A Time for Truth

This is a plea for a new meticulousness and a new respect for fact and truth in those who take upon themselves the responsibility for shaping public opinion.

Words, whether spoken or written, have always been dangerous tools to play with. The book of St. James tells us that “the tongue is an unruly evil, full of deadly poison.” But since this was written, the dangers and the poisons have been magnified a millionfold. In the modern world the immense efficiency of the machinery of publicity and propaganda gives to the spoken or written word a power for evil, as well as a power for good, immeasurably greater than it possessed in Biblical times; or even fifty or a hundred years ago, before the advent of the radio and the modern high-speed printing press and the popular mass-circulated daily paper.

Is this great machine being used for good or for evil? Is it being used to bring about a new harmony and understanding between the peoples of the world both within and between nations, or is its effect, on balance, being to confuse counsel and heighten discord? Has the cause of truth been advanced and the world been a happier place since its advent?
It would be hard to give a favourable answer to these questions. In the last thirty years we have seen the enslavement of hundreds of millions of people to rigid political creeds and doctrines in a way that would not have been possible even a few decades ago, and with consequences of the most awful and catastrophic nature to mankind. For the enslavement of men, the radio can be an infinitely more potent instrument than the concentration camp. While the latter can be used to tyrannise over men’s bodies, the former can be applied to exercise the greater domination over men’s minds and souls.

THE TOWER OF BABEL

In an article written just after the 1914-1918 war, a great man and a great novelist, John Galsworthy, wrote: “The Palace of Truth has never existed, because it was known to be a silent place. We have preferred the Tower of Babel. None the less does that tower point to the sort of sky that has hung over us these last four years. If we do not want another eight million violent deaths; another eight million maimed and halt and blind; if we do not want Bolshevism and anarchy, let us be sober and painfully try to tell the truth. The whole truth, of course, we cannot tell because we cannot perceive it, but at least we can tell nothing but such truth as we do perceive, having done our best to perceive it.”

We did not heed this warning. We continued to prefer the Tower of Babel, which we have in the meantime succeeded in rendering infinitely noisier, with consequences that are becoming every day more disagreeably apparent.

“COLD WARS”

No one who stops to think could believe that the suspicion and distrust abroad in the world today are confined to the struggle between the democracies of the West and the dictatorships of the East. There are “cold wars,” as we well know, going on within the nations themselves, indeed within our own democracy in Australia, as well as “cold wars” between nations. In Australia there are suspicions and discord of not
an insignificant degree; indeed, sufficient to severely hamper progress and at times to cause grave national dislocation and hardship.

It is idle to hope that these suspicions and the hostility to which they give rise can be completely removed. But is it not conceivable that, through a new and more sober approach to the formation of public opinion, and a more responsible use of the organs of publicity by the many leaders of political and industrial groups, the suspicions could be greatly diminished and national progress greatly accelerated with far-reaching benefits to all?

ACCURATE INFORMATION

The democratic machine cannot function effectively unless the flow of information that reaches the public, and on which it bases its opinions, is accurate and truthful, and free from distortion and misrepresentation. Accurate, reliable information is at the core of the democratic process. What the people think, governments and business and trade union leaders must eventually do. But what the people think depends largely on what they are told. Democracy demands a sound and sensible public opinion; but how can the public form opinions that are sound and sensible unless the information on which opinion is founded faithfully conveys the truth about the nation's affairs?

In Australia, at the moment, is the modern high-pressure machinery of publicity being used, on balance, to "faithfully convey the truth," or is it being prostituted to the pursuit of narrow sectional ends, regardless and often in contempt of the truth? Is it being used soberly and conscientiously, or recklessly and irresponsibly? Whatever the answer to these questions in the broad, there can be little doubt that in the narrow fields of economics and industry, much of the information which reaches the public is inaccurate or misleading, and the truth not infrequently callously distorted to serve the special ends of special groups.
A Terrific Responsibility

It is our view that a great part of the prevailing industrial disturbance and unrest could be overcome if a new effort were made to place true facts, truly interpreted, about economic and industrial phenomena at the disposal of the public. Success in this effort would, of course, call for a much more careful and conscientious approach to their task by all those active in the formation of opinion—business and trade union leaders, politicians, journalists, radio broadcasters, economists and statisticians. These leaders of thought carry a terrific responsibility on which they would do well to reflect long and deeply. The great causes of industrial harmony and economic progress would be immeasurably advanced if they were henceforward to display a greater scrupulousness in the application and interpretation of the facts they use to support their arguments.

This is, admittedly, by no means so simple as may at first sight appear. Quite often the mere ascertainment of economic fact and truth raises surpassingly difficult problems. One need only mention the complex technical issues confronting the statistician when he endeavours to measure the bread-and-butter economic phenomena of production, prices and wages. And when the facts have been garnered or measured, there frequently follows the even more difficult task of their true and just interpretation; a task, which, in addition to a fine discriminating judgment, requires a high order of respect for the truth and of moral conscience. It is so easy, and so tempting, to twist the facts, to pervert truth, to support a case we wish to argue.

An Exasperating Process

The ascertainment of fact is frequently such an exasperating, tiresome and prolonged process, that in arguing a cause there is an ever-present temptation to use short cuts. Here lies the trouble with much present-day political pleading. It is so easy and so much more pleasant for the writer and speaker to put pen to paper, to stand before the microphone or on the
public rostrum, and state their case without bothering over-
much about the accuracy or adequacy of their supporting
data or evidence. We grasp eagerly upon any fact or figure
that seems to support the cause we wish to promote, over-
looking all the other facts and figures which might suggest
that our argument was fallacious or indicate quite a different
conclusion to the one reached. Or we use statistics to buttress
a case without examining sufficiently the bona fides of the
figures, or whether the figures really mean what on the sur-
face they seem to mean. Carelessness is not the peculiar sin
of the propagandist or journalist. It is not infrequently seen
in high places where the harm which results is often wide-
spread and profound.

TWO EXAMPLES

To take two examples. In the campaign preceding the
last General Elections in Britain claims were made by the
Chancellor of the Exchequer, Sir Stafford Cripps, and the
President of the Board of Trade, that British production was
greatly in excess of pre-war levels. Sir Stafford Cripps put it
at 30%, and the President of the Board of Trade as high as
40%. In an examination of these claims “The Economist”
points out that the statistical measures on which they were
based cover “industrial” production only, which comprises
less than one-half of all national output. The important in-
dustries of farming, transport, distribution, public administra-
tion and sundry services of various kinds do not come within
the compass of the measures used. If it were possible to in-
clude this section of “production,” then total national output
instead of being 30% above pre-war levels, might have been
shown to be of the order of 12% (since privately assembled
evidence shows a very small increase in output for these sec-
tions)—a vastly different result! “The Economist” also points
out that the figure of 30% itself depends on the use of certain
statistical assumptions, and that, if other assumptions, equally
scientific, were made, the increase would be very much smaller,
ranging from an upper limit of 24% to a lower limit of
12% (but, in either case, substantially below the increase
claimed).
No doubts are of course thrown on the unquestioned integrity of Sir Stafford Cripps or his colleague. The sin is rather one of carelessness and of over-eagerness to support their case before the electors. There was no intention within their minds of wilfully and consciously misleading the electors. But misled they must have been.

The consequences of this kind of thing are obviously immense and far-reaching. For instance, large sections of the public, led astray by these figures, might justly demand increases in wages and salaries in proportion, and far above what the economy could in fact stand. If these demands were met grave harm could be done to the economy and not least to those people who were successful in having them satisfied. If, on the other hand, they were refused, widespread industrial unrest and dislocation of production could eventuate. And even if the grounds from which the demands sprung were shown eventually to be false, the damage would have been done.

Another example, closer to home, can be taken from our own House of Representatives. In his maiden speech, the member for Bendigo (and former President of the A.C.T.U.), Mr. P. J. Clarey, strongly implied that the worker today was not receiving a fair share of the national income and of the benefits of increasing productivity. To substantiate his argument he claimed that the present basic wage of £6/14/0 is in real purchasing power practically no greater than in 1907, when the "Harvester Standard" of 42/- was established, in spite of great advances in production over the intervening 43 years.

Now a little thought will show that the true basis of comparison between the wages paid today and those paid in 1907, is not a comparison between the basic wages at those times, but one between the average wages, including margins, penalty rates, etc., these increments above the basic wages having all greatly increased. Figures published by the Commonwealth Statistician show that effective or real wages (based on average wages) have increased by nearly 40% since 1911.
Now this presents a strikingly different picture to that conveyed in Mr. Clarey's address and one which is much more satisfying from a scientific viewpoint. Quite apart, too, from increases in his wages since 1907, the wage-earner has shared in other ways in the fruits of industrial progress—in shorter working hours, longer paid holidays, paid sick leave, greatly improved social services, child endowment and so on. Though Mr. Clarey referred to these benefits in his address, he made no attempt to assess their influence on the distribution of the national income. But it is, without doubt, considerable, and cannot be so easily dismissed.

Moreover, statistical analysis is in this case reinforced by the exercise of mere common sense. From the point of view of the wage-earner it would be a striking commentary on the ineptitude of the trade union movement (an ineptitude which certainly cannot be attributed to it) if it had failed over the last 43 years to gain any material increase in the real wages of its members.

No one for one moment would question Mr. Clarey's integrity (for which he has established a deserved reputation) or accuse him of wilful misrepresentation. We have no doubt at all that his claims and the arguments supporting them are presented in good faith. But if wrong (and there is in our view little or no question that they are shown to be wrong when subjected to scientific examination) then they could give rise, and possibly are giving rise, to the most serious consequences.

A tremendous responsibility rests on those carrying positions of weight and consequence to be sure of their facts, to weigh their words with meticulous care, and to endeavour to support their arguments only with data of proved and undoubted veracity. One is not entitled to demand perfection in human affairs or in public figures. But one is entitled to demand a sober, conscientious and painstaking approach to great public issues.*

* The choice of statements by men prominent in the Labour movement of Britain and Australia to illustrate our argument is by accident and not design. They happen simply to be two examples that come immediately to mind. We have no doubt at all that equally telling examples could be culled from the public statements of prominent people of non-Labour persuasion. No political party and no sectional interest have a monopoly of loose thinking or the distortion and misuse of fact to serve their own particular ends.
Not all errors that creep into the public pronouncements of leading public figures can, however, be put down to sheer carelessness, or be excused as the legitimate exaggeration of political pleading and argument. Statements appear almost every day, of a most blatantly false character, which can only be regarded as intentional. Moreover, even where false statements are made in good faith, they are often due to such a loose and irresponsible use of data that no excuse for their perpetration is possible. A little tolerance and a little licence may be necessary in the give-and-take of political and sectional dispute, but only a little. Let the licence go no further than the point where it commences to become a grave national abuse.

THE ERRORS OF THE LAYMAN

Sometimes the errors are clearly those of the inexpert dabbling in fields of inquiry which they are not qualified to comprehend. In that case, it will be a great day for the world when the bootmaker sticks to his last, and the irresponsible propagandist, or even the responsible layman, leaves the interpretation of economic facts to those who possess the specialist qualifications necessary. In major Arbitration cases, any Tom, Dick or Harry is apparently prepared to make the most definite assertions or to offer the most uncompromising opinions on economic movements, the correct measurement and interpretation of which often puzzle the most highly qualified experts. If such statements went no further than the ears of the judges of the Court they might occasion little harm. But frequently they reach the public through publication in the press, and do untold damage to the ultimate cause of peace in industry and to the public understanding of economic and industrial problems.

* * * * *

If the public mind must continue to be bombarded with propaganda on economic and industrial matters—and that apparently is unavoidable under modern conditions where the machinery for the transmission of ideas is so efficient—then,
let the propaganda be infused with a high and conscientious regard for the truth, and the legitimate limits of exaggeration in political argument be not exceeded.

If the game were played fairly, and played only by those with some claims to proficiency, a startling improvement in the atmosphere of industrial relations and in economic policy-making would be possible. In the present uncertain and disturbed state of the world, “the most unsocial act which anyone can commit is to speak or write anything without good reason for believing it the truth. . . . To put forth irresponsible words, because patriotic or party feeling or public sentiment seem to demand them, though it has become a habit, is none the less for that a stone flung at human happiness . . .” The words are John Galsworthy’s and they are, today, infinitely more pertinent and significant than when he wrote them thirty years ago.

In this era of the "cold war" there is need for objective comparisons between economic and social conditions in Communist Russia and those in the United States as the chief world exponent of the free enterprise ideology. The United States is an "open book" for anyone who will take the trouble to read its pages; but, for Russia, the lack of trustworthy statistical and other information is notorious. One is forced to rely largely on scattered and fragmentary data, reinforced by the reports of publicists and official government representatives who have been eyewitnesses of the Russian drama.

Personal observation is, of course, subject to the disadvantage that one tends to see what one wants to see and to be blind to those things which do not fit in with one's political leanings or social prejudices. A picture, for instance, of living conditions in the Soviet Union drawn by a Communist sympathiser, would, to the average person, be far less convincing than one prepared by an observer distinguished by his political impartiality. Equally, a glowing account of standards of life in the United States by a passionate supporter of free enterprise, or a representative of large-scale business, would hardly carry as much weight as a similar report made by a trade unionist.

Reports on the United States and the U.S.S.R. made recently by delegations of Norwegian workers and labour leaders are, therefore, of particular interest and importance.* These reports were considered to be of such significance that they have been republished, in abridged form, by the Office of Information of the Economic Co-operation Administration in a booklet with the title, "Norwegian Labour Looks at the United States of America and the Union of Soviet Socialist Republics."

Of almost equal significance is a most informative series of 44 articles on Russia recently published in "The Christian Science Monitor," a paper with an outstanding reputation for impartial, accurate reporting. They were written by Edmund Stevens, a journalist, who spent many years in the Soviet Union before his press visa was cancelled in 1949 by the Russian Government as part of its policy of curtailing the activities of foreign correspondents in the Soviet.

As few people in Australia may have the opportunity of studying the important material in these reports and articles, we make no apologies for drawing attention here to some of the main conclusions reached. We have endeavoured to supplement this information with statistical data on production and comparative standards of living in the U.S. and the U.S.S.R. culled from various sources.

*The members of these delegations were chosen by individual unions in collaboration with the Norwegian National Trade Union Congress, the parent body of organised labour in Norway.
Living Standards.

The Norwegian delegation reported that the general average wage level in Russia is sufficient only for purchasing the absolute necessities for the maintenance of life. The majority in the main industrial centres subsist on simple foods such as bread, potatoes, and vegetables; the prices of meat, butter, canned goods, etc., are beyond all but the elite. Little is left for clothes and footwear which are particularly expensive. Partly because of the insufficiency of their husbands’ earnings, women are forced to take such unaccustomed tasks as dock, road, and construction workers.

Mr. Stevens’ articles indicate that there was a steady improvement in consumer goods in Moscow in 1949, largely as the result of imports, particularly from Czechoslovakia, but prices were still very high despite price cuts. The high cost of living in Moscow is illustrated in the comparative tables on page 80. These are based on Mr. Stevens’ figures of retail prices in Moscow, on information recently released by the British Foreign Office, and on figures published by the U.S. Bureau of Labour Statistics.

The report of the Norwegian delegation draws attention to the low level of rentals in Russia, but comments: “The shortage of housing is frightful, and therefore the majority of the population can draw no great advantage from low rents.” In the reconstruction areas, such as Stalingrad, people live in ruins, in primitive provisional houses, and even in earthen caves. While the report gives the impression that the delegation were appalled by the general standards of living, it has high praise for the progress in reconstruction taking place in such cities as Stalingrad and Leningrad. It points out that the restoration and expansion of production and construction of public buildings and developmental works are the first objectives of Soviet policy, and that these necessarily entail a conscious suppression of the standards of life of the Russian people.

Despite a background which would certainly not predispose them towards the United States, the Norwegian trade unionists were enthusiastic about the achievements and living standards of the U.S.A. They state:

“The American worker to-day is the best paid in the world. The purchasing power of his income places him in a class by himself. The period of work is shorter than in other countries, but with respect to vacations several countries have better systems. The high level of income and production have in large parts of the country resulted in a standard of living which far exceeds anything we know in our hemisphere. The American standard rests on high production. It has become clear to the American worker and employee that the future of their country depends on their ability to produce.”

Consumer goods in the United States are now in abundant supply. The report comments on the very high standard of housing compared with other countries, and on the universality of labour-saving devices. “American homes are furnished with equipment which makes housework far lighter than is customary elsewhere. Washing machines, kitchen sinks, vacuum cleaners, electric refrigerators and telephones are matters of course in the home.” Another section of the report points out
that an automobile is regarded as part of the normal equipment of the American industrial worker.

Production.

The statistical comparisons on page 80 are based on data extracted from official United States and Russian sources. They demonstrate the great superiority of United States in productive capacity. Both countries are relatively self-sufficient. Mr. Stevens, however, makes the significant observation that shortage of petroleum is likely to become the most crucial gap in the Soviet economy and the factor most mitigating against an early large-scale war. But resources are only the first leg of production; they must be effectively exploited, and here the competitive free enterprise of U.S.A. leaps ahead of the lumbering bureaucracy of the U.S.S.R.

In Mr. Stevens' words:

"Russian progress is seriously handicapped by the absence of free competition—the mainspring that keeps American and British manufacturers on their technological toes. Without the constant tugging urge to outdo their competitors, Soviet industry, when not prodded, tends to crystallize around safe familiar patterns. Management, left on its own, cautiously avoids innovation and attendant uncertainties, the more so because of the personal consequences of failure. The paramount concern of every Soviet factory manager with fulfilling his production plan militates against changes and improvements since these usually involve temporary production stoppages during changeover or retooling and hence a reduction in output that looks bad on the production report."

Distribution of Income.

Both Mr. Stevens and the Norwegian delegation draw attention to the striking inequality of incomes in Russia. Top party men, writers, playwrights and actors earn 10,000 to 25,000 rubles per month plus special extras and priorities. Incomes of the middle-class intelligentsia, such as professors, doctors, technicians and departmental heads, range from 1,000 to 3,000 rubles a month, whilst take-home pay of white collar and industrial workers ranges from 500 to 1,000 rubles a month. But rewards of shock workers on incentive systems are as high as 14,000 rubles a month. Inequalities of income in Soviet Russia are possibly greater than in any country in the world, and are of such an extent that they would hardly be tolerated in free enterprise countries. The Russian leaders are first and foremost realists, and know only too well the value of incentives in encouraging extra personal effort. The Norwegian delegation affirms that Russia’s entire wage system is built on individual job rates, so far as this is compatible with the process of work and the means of work available in the industry concerned, and that this system gives rise to astonishing disparities in the incomes received by individual workers.

Social Benefits.

Comparisons of wage levels between different countries are, of course, misleading unless social benefits are taken into account—sickness insurance, old-age pensions, family allowances, education and health services, etc.

In the Soviet Union sickness and old-age insurance and social and cultural activities are administered by the trade unions and financed by employee contri-
butions and factory levies. Information on the scale of social benefits in Russia is meagre, but, according to the Norwegian delegation, old-age pensions amount to 20% or upwards of wages.

The Norwegian delegation observed that as less than 2% of the working population can be accommodated in holiday camps, preference is usually given to the most valuable manpower, such as shock workers, foremen and scientists. It would appear that the standard of social services generally is restricted by the limitations imposed by physical resources.

The standard of American social services varies widely between the States. The Norwegian report indicates that in 1948 when average weekly earnings were $55, workers’ compensation ranged from $17-36 per week, and unemployment payments averaged $18 per week over the whole country. Both these benefits are financed from employers’ contributions. Old-age benefits average $39 per month, and widows’ pensions $30 per month; the latter is financed from general State revenues, and the former from employer and employee contributions. Strenuous efforts are being made at the present time by President Truman to extend the scale and range of social services, particularly in the field of health insurance where there are serious gaps.

Full Employment.

Many of the critics of the U.S economy, although forced by the inescapable logic of its achievement to concede the high material standards of life which prevail, point to the insecurity of the average American worker arising from the wide swings in economic activity and the threat of mass unemployment. This criticism may have been more pertinent before the war than it is to-day. As the Norwegian report makes clear, there have been great improvements in the structure and scale of social benefits; while Congress in passing the Full Employment Act in 1946, has formally accepted responsibility for promoting maximum employment. The delegation frequently asked American workers, civil servants and economists, whether the United States was moving toward another economic crisis and mass unemployment. “We always got the reply that America was to-day far better prepared to meet a recession than it had been in 1929. There was no indication that a depression would ensue, with mass unemployment.”

Encouraged by the impressions received from their tour of inspection in the United States, the Norwegians were constrained to remark in their final conclusion: “A visit to the United States gives one greater confidence in the ability of democracy to solve its problems.”

Mr. Stevens freely admits that the sweeping economic powers wielded by the Politbureau over resources and manpower are a source of strength in overcoming the problems of over-production and unemployment which beset free economies in particular industries. But is it worth while bartering personal liberties for an easy path to full employment? Mr. Stevens emphasises that Russia obtains full employment only at the expense of fettered labour. “A stringent system of controls binds the Soviet employee to his job, and he has no free choice of occupation or right to strike.”
In July, 1949, the British Labour Government released documentary proof of Russian forced labour laws, and charged Russia before the United Nations Economic and Security Council with keeping 10 million people or 10% of the working population in forced labour camps.

Trade Unions.

Genuine trade unionists in Australia must read with astonishment the comments of both Mr. Stevens and the Norwegian trade unionists on the functions of trade unions in Russia.

The Norwegian report points out that Russian trade unions cannot engage in wage disputes since the entire wage structure is determined by the economic planning of the Government. Mr. Stevens is emphatic that the Soviet trade unions have nothing in common with their western counterparts, but “function primarily as an enormous, well-oiled nationwide machinery for transmitting to the great working masses the endless official ballyhoo campaigns aimed at keeping the worker constantly peppe up so that he will exert his utmost effort.” They are the organisers and sponsors of the Stakhanovite “speed up” movement.

The Norwegian labour leaders contrast the trade unions of Russia with “the strength and fighting power of the American labour movement,” and instance its contribution towards the election of President Truman. About 16 million workers are organised in American trade unions, representing about 35% of all employed people. The Norwegian report points to the well-disciplined membership and active leadership of the great national unions which do not yield in any sphere their right to free organisation and their right to strike.

“The strong streak of individualism which runs through American life also marks the trade union movement.” The Norwegian delegation candidly admits that the great national union organisations, the A.F.L. and the C.I.O., support free enterprise and “wish to work within the framework of the capitalistic system. The feeling that we are in the same boat with the employers has grown as the workers have gained increased influence and responsibility at the places of work.”

Way of Life.

Life in civilised communities is not merely a matter of supplying basic food and shelter; it is bound up with a whole range of spiritual and cultural satisfactions. Observations by Mr. Stevens throw doubt on the ability of the Russian system to provide that deep satisfaction which exists for most people in a democratic community. “In the Soviet Union nobody ever tries to sue the Government or test the legality of its actions. Against the overwhelming weight of absolute power the individual has no legal protection or redress whatever; he is at the mercy of the merciless.” He describes the Soviet Parliament, each member being elected by majorities graduated in decimals from
99% upwards in order of importance, as the dullest and most unanimous on record.

Mr. Stevens draws attention to the extreme rigidity and exclusiveness of Russian society. The privileged administrators, authors and artists, comprising the cream of Russian society, live in a "forbidden zone" of Moscow, to which access by all outsiders is banned.

Ordinary moral standards are scorned as capitalist humbug. "Truth, falsehood, good and evil, right and wrong, theories, beliefs and personalities in all spheres, climes or ages are judged solely by whether they serve or hinder the communist purpose." This is clearly momentous in its implications.

The party straitjacket stultifies creative art, and Mr. Stevens describes the humiliation and downfall of thinkers who, whether in drama, films, music have run foul of "Culture and Life," the organ of the Communist Party Committee on Propaganda and Agitation. When this journal passes judgment its authority is so absolute and final that everyone choruses agreement, including the author whose work or reputation has been annihilated. Similarly in the field of science the Communist Party Central Committee, not the laboratory, determines whether scientific findings are true or false. For example, Soviet scientists were recently obliged to disown biological findings of Mendel and Morgan, which are accepted in other parts of the world, in favour of a theory more in line with Marxist concepts.

Mr. Stevens states that the Soviet practice of doctoring facts to fit the party line determines the nature of Soviet news coverage. The Communists frankly regard the press not as a means for disseminating information, but as a propaganda weapon. Provincial editors use certified prefabricated material from Tass with a total fade-out of local news and colour."

Mr. Stevens gives horrifying descriptions of work performed by the M.V.D. (secret police), whose powers and functions are nowhere set out in the Soviet constitution. "It is an unfettered, omnipotent police power reduced to practical organisational form—the state in the full sense of Lenin's definition of the state 'as a machine for suppression'!"

Despite these accusations and revelations on the Russian system, both Mr. Stevens and the Norwegians write of a friendly, sympathetic and peace-loving people who suffer their present adversities not only because they think that it is worse outside, but because they look forward to a happier stage of development. It is sincerely to be hoped that this eventuates.
TABLE I.
INDICATORS OF LIVING STANDARDS—

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<tr>
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<tbody>
<tr>
<td>1. Real product. per manhour—</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1939</td>
<td>100</td>
<td>17</td>
<td>58</td>
</tr>
<tr>
<td>1947</td>
<td>119</td>
<td>14</td>
<td>59</td>
</tr>
<tr>
<td>2. Cost of Food in Hours of Work</td>
<td>10.0</td>
<td>55.5</td>
<td>14.1</td>
</tr>
<tr>
<td>3. No. of People per Motor Vehicle</td>
<td>4</td>
<td>70</td>
<td>18</td>
</tr>
<tr>
<td>4. No. of People per Radio Set</td>
<td>2</td>
<td>35</td>
<td>4</td>
</tr>
<tr>
<td>5. No. of People per Telephone</td>
<td>4</td>
<td>184</td>
<td>11</td>
</tr>
</tbody>
</table>

NOTES AND SOURCES.
1. Estimates by Bureau of Industry, Queensland. Comparisons are based on 1939; production in U.S.A. = 100.
2. Compiled by United States Bureau of Labour Statistics. Comparisons apply to late 1948 and early 1949. The index expresses the working time required by the average wage earner to purchase that quantity of common foodstuffs in his own country which would take ten hours' work to purchase in U.S.A.
3-5. Information collated by United States National Industrial Conference Board from official statistics and estimates by the Automobile Journal, Radio and Television Retailing and American Telephone and Telegraph Company. Figures for Australia have been compiled from official sources. All figures relate to the latest year available, and are predominantly for 1948 or 1949.

TABLE II.
PRODUCTION IN U.S.S.R. AND U.S.A.

<table>
<thead>
<tr>
<th></th>
<th>U.S.A.</th>
<th>U.S.S.R.</th>
</tr>
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<tbody>
<tr>
<td>Coal—Metric Tons</td>
<td>4.06</td>
<td>1.25</td>
</tr>
<tr>
<td>Petroleum—Metric Tons</td>
<td>1.69</td>
<td>0.18</td>
</tr>
<tr>
<td>Steel—Metric Tons</td>
<td>0.55</td>
<td>0.13</td>
</tr>
<tr>
<td>Cement—Metric Tons</td>
<td>0.24</td>
<td>0.05</td>
</tr>
<tr>
<td>Grain—Metric Tons</td>
<td>1.04</td>
<td>0.61</td>
</tr>
<tr>
<td>Electricity—'000 k.w.h.</td>
<td>1.94</td>
<td>0.41</td>
</tr>
<tr>
<td>Leather Shoes—Pairs</td>
<td>2.7</td>
<td>1.2</td>
</tr>
<tr>
<td>Cotton Fabrics—Metres</td>
<td>60.2</td>
<td>23.4</td>
</tr>
</tbody>
</table>

Output per Head of Population per Year.

Motor Vehicles | 4.3 | 0.25 |

Output per Hundred Persons.


NOTE—All United States data are for 1948 or 1949. The data for U.S.S.R., with the exception of grain which are actual figures for 1949, are the 1950 goals of the current Five Year Plan, and therefore probably overstate actual production figures.

TABLE III.
MINUTES OF WORKING TIME REQUIRED TO BUY VARIOUS FOODS IN U.S.A. AND U.S.S.R.

<table>
<thead>
<tr>
<th></th>
<th>U.S.A.</th>
<th>U.S.S.R.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flour</td>
<td>4</td>
<td>52</td>
</tr>
<tr>
<td>Rice</td>
<td>8</td>
<td>145</td>
</tr>
<tr>
<td>Bread</td>
<td>6</td>
<td>25</td>
</tr>
<tr>
<td>Beef—Average</td>
<td>29</td>
<td>254</td>
</tr>
<tr>
<td>Bacon</td>
<td>30</td>
<td>466</td>
</tr>
<tr>
<td>Butter</td>
<td>32</td>
<td>542</td>
</tr>
<tr>
<td>Milk</td>
<td>9</td>
<td>59</td>
</tr>
<tr>
<td>Apples</td>
<td>7</td>
<td>141</td>
</tr>
<tr>
<td>Cabbage</td>
<td>4</td>
<td>9</td>
</tr>
<tr>
<td>Potatoes</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>Coffee</td>
<td>23</td>
<td>706</td>
</tr>
<tr>
<td>Tea</td>
<td>56</td>
<td>1,506</td>
</tr>
<tr>
<td>Sugar</td>
<td>4</td>
<td>141</td>
</tr>
</tbody>
</table>

Per Dozen.

Eggs | 27 | 158 |

NOTE—The comparisons are based on early 1949. Price reductions announced in Moscow as from March, 1950, would improve the position of the Russian worker, but the discrepancies would still be very great.

TABLE IV.
HOURS OF WORKING TIME REQUIRED TO BUY VARIOUS COMMODITIES IN U.S.A. AND U.S.S.R.

<table>
<thead>
<tr>
<th></th>
<th>U.S.A.</th>
<th>U.S.S.R.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Man's Suit</td>
<td>28</td>
<td>210</td>
</tr>
<tr>
<td>Woman's Dress</td>
<td>7</td>
<td>120</td>
</tr>
<tr>
<td>Man's Shoes</td>
<td>6</td>
<td>160</td>
</tr>
<tr>
<td>Woman's Shoes</td>
<td>4</td>
<td>180</td>
</tr>
<tr>
<td>Man's Shirt</td>
<td>2</td>
<td>20</td>
</tr>
<tr>
<td>Woman's Rayon Hose</td>
<td>1</td>
<td>10</td>
</tr>
<tr>
<td>Radio Set</td>
<td>20</td>
<td>100</td>
</tr>
<tr>
<td>Vacuum Cleaner</td>
<td>39</td>
<td>400</td>
</tr>
<tr>
<td>Refrigerator</td>
<td>135</td>
<td>1,000</td>
</tr>
<tr>
<td>Motor Car</td>
<td>1,100</td>
<td>6,000</td>
</tr>
</tbody>
</table>

NOTE—The data for U.S.A. were compiled by the U.S. Department of Labour, and the National Industrial Conference Board. The Russian data which are only intended as very approximate are based on prices published by Mr. Stevens and the British Foreign Office and converted to working time at an hourly rate of three rubles per hour. (U.S. Bureau of Labour Statistics estimate.)
The Australian system of arbitration is frequently hailed by Australians as a model for the world to copy. But in Britain and the United States, authorities on industrial relations (from both sides of industry) are trenchantly critical of compulsory arbitration as practised in this country. The truth lies in neither of these extreme views.

The Australian system has brought considerable advantages and has proved in many respects to be well adapted to the peculiar features of the Australian social and industrial environment. It has, on the other hand, serious defects. Generally, I would say that it is not for export, and that the British system, based primarily on voluntary industrial agreements, has proved superior to our own. Resting on the principle of mutual consent, it inculcates in the parties to industry a sense of moral responsibility and obligation to the community and to one another, which is not sufficiently in evidence in Australia. While there is much to be gained from a study of British methods, the complicated and closely-knit structure of wages and industrial conditions in Australia rests on the arbitration system and to abandon it now would cause chaos. The only practicable course left is to try to improve it. Any other approach is academic and unreal.

What are its defects? Apart from those arising from the severe constitutional limitations of the Commonwealth in industrial matters, there are mainly three:

(1) Considered as an administrative machine it is irritatingly slow and cumbersome. This is partly due to the way the machine is used by the contending parties; and partly to the inherent nature of the machine itself.

(2) In practice, it transfers responsibility for avoiding or settling disputes from where that responsibility should primarily rest—namely, the parties directly concerned—to a third party, which it places in the fore-front of
industrial relations. As a system, it therefore tends to discourage voluntary negotiations and agreements and to encourage the deliberate manufacture of disputes. Moreover, to achieve a settlement of a difference by a legal award is quite another thing from a settlement achieved through voluntary agreement between the parties concerned. The umpire's decision may be observed, but that does not mean that it is willingly accepted. On the contrary it often leaves a trail of bitterness and unrest.

(3) The Commonwealth Arbitration Court has become in practice primarily an economic planning body rather than a body to settle disputes. It deals with matters of overriding economic importance, where a wrong decision could undermine the health of the nation's economy. But are the methods of the Court and its constitution well suited to these functions? Generally I would say they are not.

What can be done to remedy these defects?—(which are, of course, no fault of the Judges and the Commissioners who have invariably exhibited a high degree of economic understanding and impartiality).

Experience with the new 1947 Arbitration Act does not suggest that it has made any substantial progress toward evolving a satisfactory remedy. Indeed the new structure created by the Act has, if anything, tended to undermine one of the main advantages which the system has hitherto conferred —namely, the uniformity and comparability of wages and conditions which prevail throughout industry. This defect might be overcome by making the decisions of Conciliation Commissioners subject to appeal to the members of the Court and possibly to their ratification.

Perhaps it might be desirable to go further than this and relieve the Conciliation Commissioners of all arbitral authority except in minor or local matters. This would mean the restoration of virtually all arbitral powers to the Court; but the Court would be entitled to refuse access to its facilities unless clear evidence were provided that the parties in dispute and the Conciliation Commissioners had seriously and strenuously
explored all possible avenues of achieving agreement. This would have the important advantage too of emphasising conciliation, as distinct from arbitration. While Conciliation Commissioners have power to make awards, the parties in dispute are tempted not to take conciliation very seriously.

The legal formalities at present observed in the proceedings of the Court not only create an air of unreality but contribute materially to the slowing-up of the system. To overcome this weakness, and to meet the objection that the Court is not fitted to perform the functions of an economic planning body, I would suggest that it might be reconstituted in two sections—an Industrial Commission and the Court itself, which might consist of three judges.

The Commission would exercise authority on those matters of national economic importance which were reserved to the Court in the changes made in the 1947 Act, i.e. basic wage, standard hours, etc. The Commission might be constituted of five members, consisting of a judge as Chairman, of at least one front-rank economist, the remaining members to be selected for their special experience and qualifications. It should pursue its inquiries on major basic wage and standard hours cases without interruption and be completely free to decide on the methods of inquiry. It would, on its own initiative, call such witnesses as it deemed desirable in order to help it arrive at its decisions. Since the Commission would be concerned with questions of major economic policy it should confine its attention mainly to expert economists and statisticians and those concerned with the formation of national economic and financial policy. Employer bodies and unions might be limited to selection of one or two people to present their case to the Commission and it would be for those organisations to decide whether or not they should be legal advocates.

The work of the Court itself would consist of legal interpretations, ratification of industrial agreements voluntarily reached, and of the settlement of disputes on matters, other than those within the purview of the Commission, which prove incapable of solution by voluntary methods. The work of the two sections would, of course, need to be closely coordinated. This would not be difficult.
The improvement of the machinery of arbitration in this way would, however, not be enough. No machinery for settling industrial disputes will work effectively unless employers and unions form the habit of resolving their own differences, and unless there is adequate machinery of voluntary consultation and negotiation through which this can be done. Here lies the real crux of the matter.

It means that there must be a great deal more constructive consultation than at present between employers and unions on all questions bearing on industrial relations and not merely those in dispute. The task of building permanent machinery of union-management co-operation is the responsibility of unions and employers. No system of arbitration will work effectively unless it is backed by adequate machinery of this nature, and by the right approach to 20th century problems of industrial relations by the parties directly concerned. The fault perhaps lies not so much with the arbitration system (although it has faults—serious ones) as with the unsatisfactory state of our industrial relationships. I believe this matter to be so vital that I would like to see a Royal Commission appointed to examine industrial relations, including the working of compulsory arbitration.
MANUFACTURING—Costs and Outlook

The immense development in manufacturing in Australia is one of the most striking, and certainly one of the most important, facts of the last decade. Manufacturing capacity has expanded by some 50%,* volume of production by something like 45%†, and employment by 58%. In 1939 one out of every five employed Australians were working in factories (of which there were 27,000 compared with 40,000 in 1949); to-day the ratio is one in three. This is possibly even a higher proportion than that in the intensely industrialised United States.

A large part of this extraordinary development can be attributed directly to the war, when we were forced back on our own resources to produce the munitions and equipment of modern warfare and other manufactured articles which we could no longer obtain from abroad. But the abnormal conditions of the five post-war years have given a further powerful impetus to the expansion of the manufacturing industries. The pent-up demand for goods within Australia, the shortages of world supplies and the world sellers' market, the high level of overseas costs (aggravated by the slow turn-round of shipping in Australian ports) have provided the Australian manufacturer with an abnormally large and heavily protected home market for his goods. He has also been able to expand greatly his overseas market in certain products, although not as much as would have been possible if more stable industrial relationships had prevailed in the key industries.

But these conditions are now rapidly altering. The world sellers' market is shifting over to a world buyers' market, competition is increasing with the expansion of supplies and the disappearance of world shortages, the Australian advantage in comparative costs of production, which was most marked up to 1947, has since been dwindling. The easy period of manufacturing expansion, except in certain individual lines, is approaching an end, and the manufacturing industries as a whole must shortly face a stern period of trial and readjustment.

Stress of Competition.

Already in many important articles, manufacturers are beginning to feel the stress of overseas competition and imported manufactured goods are coming on to the Australian market in rapidly increasing quantities. Statistics show a marked rise in the import of manufactured articles and some manufacturers are beginning to complain bitterly of the competition of imported goods. To mention only a few items: Imports of underwear (other than silk and wool) jumped from 10,000 garments in 1946/7 to 1½ million in 1948 and over 2 million in 1949; imports of small electric motors have risen from 69,000 in 1946/7 to 176,000 in 1948 and 203,000 in 1949; imports of stoves and ovens have quadrupled between 1946/7 and 1949. A notable fact is that the number of applications for increased protective duties before the Commonwealth Tariff Board has more than doubled in the last twelve months.

This process is likely to intensify rather than diminish. Economic recovery in Western Europe, assisted by American generosity, is proceeding at a faster rate than was anticipated a few years ago. Moreover, German and Japanese production is developing and will, within the next few years, add to the already increasing competitive pressure in world markets.

What then, is the outlook for manufacturing? To what extent will we be able to maintain, as part of our permanent economic structure the great developments of

*From the Budget Speech of the Federal Treasurer, September, 1949.
the war and immediate post-war periods, when the conditions which have been partly responsible for bringing them about have largely disappeared?

The answer to these vital questions depends mainly on two factors:—First, on the ability of the main industrial nations to avoid anything in the nature of a tragic recession, and thus to maintain world demand, and therefore Australian demand, at a high level; and second, on the degree to which Australian manufacturing is successful in achieving and maintaining a competitive level of production costs.

The first factor, so far as Australia is concerned, is largely in the lap of the gods. The second, however, lies within our own control and in the wisdom of our political, financial and industrial policies.

Disquieting Cost Position.

At present the cost position is disquieting. In fact, the rising level of production costs in all Australian industries constitutes the weakest and most vulnerable section of the Australian economic anatomy. This disquiet is evident in the reports of official bodies such as the Commonwealth Bank and the Tariff Board. The last Annual Report (1949) of the Commonwealth Bank stated:—

“There has never been a period in the economic history of Australia when efforts to increase industrial efficiency were more necessary than they are now.”

And in 1949 the Board stated:—

“The competitive position of Australian industry seems to have deteriorated in the year under review, both in materials and labour costs.”

Up till the beginning of 1948 Australian manufacturing industries enjoyed a substantial cost advantage over overseas countries by comparison with the position pre-war. This was largely due to the success of our wage and price pegging policies, a success made easier of achievement by the nature and size of the Australian economy. This cost advantage was maintained throughout 1948, but by the end of the year it had been reduced. During 1949 costs in Australia continued to rise rapidly, whereas in overseas countries they were virtually stable.

Cost Statistics.

The following tables showing indexes of raw materials and labour costs illustrate vividly the broad trends:—

<table>
<thead>
<tr>
<th>Raw Materials</th>
<th>Aust</th>
<th>U.K.</th>
<th>U.S.A.</th>
<th>Canada</th>
</tr>
</thead>
<tbody>
<tr>
<td>January, 1948</td>
<td>170</td>
<td>275</td>
<td>244</td>
<td>198</td>
</tr>
<tr>
<td>&quot; 1949</td>
<td>193</td>
<td>291</td>
<td>225</td>
<td>218</td>
</tr>
<tr>
<td>&quot; 1950</td>
<td>225</td>
<td>302</td>
<td>211</td>
<td>213</td>
</tr>
<tr>
<td>38/9 = Oct. 38</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hourly Earnings</td>
<td>100</td>
<td>100</td>
<td>1939</td>
<td>100</td>
</tr>
<tr>
<td>December, 1947</td>
<td>174</td>
<td>190</td>
<td>205</td>
<td>175</td>
</tr>
<tr>
<td>March, 1948</td>
<td>199</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>December, 1948</td>
<td>208</td>
<td>204</td>
<td>221</td>
<td>196</td>
</tr>
<tr>
<td>&quot; 1949</td>
<td>227</td>
<td>211</td>
<td>223</td>
<td>204</td>
</tr>
</tbody>
</table>

NOTES.
2. The indexes of hourly earnings in manufacturing are from the United Nations Monthly Bulletin of Statistics in the case of U.S.A. and Canada, and from the Ministry of Labour for United Kingdom. The Australian figure is compiled from earnings per "male unit" in manufacturing published by the Commonwealth Statistician.

3. Hourly earnings for U.K. are for each October.

4. The Canadian index does not go back beyond 1944; hourly earnings in 1939 were approximately 70% of 1944.

5. The March, 1948, figure is shown for Australia in order to illustrate the steep rise in hourly wages brought about by the 40-hour week.

It is most important to bear in mind that these figures do not present an accurate comparison of movements of costs in individual industries; such comparisons are extremely difficult to make, and would vary widely from the trends portrayed above. The figures do, however, reveal broadly the changes in the general average of costs. The trend over the last two years is quite clearly against Australia. Over the two years, 1948 and 1949, hourly labour costs in this country rose by about 30%, compared with 11% in the United Kingdom, 9% in the U.S.A., and 17% in Canada. In the same period the cost of materials in Australia rose by 32%, compared with 10% for the United Kingdom, 8% for Canada, and a fall of 14% in the United States. The advantages which Australian manufacturers enjoy over their counterparts in Britain, because of the lower prices in this country for coal and steel, are partly nullified by the unnecessary shortages of these basic materials which occasion frequent and costly interruptions to production.

One of the influences making for a high level of labour costs in Australia is the alarming rate of labour turnover which appears to be considerably greater than in Britain and the U.S.A. The proportion of total wages, paid for time not worked is also substantially greater than in overseas countries. The Tariff Board, in its 1948 Report, quotes the estimate of one industrial company that 10.9% of its total wages is paid for time not worked, and states that for the United Kingdom the average percentage is 4.2%. The greater percentage in Australia is due to three factors—longer annual holidays, paid sick leave, and more statutory holidays. The position of Australia vis-a-vis the United States and Canada would be closely similar.

Productive Efficiency.

Production costs are a composite of income levels on the one hand, and productive efficiency, roughly indicated by man-hour output, on the other. It seems probable that there has been overall no marked improvement in manhour output in Australian manufacturing since 1939. (This statement, of course, does not apply to individual industries, where in some cases there have been striking improvements in productive efficiency). If we can accept as reasonably accurate the estimate of a 45% increase in volume of production made by an officer of the Commonwealth Division of Industrial Development, then output per man engaged has dropped since 1939, since employment in manufacturing shows an increase of 58%. However, as standard hours of work have fallen from 44 to 40 and paid holidays have greatly increased, manhour output (as distinct from output per man) in manufacturing has probably slightly increased since before the war.

Unhealthy Distortion.

There seems little doubt that this increase could have been much greater but for shortages of fuel and power and of essential materials such as steel, which have prevented a smooth flow of production, and, incidentally, have added greatly to the burden of overhead costs. These shortages have affected particularly the efficiency of the vital heavy and constructional industries, which have also been dogged by their inability to obtain adequate supplies of labour. These industries are working well below capacity. They show increases in production since 1939, which are much lower than the average
increase in manufacturing as a whole; whereas in the lighter consumer trades such as textiles, food, drink and tobacco, and household appliances production increases are well above the average. There has certainly been over-expansion in some trades and the broad picture of manufacturing development conceals an unhealthy distortion of production in favour of the less essential industries. This distortion is partly the result of an inflated income and cost structure.

Official sources of information suggest that manhour output in manufacturing in the United States and Canada has risen by roughly 20% in the last decade. Before the war manhour production in these countries was, of course, far above Australia. It is this fact which enables industries in the United States and Canada to pay a much higher level of wages and salaries than the United Kingdom and Australia without impairing their competitive position, and without incurring a disheartening spiral of rising prices. By contrast, the poor performance in many Australian industries is one of the main reasons why upward adjustments in money wages are nullified by constant advances in prices.

Manhour Output in Britain.

The 1948 Report of the Tariff Board suggests that manhour output in British factories is probably above that in Australia. This certainly applies to the metal working industries: "Statements of costs of production of the same commodities in the United Kingdom and Australian metal-working factories have frequently shown the average earnings of employees in the United Kingdom to be higher than in Australia; at the same time the labour costs per unit of production is often lower in the United Kingdom. The inference that Australian production per manhour is less than the United Kingdom is inescapable in these cases."

On the whole it seems likely that Australian manufacturing has lost ground since 1939 relative to overseas countries in overall productive efficiency. That, added to the rather alarming and still deteriorating cost position, strongly suggests a broad weakening of the competitive position of these industries. There is some evidence to support this view in the fact that during 1948/9 the quantity of exports of manufactured goods fell by about a third from the 1946/7 level.

Good reason therefore exists for the disquiet felt in these industries and in official quarters.

A Precarious Situation?

The immediate outlook may not be serious, but the continuation of present trends of stable or falling costs abroad and rising costs at home could by the end of this year bring about an extremely precarious situation. Costs in the United States appear to be falling and will possibly continue to do so for the remainder of this year. Canadian costs which are influenced by economic changes in the United States may, on present indications, at least not increase. In Britain the position is obscure. The full effect of the devaluation of sterling on British prices is not yet clear. Moreover, the wage freeze shows signs of thawing out. These factors would strongly suggest a resumption of inflation were it not for the imperative need for Britain to resist anything that would result in cost increases. So far as Australia is concerned, there seems little reason to expect that the rising tide of costs will be arrested in the near future. Quite apart from the self-perpetuating momentum imposed by the quarterly cost-of-living revisions, there is strong and persistent pressure for higher wages; also the labour shortage leads many employers to indulge in competitive wage bidding. Finally, there is little sign yet that the various key sections of the community are sufficiently awake to
the perils of inflation to get behind a worthwhile policy of price and cost stabilisation.

It is not unlikely that in comparative costs of production the position of Australian industry will have further deteriorated by the end of this year.

Moreover the gradual but inexorable transition to a competitive world buyers' market will in due course create new problems for all industries, but particularly for manufacturing. Some of the expansion generated by the feverish conditions of the war and post-war years will then almost unquestionably be found to be unsound. If there should be a recession of serious proportions, then this fact, added to unfavourable movements in competitive costs, would deal many of the manufacturing industries a very hard blow. But in any case manufacturing must eventually face a period of adjustment to a lower level of costs. This is unavoidable; the real question is whether the adjustment is to be achieved through a reduction of money incomes or by a higher standard of productive efficiency.

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**NOTE**

The opinions expressed in this article should not be taken to mean that the long-term prospect for manufacturing in Australia is a bleak one. On the contrary, the rapid growth of population due to immigration, the development of improved facilities for the supply of power and fuel, and the strong long-term demand arising from public constructional projects and the housing and building shortage, should provide the basis of an excellent future. There is little or no reason to expect a reversal of the upward secular trend in manufacturing development. The article is concerned mainly with the short-term influences, and here the prospect is not unclouded. But these cyclical factors should not be confused with those influences making for long-term growth and expansion.
TWENTY YEARS AFTER

The Australian Political Scene—By K. C. Wheare

After a distinguished academic career at Scotch College and the Melbourne University, Kenneth C. Wheare became Victorian Rhodes Scholar for 1929. A brilliant course at Oxford University followed. Very soon he gained a reputation as a vivid and stimulating lecturer on constitutional problems, and at the request of the Rockefeller Foundation he delivered a series of lectures at Harvard and other prominent universities in the United States. In 1948 he acted as constitutional advisor to the British Government at the Congress to discuss the future status of Newfoundland. Professor Wheare has written several books, the chief of which are: "The Statute of Westminster and Dominion Status," "Federal Government," and "A Life of Abraham Lincoln."

He is at present Gladstone Professor of Government and Public Administration at Oxford University, Fellow of All Souls and Nuffield Colleges, the representative of the University on the Oxford City Council, a member of the Rhodes Trust and the Advisory Committee of the National University of Australia.

Toward the end of last year Professor Wheare paid a brief visit to his home country, and at our invitation he has recorded here his impressions of Australia's changing political structure, with particular reference to the relationships between the Commonwealth and the States.

It is very difficult for an Australian returning to his home country after twenty years to discern accurately and with a sense of proportion what changes have occurred in the political structure of his country. It is also foolhardy of him to publish any views which he may have formed on this subject because it is certain that what he has to say is bound to be regarded by many people as impertinent, ill-informed, and out of touch with realities. In my own case I am particularly liable to fall into error and to incur well-deserved criticism because after twenty years' absence I spent only six weeks scampering about the country, and that clearly is a very slender foundation on which to build any impressions that can
claim to be more than superficial. However, I find it difficult to refuse the invitation of the Editor of the Review of the Institute of Public Affairs to write down a few of the impressions which I formed in this short flying visit.

When I left Australia in August, 1929, Mr. Bruce was Prime Minister and was about to give way to Mr. Scullin. When I returned in August, 1949, Mr. Chifley was Prime Minister and was about to give way to Mr. Menzies. In the twenty years that lay between what a lot had happened to Australia! When I left, the Financial Agreement had only recently been approved by the electors at a referendum and become part of the Constitution. It is fair to say that few of us realised what we had done in voting “Yes” to that change in the Constitution. It was left to Mr. John Lang in the early thirties to draw out some of the startling implications of that amendment, in his conflict with the Commonwealth Government. The economic depression of the thirties imposed great strain on all governments in Australia, and few could foresee when I left in 1929, what modifications in the practical relations of Federal and State Governments would be brought about by the pressures of that great and successful economic struggle. And last of all, still ten years in the future, was the War of 1939, by far the most influential single force which has ever operated upon the Australian Constitution or upon the Commonwealth and State Governments. All these events had occurred in the years since I left, and it was therefore with great interest that I returned in 1949, and tried by discussion with people to find out what significant changes had occurred in the intervening years.

Needless to say, the first question I asked people was: “Is Australia still a Federal Government?” Economic crisis and war are two forces which are opposed to the smooth and effective working of federal government. If they are to be regulated effectively they require unitary or unified action,
and inevitably therefore Australian federalism has been weakened or diluted by the experiences of the past twenty years. I found that many people were ready to say not only that federalism was ceasing to be of importance in Australia, but also that it was out of date and ought to go. I found also that it was difficult to discuss this question with people because they were usually inclined to make it a question of party politics. There is no doubt that it has a party aspect in Australia, as in all federal countries, but it can be discussed apart from party politics and it was on that level that I tried to discuss it. For, after all, do the parties, once they are in power, in the central government, differ very much in their desire to exercise their powers to the full? Experience in the United States and Canada suggests that they do not, and I think Australian experience is not much different.

I put this question to the people I met: "How may the functions of government best be distributed in Australia? If the States did not exist would it be necessary, or wise, to create them? If we are not to have the States, with their independent legislative and administrative spheres—in the law of the Constitution at any rate—what kind of regional or provincial authorities should there be? It was generally agreed by everybody I talked to that of course Australia could not be governed completely from Canberra. There must be decentralization of government, and in fact as everybody knows there is decentralization of government. The functions of the Commonwealth Government itself are not performed exclusively from Canberra, and they could not be. I found many officials of the Commonwealth Government who were thinking a great deal about the question of the best way in which to carry out administrative decentralization of Commonwealth functions. It seemed to me that they were well aware of the dangers of excessive centralization and that they realised that good administration involved decentralization.
But this is of course quite a distinct question from the one which seemed to me to be more important, namely whether certain functions of government should be handed over to regional authorities. I found many people ready to agree with me that federalism was in practice being considerably modified in Australia and that considerable unification was taking place. But when I asked them whether anything should be done to stop this, or what the consequences would be if it went on unchecked, they seemed to me to be uninterested or unconcerned about it. They wished to see certain things done and they found that the Commonwealth could and would do them, and they were not interested in the consequences for democratic government in Australia of a gradual withdrawal of authority from the States. Yet it seemed to me that one of the important problems in Australian government today is how to give some life to regional authorities, whether they be called states or provinces or something smaller than that, so that people may be able to be closer to those who govern them than they will be if all the important functions of government are to be controlled in the last resort from Canberra.

This lack of interest in the general question of how best to decentralize government in Australia was all the more disquieting because on all sides I found people ready to agree that local government did not count for much in any Australian State. I thought this was probably something of an exaggeration, and that there was perhaps a lack of appreciation by people, especially in the cities, of the valuable public service that is done by borough and shire councils in the country in all the States—voluntary service that is often overlooked and forgotten but is none the less faithfully and cheerfully performed. It is true, however, that the powers of local authorities in Australia are very limited, and that if we hope to preserve democracy by decentralization and if we are going to allow the States to wither away, a very great reform indeed
would be needed in local government before these units could be effective as institutions of decentralization.

Looking back on my discussions now, I do not think that I agree with those people who told me that federalism was finished in Australia. I think that is an exaggeration. It has certainly been modified but, in my opinion, these modifications are great improvements. In Australia federalism has been modified and supplemented by a process of intergovernmental co-operation, especially through such institutions as the Premiers' Conference and the Loan Council, and these modifications constitute a great advance in the working of federal government. In Canada and the United States they have not yet been able to achieve this degree of co-operation, and in my opinion Australia is in advance of these two countries in its adaptation of federalism to the needs of modern society. It seems to me that a development of these co-operative institutions and the preservation at the same time of the federal principle are the best lines on which Australian government could advance. This is modification and adaptation within federalism, not the elimination or abolition of federalism; it makes the best of federalism in more senses than one! It is preferable to unification because it preserves the advantages of independence in the States while at the same time it gives plenty of opportunity for unified and united action in those matters and at those times when unity is essential.

Another topic in which I was greatly interested in my visit was the development of the Civil Service, and here I am bound to record that it seemed to me that the higher Civil Service of the Commonwealth will stand comparison with that of any other country in the British Commonwealth or outside. I found that when I remarked upon the high quality of the Commonwealth's Civil Service, many people shrugged their shoulders and made derogatory remarks about "bureaucracy." Well it may be that there are too many civil servants
in Australia, but that is not the point which I was making. What impressed me was that there were very good administrators in Canberra, and I think that we Australians should be glad that that is so. Though I have no expert knowledge on the matter, my impression is that in the twenty years since 1929, there has been a very great improvement in the quality of the Commonwealth Civil Service. People should not object to that. It is sometimes said that government is a necessary evil, and I think that most Australians in 1929 agreed with that. In fact government is a necessary good, though it must be freely admitted that too much government is an evil, and an unnecessary evil at that. It looks as if we have come, reluctantly perhaps, in Australia to realise at last that government is necessary, and that in that case it had better be good. No one believes that the administration of business and commerce should be entrusted to inferior people. We think it right that private affairs should be in the hands of the best administrators. Surely the same is true of the country’s affairs.

This is not to say that there may not be a good deal in the criticisms of those who say that Australia is over-governed, and that there may be too many people organizing the affairs of their fellow-citizens. It is not easy to discover the truth on that subject even after a long enquiry. I express no opinion about it, but I do reiterate that proposition that a good Civil Service is a good business proposition, and that the Commonwealth has gone a long way in the last twenty years to achieving this. Can the same be said of the States?

So I return in conclusion to the problem which worried me a good deal during my visit, and that is how to ensure the right kind of decentralization in Australian government. If we allow centralization to go on unchecked, and if the quality of the Commonwealth Civil Service improves in the way in which it has in recent years with no corresponding progress in the States, Australian government will become a cen-
centralized bureaucracy—perhaps an enlightened and benevolent bureaucracy but a bureaucracy none the less. The participation of people in the government of their own affairs will cease to be of any significance, and healthy and vigorous political opinion and political activity will disappear. I confess this seems to me to be so remote a possibility as to be hardly real; I find it difficult to take it seriously; and yet I found so little interest in the question of decentralization and so little serious thought being given to the problems raised by the changing position of the States in the last twenty years, that I began to wonder whether in fact Australians had become reconciled to the idea of being governed by a bureaucracy. I have ventured therefore to put down these few random reflections, if only to illustrate the sort of impression that can be formed by one who moved about the country a good deal and discussed these matters with people fairly closely concerned with government and politics, in the hope that they may provoke some discussion and perhaps lead to contradiction. I hope very much that in this statement of my misgivings and forebodings I may be proved to be wrong.