free from State interference beyond the minimum legal and regulatory frameworks required for overall social order (Smyth, 2003: 20).

Thus Australian Catholic social teaching adhered to the same core principles that motivated European Catholic thought, although its interpretation was influenced by local conditions, and here, perhaps is a source for the tensions that were to emerge between the Church and the ALP. Regardless, Australian Catholic social thought was also influenced by sectarianism, secularism, and the fear of communism (Duncan, 1991: 162-164; Smyth, 2003: 17-22).
Smyth’s analysis of the role of Catholic social teaching on social policy draws upon what Smyth and Wearing call a ‘Chifley-Whitlam’ paradigm that divides the development of the Australian post-war welfare into an ‘economic state’ and a ‘welfare state’ (Smyth & Wearing, 2002). The Chifley ‘economic state’ of the 1940s was intent on the maintenance of full employment. This concern was replaced in the 1970s by the Whitlam phase, which was focussed on the social dimensions of economic growth. Both partially replaced, but did not totally obscure the ‘wage earners’ welfare state in which wage policy substituted for welfare (Smyth & Wearing, 2002: 228-229).

The key to Smyth’s analysis is Australia’s preference for the use of wage regulation, rather than welfare to achieve social goals. The ‘wage earners’ welfare state’ was tested by the Depression. That experience prompted Chifley to inaugurate the ‘economic state’ in the 1940s. Thus the achievement of full employment became the basis of social security, a position in sympathy with Catholic social teaching in so far as full employment would enable a father to maintain and support his family. Consequently, the Church supported the expansion of the state in order to achieve full employment. Concern over the rise of communism, and fear of introducing a ‘servile state’, however, caused the Church to baulk at the expansion of state provision of social services. Mutual assistance, augmented by charity, evident in the work of religious congregations and institutions, not social rights underpinned by state provision, was the preferred basis of social service. Certainly government should support families in times of crises, but this was a measure of last resort. Preference for the ‘welfare society’, which persisted throughout the period covered by this thesis, then, prevailed over the ‘welfare state’.

Welfare’s reliance on wage policy supplemented by cash social service benefits was challenged by changing social conditions during the middle of the century not the least because of the identification of unmet need. Welfare as charity was no longer feasible. Under the influence of Keynesianism, which argued that ‘a managed welfare society might produce superior outcomes to those created solely by the decisions of individuals, families, and organisations of civil society’ (Smyth & Wearing, 2002: 231-232), Australia moved from a ‘residual’ model of welfare towards an ‘institutional’ model. ‘Institutions for positive social intervention were to match those
of the ‘economic state’; and just as the latter were founded in the obligation of the state to uphold the right to work, the new institutions of the welfare state were to be grounded in newly acknowledged social rights’ (Smyth & Wearing, 2002: 232). The ‘welfare society’ was replaced by the ‘welfare state’, a move predicated on an ethic of equality of opportunity. To that end the Whitlam government expanded the role of the state to complement, but not replace the welfare society. ‘Its basic premise was that government working with the organisations of civil society would produce a better overall social outcome than a system where decisions were left largely or entirely to the private non-government actors’ (Smyth & Wearing, 2002: 234). This, move towards a ‘welfare state’, however, was not welcomed by the Church. Indeed, the Church’s orientation only changed following the deliberations of Vatican II, and in response to its recognition that the increasing complexity of economic and social life meant that the Church, and its agencies, could no longer respond to need simply as they saw fit. Rather, decisions about welfare, education and health services ‘had to be made in light of and in conjunction with government and church policies as a whole’ as Monsignor McCosker, the head of Catholic welfare, put it in the mid-1960s (cited in Smyth, 2003: 27). The periods under study in this thesis, then, were marked by the Australian Church’s preference for a ‘welfare society’, which protected the independence of families and associations, and supported the corporatist organisation of society.

In highlighting the historical role that Catholic social teaching has played in the development of welfare state arrangements in Australia Smyth has furthered the understanding of religion as a determinant of social policy developed by Esping-Andersen, Castles, and van Kersbergen. Whilst Australian Catholic social teaching was based on the same core principles that were the basis of Catholic teaching in Europe, its application was shaped by local events and circumstances. Moreover, it echoed the approach of the wider Australian community, namely preference for a ‘wage-earners’ welfare state’. Finally, in charting the passage from a ‘welfare society’ to a ‘welfare state’ Smyth has demonstrated that the influence of Catholic social teaching does not necessarily exclude the expansion of the state. That is, it is not necessarily conservative. This is not to argue, that there is no place for the principle of subsidiarity. Rather, its importance rests in the fact that it acts as a brake
on the necessary planning, co-ordination, and regulatory powers of the state in order to realise the common good.

**Conclusion**

The association of the welfare state with social democracy has obscured the importance of other determinants, not the least being the influence of religious belief, but more importantly for this thesis, the influence of ‘the specific properties of Catholic social theory and the pro-welfare stance of the Church’ (van Kersbergen, 1995: 7). These produce a distinctively Catholic welfare state. Stephens (1979) concluded that the anti-capitalist aspects of Catholic social teaching and its generally positive attitude towards welfare were conducive to the development of the welfare state. Whyte (1981) provided evidence to suggest that the underpinnings of ‘closed’ Catholicism partly rested upon a distinctive Catholic social teaching that promoted both personalism and solidarity. Esping-Andersen (1990) demonstrated Catholicism produced a welfare state that was fundamentally different to social democracy. Essentially, Catholic social teaching favoured a corporatist ideology, which was a natural response to its preoccupation with preserving the traditional family, its search for viable alternatives to both socialism and capitalism, and its belief in the possibility of organizing harmonious relations between social classes. Corporatism inserted itself easily into Catholicism’s “subsidiarity” principle ... The collective solidarity of the guild, fraternity, or mutuality was clearly closer to the family unit, and hence more capable of serving its needs, than was the remote central state (Esping-Andersen, 1990: 61).

Consequently the Catholic welfare state was intent upon not handing power to the state, as illustrated by its preference for contributory social insurance schemes rather than state provision in the arena of welfare provision.

Castles (1994) proposed that the focus on economic and political modernisation diverted attention away from the importance of Catholicism in addition to socio-economic and political factors, upon the development of social policy. Whilst not suggesting religious belief is the cause of common policy outcomes, he argued Catholicism was a basis of commonality that distinguishes a Catholic family of nations from other families of nations. In particular he demonstrated religious beliefs characteristic of the Catholic faith have had a major influence in shaping the policy experience of a grouping of core Western European and Southern European nations’ (Castles, 1994: 22).
That is, there is a ‘Catholic world of welfare’. These European nations deliver higher social security transfers to their populations, but are reluctant to hand power over to the state. Thus they exhibit a preference for social insurance schemes funded by contributions from employer and employees rather than direct taxation, a practice already identified by Esping-Andersen.

Following on from Esping-Andersen, van Kersbergen (1995) argued that Catholic social teaching, most notably *Rerum Novarum* and *Quadragesimo Anno*, which established the Church’s opposition to both capitalism and socialism, inclined the Church towards the espousal of conservative welfare systems that limited the role of the state. By way of contrast social democracy expands the role of the state. Hence social democracy and Christian democracy produce different types of welfare states. This distinctively Christian (as opposed to a liberal or social democratic) welfare state regime could be explained by reference to a core of social policies, which he terms ‘social capitalism’ (1995: 1). van Kersbergen attempted to identify the common ideology that united Christian democratic nations, but also tried to demonstrate how the power structures, coalitional strategies and the political abilities of the Christian democratic parties within the various nations produced welfare policy variations. By relaxing the assumption that wage earners are by nature social democrats, he argued it was possible to ‘understand the development of welfare capitalism in nations where social democracy does not rule as the Christian democratisation of capitalism’ (van Kersbergen, 1995: 1). This not only enabled him to explore the role of other political actors in the development of the welfare state, but also allowed him to develop Esping-Andersen’s view on the linkage between the conservative regime and the Catholic Church. As van Kersbergen put it,

social capitalism is intimately affiliated with the European tradition of social Catholicism and comprises one of the main “little traditions” of Roman Catholicism as opposed to the “grand tradition” of the established hierarchy of the Church. The claim is that there is a distinctive Catholic path to welfare capitalism’ (van Kersbergen, 1995: 177).

By that, he explained,

Religious inspiration affects virtually every matter of policy. An articulate social theory of capitalism emphasises the vital role of social organisations and the subsidiary role of the state. A specific political ethic aims at reconciling conflicts and accomplishing social integration. Particularly relevant for social policy is the politics of
mediation: the religiously inspired, ideologically condensed and politically practised conviction that conflicts of interests can and must be reconciled politically in order to restore the natural and organic harmony of society (van Kersbergen, 1995: 2).

Whilst the role of Christian democracy or Catholicism in shaping social policy regimes is distinctive, there is considerable national variation in the configuration of their welfare states. This prompts a note of caution when claiming an association between Christian democracy and the development of a distinctive welfare state regime type. Nevertheless, on the basis of cross-national comparisons and case studies, van Kersbergen importantly concluded that despite variations there was a core of social policies that is distinctively Christian democratic, and … that the variations around this common core can by and large be explained by the different historical conditions under which Christian democratic parties have assumed central positions of power and by the different political contexts in which they have functioned. It is this common kernel which is termed social capitalism (van Kersbergen, 1995: 4).

Informed by ‘neo-feudalism’ and a social realism that sought an accommodation with capitalism, Catholic social thought opposed socialism; proclaimed the centrality of private property; promoted an ‘organic’ understanding of society that minimised class animosity and emphasised charity over rights enforceable by the state; and, emphasised the role of the principle of subsidiarity, which van Kersbergen elaborates in his explanation of the distinctiveness of Christian democratic welfare states.

Support for the principle of subsidiarity as the basis for the intervention of the state into areas such as welfare and health implies a corporatist approach in which the state works not through individuals, but through social groups, the most important of which is the family – the basic unit of society. Consequently the state is not obliged to treat all equally. Acceptance of inequality, however, is softened by insistence on the importance of full employment and the payment of a ‘family’ or ‘just’ wage that enables a man to support his family and protect them against over reliance on the state. Scarred by dealings with the state, the Church was suspicious of its intentions. Consequently it was reluctant to hand over power the state. Thus the Church rejected both the reliance on unrestrained market forces proposed by radical liberals and the omnipotent state of ‘atheistic’ communism. Instead it sought and proclaimed a third or middle way (the via media) – a Catholic welfare society –, which would embrace
the freedom of individuals and associations and acknowledge an important but limited role for the state. Moreover, it stressed responsibility for one another – mutual trust and mutual concern – concluding that all needed each other. Rather than relying on social rights guaranteed by the state, vital, but often unacknowledged social reform rested upon Christian charity supported by the maintenance of ‘right relations’ between lower social units such as the family, voluntary associations, and the state. Generally speaking health and welfare services provided by individuals, families and associations, and systems of mutual aid based on contributions, which were in keeping with the principle of subsidiarity, were judged to be superior to those provided by the state. The latter ran the risk of producing a ‘servile state’.

For the purposes of the research problem tackled here – explaining the resistance of the Catholic Church to proposals in the 1940s and 1970s to introduce a national health scheme – the importance of these theorists is that they demonstrate that Catholicism does make a difference in terms of social policy outcomes and on the development of the welfare state. Their research, however, is largely concerned with continental Europe. The focus of this thesis is Australian Catholic social policy, more particularly Australian Catholic health policy. Research in this area is not prolific, but as Smyth notes in ‘terms of health, education and welfare, the Catholic Church has long been a major non-profit service provider in Australia and, indeed, a more significant influence on Australian public policy than has been realised’ (2003:17). His contribution to this study lies in the identification of Catholic social teaching with a ‘welfare society’, at least until the 1970s at which time the papacy, and eventually the Australian Church, embraced the ‘welfare state’. Consequently, up until that time Australian Catholic social thought endorsed the ‘wage earners’ welfare state’, which offered social protection via the payment of a just wage. In this way the Church ameliorated the excesses of capitalism, but minimised the role of the state, a tactic supported by reference to the principle of subsidiarity and preference for charity over rights enforceable by the state. Moreover, this protected the pre-eminence of the family and associations. The debate surrounding proposals to introduce national health insurance in the 1940s and the 1970s reflected this support for a welfare society, support that will be elaborated in the following chapters.
Esping-Andersen, van Kersbergen, Castles, and Smyth all assert that Catholicism’s emphasis on the principle of subsidiarity, the organic order of society, the fundamental role of the family, and responsibility for one another, incline the Church towards a system of social support that rests upon the family as the first provider assisted by intermediate organisations, and, only then the state. Rather than relying on social rights guaranteed by the state, social reform rested upon Christian charity supported by the maintenance of right relations between lower social units such as the family and voluntary associations and the state. Generally speaking, health and welfare services provided by individuals, families and associations were seen to be superior to those provided by the state as the latter of these ran the risk of producing a ‘servile state’. This interpretation, however, is not a necessary consequence of Catholic social teaching, but rather a consequence of an interpretation shaped by a particular historical, cultural and political context. Whilst not diminishing the importance of the common good, which includes a social mortgage on property, and a concern for socially just outcomes, it had the capacity to overemphasise the principle of subsidiarity. This reading, then, highlights a tension in Catholic social teaching that raised the perceived contradiction between the Church’s mission and its practice identified at the outset of this thesis.

Increasing evidence of the problem of social inequality in the face of affluence, and changed economic and social circumstances, prompted a move away from the welfare society towards the welfare state, a move highlighted by John XXIII’s 1961 encyclical Mater et Magistra. In particular this new thinking accepted an increased role for the state in provision of services that supported and sustained people, and an acknowledgement that social rights are enforceable by the state. This meant that the Church needed to work with the state in order to ensure the provision of social services.

In view of the increasing complexity of economic and social life, the Church and its agencies could no longer respond to need simply as they saw fit. Rather, decisions about welfare, education and health services ‘had to be made in light of and in conjunction with government and church policies as a whole’ (McCosker cited in Smyth, 2003: 27). The conservatism highlighted by Esping-Andersen, Castles, van Kersbergen, and Smyth, then, is contingent on historical, social and political context.
This is not to argue that Catholic social teaching is simply resistant or merely responsive to a particular historical moment or event. Rather it acknowledges the frailty of human construction, and thus interpretation that from time to time causes the Church to err. The principle of subsidiarity is not inherently flawed. Indeed, its role can enhance social provision by recognising the role of the state, the market and civil society and thus avoiding domination by either the market or the state. Subsidiarity, however, must take account of the common good if Catholic social teaching is to remain authentic to the Church’s mission in society, which includes importantly, a need to live out the proclamation of ‘good news’ to the poor and needy.

The next four chapters, in the light of the preceding chapters, examine the response of Catholic authorities to Labor’s attempts to introduce universal, national health insurance schemes in the 1940s and the 1970s in an effort to explain the paradox of a Church – apparently committed to serving the vulnerable and marginalised members of society – at times fiercely resisting the attempted implementation of a national health scheme. The two ‘periods’ will be studied in turn; Chapter Six (1940s) and Chapter Eight (1970s) will outline the details of the political manoeuvres to introduce a national health scheme, each followed by a specific chapter on the response of the Catholic Church (Chapter Seven and Chapter Nine).