A National Pride

"Every nation may be said at every time to be at the parting of the ways. To say so of Australia today may then border on the truism. And yet it would appear closely to fit a nation whose immediate decisions may lead to widely different futures. Is Australia to be one of the nations that shape the destinies of the world; or is she to remain one of those whose doctrines are shaped elsewhere?"

(Salvador de Madariaga)

These are the words of a distinguished visitor recently in Australia, a great and wise scholar, a world-renowned economist-philosopher, a one-time President of the Council of the League of Nations. Most thoughtful Australians would probably admit that they penetrate to the core of the Australian dilemma today. Over the next few decades will Australia emerge from the small-nation class to become one of the leading influential nations of the globe, a centre of English-speaking culture and power in the Pacific? Or will she remain a small and not over-significant member of the world family?
of nations? Is she to be a nation with a great and expansive destiny, or is she to be content with a future of small-time mediocrity, a nation which the rest of the world may continue to regard with a paternalistic tolerance, but which will count for little or less in the pattern of things now unfolding?

But perhaps even that choice is not vouchsafed to us! Perhaps the real alternative confronting this country is the grimmer one defined by a member of the Board of Editors of a leading American journal:* "Every Australian who knows anything at all knows that his country must become great or go under."

Certainly, at the present time, there is manifest among some Australians a feeling that their country must attempt to scale the mountain tops of greater achievement, to fulfil a higher destiny, regardless of the hazards and stresses and economic sacrifices certain to be encountered. The mood of national expansion is upon us. How else account for the determination to increase the Australian population at the rate of 3% a year (a rate faster than the United States achieved even at the peak of her great period of development)? Or for the resolution to have, by 1960, 10 to 11 million people on the Australian continent—and beyond that . . .? How else explain the surge of enthusiasm for ambitious costly projects of development—such as the giant Snowy River project—which can bear fruit only many years ahead—and this at a time when the immediate demands of defence press urgently and insistently upon us! All these are no more, surely, than the outward expression of a nation's instinct that its hour of destiny is close by.

And yet it cannot be said that this realisation is accompanied by any strong confidence that Australia will rise to the occasion. There is a feeling, widespread, that all is by no means well with Australia. On every hand, we meet with doubts and forebodings. There are deep-rooted destructive divisions eagerly fostered and viciously aggravated by those whose allegiance is not to Australia, but to another power. There is, among some, talk of a moral sickness that threatens the very foundations of the social and economic order and of our national security. There are the almost daily accusations that Australia is a nation "on the-darg," on a universal "go-

slow," with a constitutional aversion to hard work that would be difficult to parallel among any other of the English-speaking peoples, or indeed among the non-English-speaking peoples. Is it that we harbour grandiose ideas and intentions but lack the will and fibre to achieve their successful realisation? We are, perhaps, not unlike the batsman who has set his sights on the century mark, who knows, indeed, that he must score a century to retain an honoured place in the team, but who is without the firm resolution and the quiet confidence in his own technique necessary to the attainment of his ambition.

What, then, do we need to give us the drive, the over-mastering will-power, the inner self-assurance, which at present, as a nation, we seem to lack, and without which our high ambitions will remain an idle dream?

A BELIEF IN AUSTRALIA

Perhaps it is no more, and no less, than a belief in Australia herself. Perhaps many of our troubles would disappear, many of our problems be overcome, if we had a firm unshakeable sense of national pride, a faith in Australia's greatness, a confident belief in her destiny. Certainly if we had such a faith, we would have something outside of ourselves to consider and to work for. If our loyalty to Australia took pride of place over our narrower group loyalties (commendable though they may be), over our loyalties to our particular political party or creed, or our fellow employers or trade unionists, how much of the fierce destructive conflicts which are at present inhibiting our national progress would begin to disappear? If Australians could be caught up in the irresistible enthusiasms of a great national purpose and endeavour, based on an over-riding national pride, how many of the goals at present so far distant would rapidly come within our reach?

The great periods in the histories of nations have invariably been accompanied by an all-consuming sense of national pride and national destiny: Elizabethan England, 19th Century England, or to go back further in the pages of history, the great days of the Roman Empire. And how greatly now are the English people, passing through dark and desperate
times, sustained and strengthened by the Englishman's traditional love and faith in his native land! What abounding virility and impulse is lent to American life today by the superb pride of Americans in America, and by their spreading sense of American destiny!

Can we capture something of the American spirit in Australia?

OUR ASSETS

Truly we have much to be proud of. Few, if any, countries in the world equal Australia in the natural amenities of enjoyable living. Returning travellers are unanimous on this point. There would be far less grumbling and grouching in this country if Australians were only able to see for themselves the conditions under which the great part of the rest of the world have to live. Aware of their unique advantages, their incomparable national assets, would Australians not determine to make the utmost of a land which offers so much?

We have, for instance, a truly glorious climate, a climate in which it is possible to go out-of-doors in relative comfort all the year round. This is not possible in most countries, even in some parts of the United States and Canada. We have the priceless advantage of being a new country. We can start afresh. We can plan our cities, industries and civic services, in the light of modern science to provide the basis of healthful and efficient living, without the tremendous physical drawbacks and discomforts imposed on other countries by the legacy of past ages. We are largely free, too, of some of the stifling traditions and anachronistic social relationships which at present so heavily burden the older nations striving to adapt themselves to the world of the middle 20th century. We have the glorious gift of space: "the vision splendid of the sun-lit plains extended." We are fortunate to be able to look into big distances and dream big dreams. The very spaciousness of our land should encourage a corresponding spaciousness of the mind, an enthusiasm for broad-ranging projects, both spiritual and physical. Unlike the majority of countries, less happily-placed, we have immense natural resources still to be exploited, the frontiers of which are constantly being pushed back by scientific discovery.
And then we have rare human material to work with. Admittedly, the average Australian has his defects—but so, too, have the people of every country. He is perhaps too easy-going. His ideal of “mateship”—a fine one in itself—overspills into a passion for equality at all costs, which leads him to level down rather than *level up*. He delights in putting down the mighty from their seats, in bringing back the fastest runners to the pace of the field. All grades of society take a grim satisfaction in seeing their leaders fall. It has been said that in Australia every man thinks he is *twice* as good as another. We applaud and glamorise the great in cricketers or race-horses; we could learn, with advantage, to do likewise in our political and business life. We dislike the unusual in ideas or men and thus impose on ourselves a distressing uniformity of outlook, customs, clothes and manners.

The Australian is lacking, perhaps, to some extent in appreciation of intellectual pursuits. But he is a creature of his environment. He is unsophisticated and unpretentious. He dislikes the showy or artificial. He is simple and wholesome in his tastes. If he is hard and sceptical on the surface, he is generous at the core. His sympathies lie with the underdog. He has a sense of sportsmanship and fair-play equalled by few. If his pleasures are more of the body than of the intellect, this may be attributed to his ingrained love of the out-of-doors. He glories in the great open spaces of his continent and although he lives mainly in the cities he is never far from nature. There is no keener sporting nation in the world and the Australian is able to claim, in all modesty, that few, if any, nations so excel in competitive sports. In Australia, sport is an integral and essential part of the national life, not something incidental and unimportant. The whole nation participates, not just a select circle. This is something that cannot be changed, and perhaps it is better that it should not be changed; those who deplore it might remember that there are less healthy and less worthy ways of spending one’s leisure time. The Australian love of sport is a product of climate, environment, opportunity and native vigour, and to a less extent of racial tradition. The accusation that the Australian is incurably indolent and lazy falls to the ground when one considers the startling concentration and energy which he expends on his sporting recreations.
All these are virtues of great price, which we should place to our high credit in any character stock-taking. For the Australian has a serious habit of self-depreciation which can hardly be helpful to his self-esteem. Indeed he subjects himself to such a barrage of self-abuse (see the newspapers every Monday morning) that his confidence in his own capacities of achievement must be dangerously weakened. Since he responds so badly to the lash of criticism, might it not be worthwhile, now and again, to try him with the stimulus of a little encouragement?

LOYALTIES—RACIAL OR NATIONAL?

It has been said that, culturally, Australia is not much more than a British colony. This is partly true; but is becoming less so. For our intellectual interests and inspiration we have drawn, and still draw, heavily on the Mother Country. This is natural enough, but the drawbacks of so doing should be more frankly recognised. It impedes the Australian development toward a distinctive culture of her own; it gives rise to a certain intellectual laziness and prevents the full flowering of our own creative genius; it imposes on the national life standards and traditions which are in some ways unsuited to it, indeed which obstruct the Australian ascent towards mature nationhood. We are perhaps over-ready to copy others and not sufficiently alert to create and build for ourselves. Up to the present this may have been excusable because of our youth and our meagre numbers. But it is no longer so.

Regrettably, the loyalties of too many Australians are more racial than national. Their pride in being "British" over-tops their pride in being "Australian." This is something which even visitors from Britain find hard to understand. Of course, Australians are rightly proud of their British blood and connection and this pride has contributed vitally to some of the very best things in Australian life. We have a deep, unbreakable—and wholly desirable—sentimental attachment to the Old Country, but with many people this is carried to excessive lengths and is not consistent with a full sense of pride and faith in their own land.

The important thing is that Australia is predominantly of British stock and is likely for many years to remain so.
Therefore, we should be keen to develop our own particular and distinctive brand of "Britishism," a brand thoroughly suited to the environment, conditions and demands of its new home. Only so can the British peoples throughout the world hope to attain to their maximum strength and stature. But this objective is retarded rather than advanced while, for far too many Australians, sentiment for the Motherland spills over into a sentimentality that tends to blind them to the qualities, the beauties and the magnificent potentialities of their own great country.

With the influx of vast numbers of new people into Australia as a result of the post-war migration schemes, it is now supremely important for us to take conscious steps to promote the concept of Australian nationalism. How else can we expect the hundreds of thousands of new Australians to capture the spirit of all that is finest and best and distinctive in this country?

In this we have much to learn from the United States. What a contrast exists between the overflowing belief and faith of Americans in America and its destiny, and the lukewarm evidence of national pride among Australians in Australia! But the Americans have left nothing to chance. They start with the child and they are not content until they have made him or her "110% American." They know their American history. The "Stars and Stripes" flies proudly over every school and many factories. The factory worker thus has it visibly brought home to him every day that he is working not for himself alone, still less for his boss, but for the American nation. The extraordinarily impressive and beautiful monuments at the national capital, Washington, are visited by "pilgrims" from all over America. Great newspapers organise "I am an American Day," when tens of thousands come together in scenes of indescribable enthusiasm. The American becomes greatly proud of his country's achievements and "the American way of life" and, being proud, he is vigilant not to damage or besmirch it. He has instilled into him a sense of national destiny, and from that sense springs the abounding vigour and confidence and aspiration so evident in the United States today.
"THE GRANDEST LADY OF THEM ALL"

It is not, for one moment, suggested that Australia should slavishly copy the American techniques. We can develop our own ways of promoting our national sense. But if Australia is to rise to the great challenge now presented, it is imperative that measures be taken to foster the spirit of national love and pride. When all Australians have this pride, this mystical love of country, this sense of an Australian destiny, we will be much less inclined to push our own particular barrows at the expense of the real interests of the Australian nation, or to indulge in activities detrimental to the welfare of the whole. We might begin to concentrate our considerable national traits of aggression and vigour and improvisation on wholly constructive purposes. With the awakening and stirring of a strong national pride, it is even possible that we might forget our fierce group loyalties and divisions—at present so ruinous—in a wider and greater national conception. We might begin to say with a greatly respected Prime Minister of the Commonwealth, John Curtin: “I proudly proclaim my Australian nationalism; I am a nationalist before I am an internationalist.” Or with the poet:

"Now he has gone, and his sudden laughter
Lost in the hush that has followed after...
For he sleeps at Crete, beneath the sea
With his fingers curled as a child’s might be.
But I hear his voice, and I understand
How deep was his love for his golden land.
‘The convict’s daughter’, hear him call,
‘Is the grandest lady of them all!’"

It is not what we have been; nor even what we are; but what we can and, with God’s help, will become.
THE WIDE SPREAD OF PROPERTY OWNERSHIP IN AUSTRALIA

Official statistics do not support the stories spread by Communists and others that the bulk of wealth is in the hands of a few individuals. On the contrary, published figures show that the great bulk of Australian property is vested in hundreds of thousands of small and moderate income-earners, home-owners, farmers, independent business men and investors in all walks of life.

The main conclusions to be drawn from a survey made by the Institute are summarised below:

- 90% of all property is vested in income-earners receiving a total income from all sources of less than £5,000 per year.
- Out of 2,831,000 taxpayers in 1948-49, only 8,300 persons had incomes (before tax) exceeding £5,000 per annum.
- 83.6% of private incomes in 1948-49 was derived from wages and salaries, personal efforts of working proprietors and social service payments.
- Only 16.4% of total income was attributable to property ownership—1.6% to income-earners above £5,000 per annum and the remaining 14.8% to people earning below £5,000 per annum.
- Over 40% of the private wealth in Australia is in the form of farms, shops and small factories and businesses owned by over 600,000 persons working on their own account.
- There are over half a million shareholders in Australian industry and the shares they own represent about 20% of all private wealth. A great many more people are indirect beneficiaries from shares held by institutions such as life assurance companies.
- Nearly 40% of all private property represents homes, rented property and income-earning assets, such as government or semi-government securities, and bank deposits.
- Over 1,000,000 Australians own or are in the process of owning their own homes. Of the further million tenanted homes the great majority are owned by government housing authorities or people with modest incomes. A recent survey showed that 67% of tenanted houses in Victoria were owned by persons with only one house, and 22% by persons possessing only two houses.
- National Income Statistics suggest that, of every £ spent by the consumer, shareholders' dividends take about 6d. On the other hand, wages, salaries and remuneration of working proprietors take about 15/-.
- An analysis of company share registers reveals that the great majority of shareholders are small investors with holdings of 100 to 500 shares.
- Since 1938 there has been a great expansion in company investment. Owing to the inroads of high taxation, the savings of top income-earners could not possibly provide all the funds required. It is on the ever-widening circle of small investors that companies have relied to finance this great expansion.
The facts about the distribution of the ownership of property among the community are very imperfectly understood. Many people still believe that property ownership is largely concentrated in the hands of a few rich capitalists, and these beliefs are fostered by propagandists, contemptuous of the truth, whose chief concern is to foment discontent and class hatred.

Here is a field in which the case for free enterprise is seriously weakened, not because of any inherent defects in the system, but simply because of the failure to make the facts widely known. Up to the present there has been an almost complete lack of reliable information about the spread of property ownership in free enterprise countries. It is only now that responsible authorities are awakening to the danger of public ignorance on these vital issues.* Whilst the facts are not available to refute him, the Communist agitator is safe in making the wildest assertions in his efforts to stir up class bitterness and to detract from the national effort. The rare instances of great individual fortunes are constantly cited as evidence of exploitation of the rank-and-file worker, when a proper analysis would disclose that such fortunes are but a drop in the bucket of total national wealth.

* * * *

It is possible to obtain a broad picture of the true position in Australia by examining the National Income Estimates and income tax statistics presented to the Federal Parliament with the Budget Papers. The National Income Estimates show the following details of incomes received by property owners in 1948/49.

<table>
<thead>
<tr>
<th>TABLE I.</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends on Company Shares</td>
<td>£57,000,000</td>
</tr>
<tr>
<td>Rent and Interest</td>
<td>£114,000,000</td>
</tr>
<tr>
<td>Incomes of farmers, shopkeepers, professional men, derived from their own businesses</td>
<td>£550,000,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>£721,000,000</strong></td>
</tr>
</tbody>
</table>

Dividends from company shares, and rent and interest, are clear instances of income received from the ownership of property, that is, from investments in company shares, government securities, real estate, savings bank deposits and so on. The incomes of farmers, shopkeepers, members of the professions, etc., derived from their own businesses, are in a different category. A large part of the incomes of these people represents a reward for the planning and work they themselves devote to their businesses. But, some part represents a return on the capital they have invested in their business from their personal savings. Mr. H. P. Brown, former Director of Research of the Commonwealth Bureau of Census and Statistics, has suggested that of the incomes received by these people about three quarters can be regarded as a payment for labour and skill, the other quarter representing a return on invested capital.

On the basis of this estimate, property income in 1948/49 may be said, therefore, to be made up as follows:

<table>
<thead>
<tr>
<th>TABLE II.</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Income of Farmers, etc. (¼ of total return)</td>
<td>£137,000,000</td>
</tr>
<tr>
<td>Dividends</td>
<td>£57,000,000</td>
</tr>
<tr>
<td>Rent and Interest</td>
<td>£114,000,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>£308,000,000</strong></td>
</tr>
</tbody>
</table>

This figure represents about 16% of the total of all personal incomes. All other income consisted of wages and salaries, incomes going to the proprietors of businesses representing a return for their personal efforts in their business, and social service payments.

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* For example, the New York Stock Exchange is circularising 5,000 listed companies requesting them to provide detailed data on shareholdings. The main purpose of the census is to demonstrate that millions of Americans own the country and not a tiny segment in Wall Street.
The manner in which this income, derived from property, is distributed among the various members of the community is of great social significance. Are the benefits of property ownership concentrated in a few hands or are they shared by many people?

Fortunately sufficient data is available from the income tax statistics accompanying the Federal Budget to make the following analysis of the receipts from property shown in Table II.

**TABLE III.**

**DISTRIBUTION OF PROPERTY INCOME IN AUSTRALIA 1948/49.**

<table>
<thead>
<tr>
<th>Income Group</th>
<th>1. Income from farms and businesses other than private or public companies</th>
<th>2. Dividend income from shares in companies</th>
<th>3. Rent and interest, etc.</th>
<th>4. Total Property Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>£ per annum</td>
<td>% of total property income</td>
<td>% of total property income</td>
<td>% of total property income</td>
<td>% of total property income</td>
</tr>
<tr>
<td>Untaxed Income</td>
<td>11.9</td>
<td>10.0</td>
<td>19.6</td>
<td>41.5</td>
</tr>
<tr>
<td>105-250</td>
<td>0.8</td>
<td>0.3</td>
<td>2.3</td>
<td>3.4</td>
</tr>
<tr>
<td>251-500</td>
<td>4.3</td>
<td>0.8</td>
<td>4.1</td>
<td>9.2</td>
</tr>
<tr>
<td>501-1,000</td>
<td>7.3</td>
<td>1.4</td>
<td>4.6</td>
<td>13.3</td>
</tr>
<tr>
<td>1,001-2,000</td>
<td>7.4</td>
<td>1.7</td>
<td>3.1</td>
<td>12.2</td>
</tr>
<tr>
<td>2,001-5,000</td>
<td>8.6</td>
<td>2.2</td>
<td>2.2</td>
<td>13.0</td>
</tr>
<tr>
<td>5,001-10,000</td>
<td>2.8</td>
<td>1.0</td>
<td>0.7</td>
<td>4.5</td>
</tr>
<tr>
<td>10,001-15,000</td>
<td>0.7</td>
<td>0.4</td>
<td>0.2</td>
<td>1.3</td>
</tr>
<tr>
<td>Over 15,000</td>
<td>0.7</td>
<td>0.7</td>
<td>0.2</td>
<td>1.6</td>
</tr>
</tbody>
</table>


**NOTES:**

(a) The figures of property income in the National Income Estimates are obtained from various sources, of which income tax returns are but one. They include the following classes of income not assessed for taxation purposes:

i. An amount for rent imputed by the Commonwealth Statistician to owners occupying their own dwellings—about 13% of total property income. Interest payments by people in the process of becoming home owners may however be taxed in the hands of recipients and may be reflected in column 3, if paid to companies, or column 4, if paid to persons.

ii. Quite significant amounts of dividends, savings bank, bond and other interest and income from unincorporated businesses and farms received by persons below taxation exemption limits or by charitable, religious and other non-profit making bodies and funds.

iii. Dividends specifically exempted by the Income Tax Assessment Act from taxation because they are derived from gold mining operations or from private companies which have prepaid taxes on dividends on behalf of their shareholders.

iv. Small amounts of savings bank and bond interest omitted by wage and salary and other income earners from taxation returns.

v. Any other property income omitted from taxation returns or understated income or income not yet assessed.
(b) The figures in column 2, being one quarter of the total personal exertion income of each group shown, represent a return on the capital invested by all proprietors of businesses and farms, other than companies. Income on additional capital employed, i.e. rented property or borrowed money is reflected in columns 3 and 4.

(c) The figures in this table represent all incomes received by people in their private capacity and in virtue of their ownership of property.

As the income figures dissected in Table III above are directly related to the value of the company shares, bonds, real estate and other property held, they must give, at the very least, a broad indication of the various ways in which property in Australia is owned by different income classes. It is also fairly clear from a study of the notes to the table that a very large part of property income not assessed for taxation accrues to persons in the lower income brackets or to charitable and other institutions exempt from taxation.

For the purpose of showing the relative proportion of property owned by the "wealthy," a dividing line may be drawn between incomes of over £5,000 a year and less than £5,000. Out of 2,831,418 taxpayers in 1948/9 only 8,282 persons had incomes exceeding £5,000. Untaxed income received by this group, other than tax exempt dividends, would therefore be almost infinitesimal. Even with the liberal addition of a further 2% of total property income to cover tax exempt dividends which may have been paid to income earners above £5,000 per annum, Table III would still show a great preponderance of property in the ownership of income earners below £5,000. Table III has been redrafted to show the following approximate comparisons.

**TABLE IV.**

**PROPORTION OF PROPERTY INCOME IN AUSTRALIA RECEIVED BY PERSONS IN RECEIPT OF INCOMES ABOVE AND BELOW £5,000 PER ANNUM.**

<table>
<thead>
<tr>
<th>Income Group</th>
<th>Income from farms and businesses other than companies.</th>
<th>Dividend Income.</th>
<th>Rent and interest, etc.</th>
<th>Total Property Income.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below £5,000 p.a. or</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>exempt charitable</td>
<td>40</td>
<td>14½</td>
<td>35½</td>
<td>90</td>
</tr>
<tr>
<td>bodies, etc.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Above £5,000 p.a.</td>
<td>44½</td>
<td>18½</td>
<td>37</td>
<td>100</td>
</tr>
</tbody>
</table>

The main conclusions to be drawn from Tables III and IV are:

1. Over 40% of the national wealth of Australia, owned by people in a private capacity, is comprised of the equity of proprietors in farms, shops, factories and other premises and equipment used in carrying on their own businesses. The 1947 Census showed that there were 640,000 persons engaged in their own businesses.

2. About 20% of all private wealth represents the value of shares in public and private companies. Possibly half-a-million people are directly interested in dividends from company shares, but a great many more are indirect beneficiaries from shares held by in-
stitutions such as life assurance companies.

3. Nearly 40% of all private property represents homes, rented property and all other income-earning assets other than in columns 2 and 3. A large part of the income from this property is exempt from taxation because it includes imputed income on owner-occupied dwellings, and interest and rent received by non-profit organisations and very low income earners. Over one million Australians own or are in the process of owning their own homes. The 1947 Census revealed that 838,000 people owned their own homes and another 148,000 were purchasing homes by instalments. Of the further million homes occupied by tenants the great majority are owned by government housing authorities or people with modest incomes. A recent survey conducted by the Real Estate and Stock Institute in Victoria disclosed that 67% of tenanted houses were owned by persons with only one house and 22% by persons possessing only two houses.

4. Only 10% of total property wealth is owned by persons in receipt of incomes above £5,000 per year. 45% of this wealth is represented by farms, shops and businesses; 42½% by shares in companies, and the remaining 12½% by all other property.

Statistics of the distribution of income arising from the ownership of property thus do not bear out the stories about the preponderance of wealth in the hands of a few individuals. The great bulk of Australian property is vested in hundreds of thousands of small and moderate income-earners—home-owners, farmers and independent businessmen and investors in all walks of life.

SHARE OWNERSHIP.

Share ownership has a particular fascination for many propagandists; for here they imagine are great fruits derived from exploiting the worker and the public. No one wishes to pretend that there are no instances of excessive dividend payments. But over the great range of industry, company dividends are a legitimate and, in some cases, an inadequate return for the risks and sacrifices incurred by investors. The National Income statistics suggest that of every £ spent by the consumer, shareholders' dividends take about 6d. and wages and salaries and other payments for labour about 15/-.

The figures in Table III indicate that there is a wide spread of shares throughout the various income levels of the community. Indeed the aggregate holdings of income-earners, in the £105-£500 per annum group, exceed the total holdings of the very wealthy with incomes over £15,000 per annum. The device of the joint stock company was instituted precisely because of the inadequate capital of the founders of businesses and their need to tap the savings of the mass of the people.

Analysis of company share registers also reveals a great preponderance of shareholders with holdings of 100 to 500 shares.* The following table shows the average size of holdings in miscellaneous industrial companies listed on the Melbourne Stock Exchange:

* From details published in certain company Annual Reports and a study of 30 representative public companies by R. K. Yorston (Page 18 "Some Accounting Implications arising from the Corporation viewed as a Social Unit," The Sixth Commonwealth Institute of Accountants Research Lecture delivered at Sydney University, 6th September, 1951).
The information in Table V, whilst indicative of a large number of individual names recorded in share registers, does not of course reveal an exact picture of share ownership. Some duplication is inevitable as many people hold shares in more than one company. The figures are further complicated by the fact that shareholdings may be registered in the name of brokers and other nominees, such as banks and trustees, or represent joint interests as in the case of married couples. Large blocks of shares may also be held by public companies (notably overseas and local parent companies establishing or acquiring an interest in Australian concerns), trust estates, superannuation and employee share-purchase funds, life assurance and investment companies in which many thousands of persons are beneficially interested. The average shareholdings in Table V are probably, in most cases, materially overstated, because of the presence of these corporate interests.

The average shareholdings of the group of companies having paid-up capital of £3,000,000 and over are particularly subject to exaggeration because of shares held by overseas and local companies and by institutional investors which regard "market leaders" as safe investments. For example, the average shareholding of British-Tobacco (Australia) Limited with paid-up capital exceeding £12,000,000, is reduced from £900 to £400 if corporate interests are excluded.

THE WIDENING CIRCLE OF SMALL INVESTORS.

An observation made in 1945 by the Committee on Company Law Amendment in England is equally applicable to Australia. "In the last hundred years there has been a great redistribution of wealth, so that many small investors have holdings in companies. The tendency is growing at the present time, and the number of shareholders is likely to increase fur-
ther, with a corresponding diminution in the size of the average shareholding.” Participation in the new share issues of public companies and the breaking up of the estates of original investors is similarly leading to a wider diversification of property ownership here.

There could be no better mirror of the great industrial development made possible by joint stock company investment than the comparative statistics of the listings of investment shares (excluding mining) on the Melbourne Stock Exchange since 1889. Here are the figures:

<table>
<thead>
<tr>
<th>Year</th>
<th>Listed Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>1889</td>
<td>31</td>
</tr>
<tr>
<td>1919</td>
<td>70</td>
</tr>
<tr>
<td>1930</td>
<td>194</td>
</tr>
<tr>
<td>1938</td>
<td>209</td>
</tr>
<tr>
<td>1948</td>
<td>280</td>
</tr>
<tr>
<td>1952</td>
<td>430</td>
</tr>
</tbody>
</table>

NOTE: The figures in later years reflect to some extent the falling value of the £. The table includes all companies—banking, financial, pastoral, etc., besides miscellaneous industrials.


In the pioneering stages, the volume of savings in Australia was meagre and it took 30 years to double listed capital. But in the great 10 years of development following World War I, share capital nearly trebled, to slacken abruptly with the onset of the depressed thirties. Company investment since 1938 has been unparalleled. At a time when taxation was making very heavy inroads into high incomes, listed share capital doubled. The savings of top income-earners could not possibly provide all the funds required. It is on the ever-widening circle of small investors that companies have relied, and must look to in the future, to finance the great developments ahead.

(See Charts and Notes on pages 16 and 17)
CHART No. 1.
Showing how total income is divided between persons earning above and below £5,000 per annum.

CHART No. 2.
Showing how income derived from ownership of property (after tax) is distributed amongst taxpayers, in various income grades.
NOTES ON CHARTS

The charts on page 16, based on information published in the National Income Estimates 1950/51 and the Commonwealth Budget Papers, 1951/52, demonstrate clearly that persons in receipt of income from all sources above £5,000 per annum, draw a minor proportion of the total income of the community as a return on property owned by them. Chart No. 1 reveals that 83.6% of the incomes of private individuals in 1948/49 was derived from wages and salaries, from the personal efforts of working proprietors running their own farms and businesses, and from social service benefits such as child endowment, maternity allowances and similar payments to breadwinners, together with age, widows' and invalid pensions paid to those not working.

Only 16.4% of all incomes is attributable to property ownership, i.e., rent from real estate (including imputed rent of persons occupying their own homes); interest on bank deposits, government loans, mortgages and other loans; dividends on shares in private and public companies, and a return on capital invested by working proprietors in their own enterprises. Of this amount only 1.6% went to people with incomes above £5,000. The remaining 14.8% went to the great mass of wage and salary earners and self-employed and retired persons receiving less than £5,000 per annum.

The proportion of property income received by the high income groups is even less when account is taken of the effects of progressive taxation. Chart No. 2 shows that property income (after allowing for taxation) is very well distributed over the lower income ranges. Unfortunately, data is only available covering taxable income (owner-occupied house rent and exempt or understated property income are omitted) and the bar lines on the graph, therefore, tend to under-emphasise the relative significance of property held by the vast majority (over 90% of taxpayers) who earned less than £1,000 per annum.
There is widespread dismay among all sections of the community at the magnitude of the recent quarterly cost-of-living wage adjustments, unaccompanied by increased productivity. These wage increases have seriously weakened the competitive position of Australian industry.

THE MAD SPIRAL...

The quarterly cost-of-living adjustment has become the chief point of weakness and instability in the Australian economy. Twelve months ago it was the fantastic level of wool prices that constituted the main grounds for concern. But since then, wool at an average price of 78 pence per lb. has settled down—temporarily at any rate—to a saner level. There are signs, too, that the pressure of internal demand on costs and prices, caused by over-ambitious programmes of public and private capital expansion, has been somewhat reduced by the Commonwealth Government's policy of tighter money and credit, higher interest rates, heavy taxation and curtailed expenditure from public loans. Were it not, then, for the leapfrogging of costs and prices caused by the quarterly wage revisions, confidence could be felt that 1952 would see the end of the great post-war inflation, which has brought sleepless nights both to governments seeking the goal of economic stability, and to housewives confronted with the unenviable task of balancing the domestic budget.

The latest cost-of-living increase of 10/- follows upon the increases of 13/- and 11/- for the third and fourth quarters of 1951. Clearly this is economic madness. Certainly nothing like adjustments of this magnitude were contemplated by the originators of the system of wage revisions in their well-meant efforts to maintain the purchasing power of the basic wage at a reasonable level. In the past the system has worked without inflicting serious harm on the economy. But over the last year or two it has operated in such a way as to bring severe hardship to many sections of the community and to dangerously weaken the foundations of long-term economic stability.

There is widespread dismay at the magnitude of these adjustments, not least among the wage-earners themselves and their representatives. But up to the present the system of automatic cost-of-living revisions seems to have been regarded as one of the unchangeable laws of the Universe—sacrosanct, immutable, untouchable.

The responsibility for stopping this madness clearly lies in the first place with the representatives of employers and trade unionists.

THE STATISTICS.

The statistics of the situation are worth a moment's consideration. The table on page 19 lists the adjustments made since the beginning of 1946.

For the first two years, 1946 and 1947, the increases could be regarded as of normal proportions. The rises in 1948, however, amounting to 10/- for the whole year, gave birth to some disquiet. This alarm heightened as the experience of 1948 was persistently maintained through 1949 and 1950. In 1951, the increases totalled 38/- and the system was completely out-of-hand.

The total increase in wages, caused by the adjustments, amounts to £4/7/- over the last six years. If we accept the usual basis of computation (i.e. an addition of £5 million per annum to the national
COST OF LIVING ADJUSTMENTS.

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount of Adjustment</th>
<th>Total for the Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1946</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1st quarter</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2nd quarter</td>
<td>1/-</td>
<td></td>
</tr>
<tr>
<td>3rd quarter</td>
<td>1/-</td>
<td></td>
</tr>
<tr>
<td>4th quarter</td>
<td></td>
<td>2/-</td>
</tr>
<tr>
<td>1947</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1st quarter</td>
<td>1/-</td>
<td></td>
</tr>
<tr>
<td>2nd quarter</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3rd quarter</td>
<td>1/-</td>
<td></td>
</tr>
<tr>
<td>4th quarter</td>
<td>2/-</td>
<td>4/-</td>
</tr>
<tr>
<td>1948</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1st quarter</td>
<td>2/-</td>
<td></td>
</tr>
<tr>
<td>2nd quarter</td>
<td>3/-</td>
<td></td>
</tr>
<tr>
<td>3rd quarter</td>
<td>2/-</td>
<td></td>
</tr>
<tr>
<td>4th quarter</td>
<td>3/-</td>
<td>10/-</td>
</tr>
<tr>
<td>1949</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1st quarter</td>
<td>3/-</td>
<td></td>
</tr>
<tr>
<td>2nd quarter</td>
<td>2/-</td>
<td></td>
</tr>
<tr>
<td>3rd quarter</td>
<td>3/-</td>
<td></td>
</tr>
<tr>
<td>4th quarter</td>
<td>2/-</td>
<td>10/-</td>
</tr>
<tr>
<td>1950</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1st quarter</td>
<td>4/-</td>
<td></td>
</tr>
<tr>
<td>2nd quarter</td>
<td>2/-</td>
<td></td>
</tr>
<tr>
<td>3rd quarter</td>
<td>3/-</td>
<td></td>
</tr>
<tr>
<td>4th quarter</td>
<td>4/-</td>
<td>13/-</td>
</tr>
<tr>
<td>1951</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1st quarter</td>
<td>7/-</td>
<td></td>
</tr>
<tr>
<td>2nd quarter</td>
<td>7/-</td>
<td></td>
</tr>
<tr>
<td>3rd quarter</td>
<td>13/-</td>
<td></td>
</tr>
<tr>
<td>4th quarter</td>
<td>11/-</td>
<td>38/-</td>
</tr>
<tr>
<td>1952</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1st quarter</td>
<td>10/-</td>
<td></td>
</tr>
</tbody>
</table>

At the end of the war the Australian basic wage was £4/13/- (c.f. 1939 £3/19/-). Today it is £10/10/-. Of this increase £27/- is accounted for by the interim 7/- granted by the Commonwealth Arbitration Court in December 1946 and by the basic wage increase of £1 awarded in December 1950. The cost-of-living revisions comprise the balance of £4/10/-.

(wages bill for every 1/- increase in wages) the total increase in Australia’s wages bill since 1946, caused by the quarterly revisions, would be of the order of £500 millions. During 1951, out of an overall increase in the wage and salary bill of £304 millions the cost-of-living adjustments accounted for roughly £200 millions.
The rise in wage costs in Australia since the end of the war is out of all proportion to that which has occurred in any other of the English-speaking countries. The following are the percentage increases in hourly earnings since 1946 up to the latest period for which comparative figures are available.

<table>
<thead>
<tr>
<th>Country</th>
<th>1948/9</th>
<th>1946/7</th>
<th>1938/9</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>45%</td>
<td>33%</td>
<td>2/-</td>
</tr>
<tr>
<td>United States</td>
<td>45%</td>
<td>59%</td>
<td>2/-</td>
</tr>
<tr>
<td>Canada</td>
<td>7d.</td>
<td>—1d.</td>
<td>2d.</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>3/8*</td>
<td>3/2*</td>
<td>1/10*</td>
</tr>
</tbody>
</table>

* October. † 3rd Quarter. ‡ April.

NOTE: All figures are expressed in Australian currency.


Unfortunately no later figures are available. However, quarterly adjustments to the basic wage alone since March 1951 have added 1/- an hour to Australian earnings whilst, under wage-pegging, hourly earnings have probably increased only slightly in the United Kingdom. Compared, then, with almost equal wage costs in the immediate pre-war and post-war periods, Australia has now a wage cost disadvantage of between 2/- to 3/- an hour.

The figures suggest that Australia has already drifted into a most alarming cost situation. The competitive position of Australian industry—from the aspect of wage costs—has become one of considerable concern. Up to the present, few industries have felt the consequences of this position because of the impact of rearmament on the world supply position and restrictions on imports from hard currency countries. But the situation will become increasingly acute as time goes on, particularly in the field of consumer goods.

In all this process the system of cost-of-living revisions has been the main villain of the piece. Can anything be done to destroy, or at the least curb, it?

TRADE UNIONS AND EMPLOYERS.

The answer rests primarily with trade unions and employers. If the A.C.T.U. and the chief employer organisations could devise and agree upon some practical expedient for terminating the fantastic game of financial leapfrog, at present proceeding with such destructive gusto, there is little doubt that the Arbitration Court and the Commonwealth Government would ensure that it was given the necessary formal sanction. Such a major achievement in the field of industrial relationships—for it would be that—would be greeted with warm approval and acclaim by every section of the Australian public.

The attitude of the A.C.T.U. has been defined on numerous occasions. Briefly, it amounts to a refusal to consider any alteration to the system unless prices are "stabilised." This is hardly helpful. If prices were "stabilised" the cost-of-living adjustments would, of course, automatically disappear. But even assuming, for the moment, that the freezing of prices would be desirable, how would it be enforced? At present the Commonwealth Government apparently lacks the consti-
tutional power to control prices. The nerves of the public are hardly in a fit state as yet to stand up to the fantastic comedy of another referendum. And any attempt to obtain powers for the Commonwealth through legislation by the States would be long-drawn-out, and even then there would be little probability of unanimity.

**PRICE FREEZING.**

But, quite apart from these almost insuperable practical obstacles, the "freezing" of prices would be a most undesirable expedient. The prices on which attention would logically be concentrated would be the prices of the everyday essentials comprising the cost-of-living index. "Freezing" the prices of these commodities, while letting other prices go free, would provide an admirable incentive for producers to transfer productive resources to the less essential industries. Thus, at the very time when it is necessary to encourage the production of essentials—the prime object of the Government's financial policy and one approved by all—a first-class spanner would be thrown into the works.

The only means of avoiding this unhappy consequence would be to control not merely the price of essentials, but of every conceivable article of production. And even then, subsidies, possibly on a grand scale, would be necessary to offset increases in the prices of productive resources such as imported raw materials, outside of Australian control. This would mean a return not merely to price fixation on the scale practised during the war, but a return to a fully controlled economy. Since the allocation of resources between industries, and of finished goods between consumers, would no longer be determined automatically by the free movement of prices, the Commonwealth Government would be forced to undertake the control of supply and distribution. A bureaucratic machine of wartime proportions would be necessary. Clearly there is no practicable solution along the lines of overall price fixation; whereas partial price fixation would be largely ineffective and, in any case, have the most undesirable consequences. The argument against "freezing" the prices of essentials can be summarised thus:

"Freezing" the prices of essentials would discourage the production of these commodities and encourage production of the less essentials. It could not, in any case, for any length of time, be maintained without "freezing" the prices of everything including all factors of production. Universal price control would compel the institution of controls over supplies and distribution and increase an already dangerously large and costly bureaucratic machine.

**THE ONLY PRACTICABLE MEANS.**

When all is said and done there is only one practicable means of halting or slowing-up the spiral of wages and prices. That is for the unions, on receipt of a reasonable "quid pro quo" in some form, to agree to forego the cost-of-living adjustment, or at least a substantial part of it, for one quarter. What form could it take? Since it would be the family man who would be most adversely affected, the Commonwealth Government might give firm evidence of an intention to pass legislation to provide a special family allowance or, better still, to provide greater taxation discrimination in favour of the family breadwinner. Generally, the single person is receiving today an income out of all proportion to that being received by the older, more skilled and experienced family man carrying greater responsibilities. This course would be infinitely less costly and far more equitable than paying out subsidies on essential goods in order to freeze their prices. Subsidies would benefit every section of the community—the millionaire with no de-
pendants along with the family wage-earner with five children—regardless of need or financial position. Whereas discrimination in favour of the family man would concentrate the assistance where it is needed most.

In addition to this, large employers of labour in private and public companies might be asked to provide an undertaking through their representatives that they will make every effort to hold down selling prices and profit earnings to reasonable levels.

The provisions in the new budget imposing heavier taxation on public companies and abolishing the initial depreciation allowance of 40%, combined with financial restrictions, are already affecting prospective profit levels as shown by the general falling away of share prices in stock exchange quotations. The factor which should be of most concern to the unions, however, is not the magnitude of company profits, but the long-term ability of companies to maintain their pay rolls at a level of wages which is rapidly becoming out of line with world levels. Stability of employment for their members is the main issue before the unions and should be their guiding consideration in reaching a decision on whether the cost-of-living adjustments should continue through 1952.
The November-December "Review" contained an article by a leading Englishman, Air Chief Marshal Sir Guy Garrod, urging the need of a large-scale scheme of mass migration of people and industries from Great Britain to the Dominions. The objects of the scheme are to relieve the pressure of population on Britain's own limited resources—which is at the root of her economic difficulties; to develop fully the great resources latent in the Dominions; and thus to restore the British Commonwealth of Nations to its old position of power and influence in the world. In order to set the scheme in motion, Sir Guy proposed a Conference of the Prime Ministers of the Commonwealth and then the establishment of a special Migration and Development Organisation.

In recent months the economic vulnerability of Britain has given rise to a great deal of public discussion in the daily press and elsewhere on the problem of mass migration. In Britain, the movement for mass migration is led by the Migration Council, an organisation sponsored by many prominent British people. The Chairman of the Council is Sir Frank Whittle, the inventor of the jet aircraft engine during the war.

For this number of "Review," we have invited three leading Australians to comment upon Sir Guy Garrod's proposals—Sir Herbert Gepp, who was head of the Development and Migration Commission set up by the Australian Government after the first World War; Mr. E. F. Atkins, President of the Associated Chambers of Manufactures of Australia; and Mr. S. J. Gandon, General Manager of the Bank of New South Wales.
Sir Herbert Gepp.

"The prospect of Britain paying for its necessary imported food is very grim—indeed it looks impossible on the basis of 55 million people."

Mr. E. F. Atkins.

"One aspect of any organised mass migration scheme must not be overlooked, and that is the transfer of complete industrial units, complete with personnel, plant and machinery."

Mr. S. J. Gandon.

"To recognise the problems is not to be daunted by them. Their solution will require resolution and tenacity, but if the character of the race is what it was, the challenge will be met."

Sir Herbert Gepp

YOU have asked me to comment briefly on the article on "A Richer and Stronger British Commonwealth" which appeared in your November/December, 1951 issue—written by Air Chief Marshal Sir Guy Garrod.

In a brief comment, space does not permit a review in detail. Suffice it to say that whilst I agree with the purpose and intention of the article I cannot accept a number of the data given in support.

Sir Guy Garrod makes three major points:—

1. The serious economic position of Great Britain caused mainly (but not wholly) by its tremendous efforts in the Kaiser and Hitler Wars.

2. The need for greater productivity in industry—primary, secondary and tertiary.
3. The urgency of a better distribution of population and industrial power within the British Commonwealth of Nations.

There are certain facts to be considered:
(a) Nations usually breed up to their food supply;
(b) When the population is so great as to exceed the food supply (for one or more reasons), various things can happen. For example—the birth rate decreases, or the death rate increases, or emigration increases greatly, or the nation starts an aggressive war and, if successful, expands its frontiers at the expense of the nation or nations attacked, or the nation increases its productive effort in food production and in exports. Mostly several of the possible things happen more or less simultaneously.

The very rapid increase in the population of Great Britain occurred in the 19th century, when that country took the lead in manufacturing based upon its coal, iron and steel and its textile industries, and consequently became the world centre in international finance, in insurance and in shipping. The Pax Britannica was due to the dominance of the British Navy.

The inevitable result was that Britain imported over a half of its food in spite of the fact that agriculture, in all its phases, has always been the largest industry in Britain. As the manufacturing dominance of Britain was lost due to other nations developing their own industries, cracks began to show in Britain’s economy even before 1914.

This economy was based upon Britain’s ability to pay for its imported food and its imported raw materials by the income from its exports, manufactures and coal, plus income from overseas investments, insurance and shipping.

The Kaiser and Hitler Wars destroyed this delicate balance. There is no longer any net income from exported coal; therefore there is no longer any imports with low sea-freights in ships returning to Britain for coal cargoes.

There is no longer the million of pounds sterling (or their equivalents) being placed annually to Britain’s credit from overseas investments—these were mostly sold to help to finance the two wars. And so, in spite of the valiant efforts of the Britishers in producing more, using less, and exporting more,
the prospect of Britain paying for its necessary imported food is very grim—indeed, it looks impossible on the basis of 55 million people.

It has been said that the population of Britain must come down from 55 million to 30 million. Whether this be so, there is little or no doubt that the present population is much too great.

The question under discussion is: "To what extent will the proposals of the Migration Council assist?" I fear that the answer must be—"They will assist but not to a major extent—other large and drastic lines of operation will also be necessary."

The Chairman of the Migration Council, Sir Frank Whittle, said recently in London that none of the British political parties is prepared to get behind and support any mass migration scheme. Certainly let us have the Prime Ministers' Conference on this vital problem. But the preparation therefore is a major job requiring many months of hard work and I am not hopeful of unanimity or of quick constructive results. The problems are enormous and the extent to which the overseas Dominions can do more than at present will take many months to define, and even then only large-scale tests will tell us the best lines to follow.

The position is undoubtedly most serious. We are faced with the fact that the nation which saved the world from the imminent dangers of Hitler's Germany and so made the democracies safe from dictatorship is now itself in danger of economic collapse, of a still lower and lower standard of living and in fact of semi-starvation and economic degradation. The first job is to get the democratic world to rally round and help—not in one spurt—but in a long, long hard pull. This involves sacrifices by all of us. I do not oppose the proposals. I support them strongly. Some years ago, in a public address, I recommended moving part of the textile industry from Britain to Australia with the same general purpose in mind.

I believe that the people of the U.S. will help strongly if the facts and proposals are put to them in the right way. The future of the world as we would like to see it may well depend on sufficient numbers of hard-thinking, hard-working people realizing the problem and helping to solve it.
I HAVE read Air Chief Marshal Sir Guy Garrod's plan for a richer and stronger British Commonwealth with great interest, and there are many points which are worthy of attention.

Every impartial student of history will agree that Great Britain, and through Great Britain, the British Empire as it grew in strength, has been a fine and inspiring leader in world affairs. Unlike the empires of old, who lost their leadership mainly through decadence, Great Britain owes her present decline in prestige to honourable and unselfish devotion to her principles and international obligations—many of the latter self-imposed but regarded as none-the-less binding. Whatever country has come under British rule has found that rule just and beneficent, and has developed to a status which has prompted it to seek autonomy—not always with the happiest results.

Far from becoming decadent, Great Britain has demonstrated through two world wars and the intervening and ensuing uneasy peace, powers of endurance and resilience which must be capitalised for the world's good. Moreover, no other country, however powerful and willing, today possesses the centuries of experience in world leadership which has accrued to Britain, and it is unthinkable that this experience should be lost or that it should not be exploited to the full, and a plan of development such as that outlined by Air Chief Marshal Sir Guy Garrod presents a practical operational basis from which to work.

Apart from her allegiance to, and partnership in, the British Commonwealth of Nations, from purely selfish reasons Australia should actively support such a plan. To hold this vast continent as a "White Australia," and to ensure that it remains a British outpost capable of defending its own independence and contributing its quota to the defence of the free democratic world, we must increase our population rapidly and our resources in proportionate degree so that one will not outstrip the other. We must also ensure that our "New Australians" are of the right stock—and, while we are glad to welcome reputable members of some European nations, the ideal Australian citizens are, of course, colonial-minded British
men and women. It is recognised that many of these are not in a position to make the move entirely independently, and to these and to ourselves an organised plan of migration would be highly beneficial.

One aspect of any organised mass migration scheme must not be overlooked, and that is the transfer of complete industrial units, complete with personnel, plant and machinery.

Experiments in this direction have already been most successfully carried out in Australia—and these are not being confined to British firms alone, but are expanding to well-established Continental businesses. In any developmental plan intended to safeguard the free democratic world, decentralisation of industries—not only of those regarded as essential from a defence point of view, but of all industries necessary to supply the wants, and even the luxuries, of life—is as important as the dissemination of people.

One of the most pregnant points of Chief Air Marshal Sir Guy Garrod's plan is contained in the last few paragraphs—and that is the possibility of imbibing, with the new population, a revitalised attitude towards work. It is unhappily an indisputable fact that many Australians—in both the Management and Labour fields—have become lax in their outlook regarding the production necessary to maintain the industrial and living standards we have attempted to establish in the past, and also concerning the personal effort required from each one of us to this end. If newcomers arrive in sufficient numbers and of the right calibre, there is every chance that their fresh enthusiasm may rekindle the fires in the "old inhabitants" so that we regain that "will to work" which was such an important factor in our early achievements and without which neither manpower nor infinite resources are worth anything.

Like Great Britain, we are grateful to America for her splendid allegiance to and championship of the principles of democracy. Such a people, allied by ties of kinship to a strong and united British Commonwealth, could in reality defend the rights of all free peoples of the world and with such an alliance we could look forward with confidence to an era of peace, security and progress.
Mr. S. J. Gandon

The ideas which have been so well presented by Sir Guy Garrod deserve close consideration by the people of the British Commonwealth.

It is, of course, a fact that the problem is occupying the thoughts of many people and in the case of Australia thoughts have been translated into action. Doubts remain as to whether the operation is being carried on in a manner calculated to secure the maximum effect in the shortest time.

To emphasise the urgency of the situation it is well to review very briefly the circumstances in which we find ourselves. Our community of sister nations is somewhat in the position of an individual accustomed to exert power and influence on those around him, and who, for various reasons, finds himself apparently losing his capacity to put forth his strength and exercise that influence as in former times. An uncomfortable and disturbing experience. Notwithstanding that British power was attained by methods sometimes subject to criticism, that there have been mistakes and defects in administration and other weaknesses apparent when we review the record, it still remains a fact that the world owes a tremendous debt to the influence, ideals and ways of life of the British race. The trend has been towards the preservation of liberty and justice, opposition to tyranny and despotism, support of moderation and compromise as opposed to extremism; in other words, towards the development of a better and sounder civilisation. No greater proof can be found than in the fact that Britain has been, on so many occasions, the balancing influence in world affairs and the final barrier against domination by tyrants. We may well be grateful that the United States of America with her great power and resources has taken her stand for a way of life so similar to that which Britain has tried to uphold for so long. Nevertheless we must not allow that circumstance, or any other, to weaken our aspirations for the maintenance of the character and influence of the peoples of the British Commonwealth.

It is against this background that we in Australia, and British people everywhere, should view the ideas put forward by Sir Guy Garrod.
In changing world conditions it has become clear that no part of the Commonwealth, standing alone, can hope to assert adequate authority and influence in international affairs. The economic situation of Britain herself has become subject to a series of recurring crises, and there is no need to stress her vulnerability to modern methods of warfare. The other members of the Commonwealth are separated by great distances and in a comparatively undeveloped condition.

How, then, can Australians view the situation and the remedial measures proposed by Sir Guy?

In the first place, I think that we have to recognise not only the difficulties and dangers of the position, but also the many problems involved in the proposals now under consideration. To recognise them is not to be daunted by them. Their solution will require resolution and tenacity, but if the character of the race is what it was the challenge will be met.

Transference of industries from Britain is a complicated business, since attention has to be given not only to the circumstances of the industries themselves, but to the overall effect on the economics of Britain and the transferee countries. If we concentrate on the movement of skilled workers the capacity of Britain to rectify the weakness in her trade balance and general economic structure might be adversely affected, for though her population might decrease, thus easing the food difficulties, she could not look with equanimity on a fall in productivity per man due to loss of her best workers. Therein lies the necessity for maintaining a flow of Continental migrants of the right type even though the good British worker is most welcome in Australia. Sir Guy Garrod has included this aspect in his consideration of the matter.

So far as this country is concerned comment would be incomplete if there were failure to emphasise a vital feature—the necessity to build up our primary industries, the production record of which has been so poor in recent years. It seems quite essential that a considerable proportion of rural workers should be included in the scheme.
As to the population carrying capacity of Australia, it would seem that this should not be a matter of concern for very many years. However, it is interesting, and perhaps amusing, to recall that some years ago a number of well known people who had given close attention to the question were asked to give their views. Their estimates varied between 15,000,000 and 250,000,000! The truth is that the matter will be decided by standard of living and the aid which can be given by science in solving some of our major problems, such as those relating to water conservation, power, soil, and pastures.

We should not omit from our thoughts some questions bearing on our own standards and way of life. If we in Australia are to play our proper part in the great scheme envisaged by Sir Guy Garrod (and though they cannot be touched upon in detail there are good reasons for thinking that we should have priority in the development of the scheme) considerable readjustment of outlook must take place if we are to provide a suitable "atmosphere" and conditions for the reception and absorption of those coming to us. Old prejudices should be thrown aside and an end put to the stupid hostility between classes and factions. We must try and eliminate the distorted outlook towards work and achievement induced by false propaganda, and to a considerable extent by the influence of an "easy" climate and remoteness from the more densely populated parts of the world.

Briefly summarising the views of the writer:—

1. The dangers of the situation are obvious and the need for action is clear.

2. While we may well work for the eventual closer relationship of the English-speaking peoples, in the meantime the strengthening of the British Commonwealth is a matter of urgency.

3. Consideration should be given to enlisting the aid of the United States of America. It seems certain that, in due time, the surplus energy and resources of that country will be seeking further outlets. No channel would be better
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than that leading to the development of countries aligned with her in the struggle against Communism and other forms of tyranny.

4. There is need for the formation here and in Britain of an organisation of first-class minds to consider all aspects and advise the respective Governments.

5. No doubt broad-scale planning will be necessary, but while some of the questions involved will be for Governments to handle; every possible help and encouragement should be given to private enterprise to engage in and to push the scheme to fulfilment.

6. Time limits should be fixed for consideration and action.

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