A Field for Development

SOME years ago an Australian economist, A. G. B. Fisher, expounded a novel thesis that attracted a great deal of attention at the time. Today it has been almost forgotten.

Briefly, Fisher's thesis was that as a country's standard of living increased its people would wish to spend a growing proportion of their incomes on services of all kinds and a correspondingly smaller proportion on food and clothing and manufactured articles in general. The provision of these services in adequate volume was thus not only a mark of progress, but also a condition of it. These services he called "tertiary" production. In their broadest sense they embraced everything not covered by primary production (rural and mining) and secondary production (manufacturing). The whole field of distribution and transport, finance, amusement and travel facilities, the professions, the public service, hotels, all fell within the ambit of tertiary production. The judge and the medical specialist were, in this "global" classification, statistical brothers of the milk-bar proprietor and the hotel steward.

But what Fisher had particularly in mind
were the newer types of consumer demand, especially personal services, hotel services, facilities for travel, recreation, amusement and holidays, centres for greater cultural activities in music, art and science. He made an important distinction between those sectors of tertiary production which are, so to speak, complementary to primary and secondary production and those services which we desire for their own sake. Many branches of transport and finance are good examples of the former. “These,” said Fisher, “are essential links in the chain of technical production, in the absence of which we shall not so conveniently obtain the primary or secondary products we require. It is necessary that people should engage in them in order that the economy as a whole should get the food, the clothing, the household equipment and other material things which it needs.”

But it was the latter class of services, the services which we wish to have for their own sake, and not because they are ancillary to primary or secondary production, that especially concerned Fisher. “It is the economic problems associated with tertiary production of this type which have been too much neglected; and this is all the more to be regretted because we cannot so confidently assume, as in the case of the ancillary services, that they will be automatically supplied in adequate volume as a kind of by-product of an expansive activity in which attention is concentrated mainly upon the well-established, solid, familiar types of production.”

As the standard of living rose Fisher foresaw the need for the employment of more and more people in the tertiary industries, particularly those providing services required for their own sake, and the consequent expansion of these industries relative to the better recognized forms of primary and secondary production. The increasing application of science and mechanisation to primary and secondary production and the growth in output per person would release labour for employment in the tertiary field. Fisher, therefore, viewed the expansion of the service industries as essential to the secular maintenance of full employment. And since he also regarded the provision of these services on an increasing scale as a necessary condition of progress, he went so far as to urge their positive encouragement in various ways.
Though Fisher may have underestimated the contribution to economic growth of the many new forms of manufacturing production opened up by technological advances, the main outlines of his theory are hard to dispute. Moreover, they seem to have a peculiar relevance to the Australian economy at the moment. Since the war Australia has lagged badly in the development of services of the kind that Fisher had in mind. The attention of governments, economists and others has been almost exclusively focused on the problems of primary and secondary production.

WHEN we are considering the provision of additional opportunities for employment in Australia, it is customary to think immediately of the expansion of the manufacturing industries. We take it more or less for granted that employment in primary production will not increase very rapidly or very greatly, and may even decline. But no-one seems to give much conscious thought to the possibilities of expanding employment in the tertiary industries. This is, of course, a generalisation subject to many exceptions but, as a generalisation, it is broadly accurate.

Over the last two decades the most spectacular increase in employment, both in terms of absolute numbers and of the percentage of total employment, has occurred in manufacturing. At the time of the 1933 Census there were about 549,000 people attached to manufacturing. Today there are 1,070,000. In 1933 manufacturing took 20% of the total labour force. Today it is taking over 29%. By contrast the numbers of people engaged in primary production has fallen from 667,000 in 1933 to less than 550,000 today. As a percentage of total employment the figures are 24.4% in 1933 against less than 15% today.

In the tertiary field, therefore, the position has remained virtually stationary—around 56% of total employment.

The immense expansion of manufacturing was on the whole a natural consequence of the rapidly developing post-war economy of Australia and also of the difficulty of obtaining supplies of many manufactured goods in the years
immediately following the war. Nor is the decline in employment in the primary industries altogether surprising in light of the great improvement in farming methods and the widespread mechanisation of recent years. Actually it has been accompanied by an increase in volume of production of some 20% since before the war.

However, the question arises whether in the future we may have to rely relatively somewhat less on manufacturing to provide jobs for our expanding population and more on the development of the immense range of services that fall within the tertiary field.

*  *  *

A broad analysis of changes in employment in tertiary industries is as follows:

NUMBERS ENGAGED AS PERCENTAGE OF TOTAL WORK FORCE.

<table>
<thead>
<tr>
<th></th>
<th>1933</th>
<th>1954 (Est.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building</td>
<td>4.0</td>
<td>4.5</td>
</tr>
<tr>
<td>Roads, Earthwork</td>
<td>8.1*</td>
<td>5.0</td>
</tr>
<tr>
<td>Transport and Communication</td>
<td>8.3</td>
<td>10.8</td>
</tr>
<tr>
<td>Commerce and Finance</td>
<td>16.7</td>
<td>17.2</td>
</tr>
<tr>
<td>Professional and Semi-Professional</td>
<td>7.5</td>
<td>7.2</td>
</tr>
<tr>
<td>Defence Forces</td>
<td>0.2</td>
<td>1.7</td>
</tr>
<tr>
<td>Public Administration</td>
<td>0.9</td>
<td>3.0</td>
</tr>
<tr>
<td>Entertainment, Sport and Recreation</td>
<td>0.9</td>
<td>1.0</td>
</tr>
<tr>
<td>Domestic Service</td>
<td>4.8</td>
<td>1.4</td>
</tr>
<tr>
<td>Other Personal Services</td>
<td>4.2</td>
<td>4.2</td>
</tr>
<tr>
<td>Total Tertiary</td>
<td>55.6</td>
<td>56.0</td>
</tr>
</tbody>
</table>

*Of this 8.1%, 6.1% were labourers on unemployment relief work.

Source: Commonwealth Statistician—Census Reports, Monthly Bulletins of Employment Statistics, Primary Production Bulletins and other publications.

The problem, of course, is not amenable to precise statistical analysis. The statistical classifications are broad and
conclusions drawn from them could be misleading. Nevertheless, the general impression one gets from the data is that some fields of tertiary production have fallen behind the general progress of the economy. For instance, in view of the building backlog brought about by the Great Depression and the War, and also the rapid increase in population, the building industry does not appear to be absorbing a sufficient proportion of the labour force for a balanced development of the economy. There are only 18 people for every 1000 of the population engaged in building today compared with 16 at the time of the pre-war census in 1933. The numbers engaged in wholesale and retail trade have declined from 60 for every 1000 of the population to 59 today. Those employed in entertainment and recreation fields and in providing personal services of all kinds, ranging from hotels and restaurants to beauty parlours, still represent roughly the same proportion of the employed population as twenty years ago.

*     *     *

But statistics aside, it is through personal experience and observation that one senses the need which exists in Australia for development in the quality and range of services available to the consuming public.

It is no coincidence that the United States with the highest standard of living in the world leads by a street in the provision of high-quality services. The Australian traveller in the States cannot help but be impressed by the immense range of useful and efficient services at the disposal of the ordinary American citizen—which add to the comfort and convenience of life and thus the standard of living—by comparison with those available to the Australian. The supermarkets, the prepared foods hygienically wrapped, the superb railway services, the magnificent hotels, the same-day laundry and dry-cleaning services, the night-time shopping facilities, the outstandingly attractive restaurants, the unrivalled facilities for recreation and amusement, the fine arterial roads—it is these things perhaps even more than the abundance of automobiles and household appliances, that impress the visitor with the high living standard of modern America.
An English professor of economics* who lived with his family for some time in the United States writes of the supermarkets: "An English wife is enraptured by the ease of shopping. The attractiveness with which the merchandise is set out appeals to her and particularly the convenience of picking out what she wants herself. The week’s supplies could be bought in half an hour in the supermarket, which sold everything from the cleaning materials to the fish, meat and groceries, with the cigarettes, liquor and wine set out by the cash desk lest the claims of hospitality had been overlooked. Everything, including meat, fish, tomatoes, lemons, string beans and cheese, is neatly cut, packaged, weighed and priced. All is wrapped in cellophane, set out on shelves or in refrigerator cabinets and deep freezers, to be picked out by the customer and handled freely without offence. My wife, now we are home, comes back from a shopping expedition frantic with frustration at having to try so many places for what she wants and appalled at the cost in manpower on both sides of the counter . . . . It was my wife's impression that American efficiency, applied to retailing in the supermarkets, has contributed heavily to that ease of housekeeping which so delights a wife in the United States."

* * *

It is in these and other directions that the avenues for future development in Australia seem so promising. For instance, is it doubtful if there is one really large modern hotel in Australia providing the services and facilities that are customary by American standards. This is not good enough for the highly industrialised Australia of today with its concentration of population in large urban centres. Almost without exception all the large hotels in Australia were built before the war, many of them before the 1914-1918 war. And the services provided in most cases don't stand comparison with even the minimum services overseas. There has been a virtual standstill in this field for the last few decades which is in sharp contrast with the remarkable progress achieved in other directions. When are governments going to make the conditions sufficiently attractive to encourage entrepreneurs and investors to fill the gap?

*Gilbert Walker, Professor of Economics and Dean of the Faculty of Commerce and Social Science, University of Birmingham.
The same, of course, applies to city office buildings. Whilst some hundreds of thousands of people have been added to its population, the face of Melbourne looks almost identical with the face of twenty or so years ago—perhaps a little more wrinkled and shabby. Where are the signs of progress? There is the well-known lag in modern parking facilities. Nothing has been done to create new civic and cultural centres. Melbourne is still solely dependent on its now rather old-fashioned and entirely inadequate Town Hall to stage its renowned Celebrity Concerts and other large and important functions which require a modern, comfortable and ample environment.

The shortage of hospital accommodation is so well-known that it hardly needs to be stressed.

The crying need for great development in road maintenance and construction requires no emphasis. The deterioration and appalling condition of even major roads are, indeed, among the most disturbing features of present-day Australia.

The paucity of restaurants providing food, ordinary food, in attractive surroundings at reasonable prices is another notable, but distressing, feature of the postwar Australian city. Actually we were far better served in this regard before the war. Here is a field where a valuable tertiary service which would add to the convenience and comfort and pleasure of every-day living for tens of thousands is lagging badly. What a scope there is in Australia for promoting the "counter" type of restaurant service so prevalent in large American cities. This type of service where the customers sit on high chairs along a counter and the food is directly provided by the attendants enables an attractive meal to be provided in pleasant surroundings at a reasonable price. It is ideal for the lunch of hurried city workers or for afternoon teas or light snacks.

Where in most Australian cities today can one find attractive places to dine and dance such as are common in American and most British cities? Apart from Sydney, is there one really first-class night club in the whole of Australia?

There is scope for a vast improvement in our whole conception of facilities for sport and recreation.

Every week 100 to 150 thousand people living in Melbourne visit a dozen or so football grounds to watch Australian
Rules Football. All but an infinitesimal proportion have to put up with conditions that are made endurable only by the truly extraordinary appeal of the game which they patronise. Admittedly this is not a postwar phenomenon. The shocking conditions at most major football grounds have existed for the last 30 to 40 years and have grown slightly worse because of the ravages of time and the increase in the number of patrons. But how much more pleasant would be the Saturday afternoons of these multitudes of people if good and attractive conditions were provided. Can these things be disregarded in the calculus of living standards and the good life?

* * *

The list of shortcomings could be expanded almost indefinitely. They all seem to lead to the conclusion that some of the most entrancing prospects for development and for the improvement of living standards in Australia in the years ahead lie within the extensive field of tertiary services. But if these prospects are to be realised then governments and popular opinion will have to be persuaded to re-assess their economic values and to devote at least as much attention to the "intangibles" of national production as to the material goods which usually steal the lime-light.

If they do, Fisher's "forgotten" theory may one day receive a striking vindication.
Rent Control

Rent control is a classic example of where government interference with the free price mechanism can do almost irreparable damage. Maintained long after the disappearance of the emergency conditions which justified its introduction, it has inflicted grave social injustice on a small minority, and has delayed the provision of adequate housing facilities for the great majority.

Some protection against unfair rents was provided under Victorian Law well before the Commonwealth began to enforce nation-wide rent-pegging under its war-time powers. As part of a comprehensive system of controls aimed at stabilising incomes and diverting resources to war purposes, rent control for a time worked tolerably well. In broad, rents in Victoria were pegged at 1940 levels, or, subject to appeal to rent tribunals, adjusted upwards to a maximum of 5% net of 1940 capital value of properties (i.e., after allowing for rates, insurance, maintenance, depreciation and other costs).

So long as prices ruling in the community and hence property values remained fairly steady, a ceiling on rents imposed little hardship on landlords. But the devastating effects of war-time finance on the price level could not be permanently deferred. With the return of peace, wage-pegging became politically untenable, subsidies were tapered off and a number of other checks on inflation were relaxed or removed. Although money national income started to rise rapidly, rigid rent control was retained and consequently landlords were prevented from sharing in the higher incomes being received by the rest of the community. Rents were kept at 5% net on a capital figure already 50% undervalued by the end of 1946. Between September, 1939, and September, 1946, building costs of three-bedroom dwellings doubled; they are now about five times pre-war levels. The capital valuation of dwellings and business premises let after 1945 was related to actual construction cost, but practically nothing could be built by private investors because of building controls and other restrictions.

After the defeat of the Prices Referendum in 1948 the Commonwealth retired from the field of rent control and
the problem of rents became one for the States. But the
emotions aroused by rent control were too deep and too wide-
spread to permit any possibility of an equitable solution. State
politicians took the easy and popular course of disregarding
the problem. The early war-time Commonwealth regulations
were thus taken over almost in toto by the States despite the
fact that they were utterly irrelevant to 1948 conditions.

The Easing of Control.

In 1950 the Government of Western Australia removed
controls on all houses rented after December, 1950, altered
the basis of capital valuation to current replacement cost less
depreciation, and granted an all-round increase in controlled
rents of 20% on housing and 30% on business premises. This
ceiling was raised a further 10% in 1951. Rent control legis-
lation in Western Australia lapsed on April 30th, 1954, but
has since been restored, retrospective to May 1st.

Following the recommendations of a special public com-
mittee, Tasmania granted a 20% rise in dwelling rents and a
35% rise in business rents in 1950. Additional increases were
permitted in 1952 and restrictions over the renting of business
premises have been virtually removed.

South Australia set up an independent committee of
enquiry in 1951, and, as a result of its report, abandoned the
principle of pre-war capital valuations and authorised its
rent-fixing authority, the Housing Trust, to grant increases
in rents of up to 22½%. The controls were further eased
in 1953 and all restrictions over the renting of business pre-
mises were removed. Queensland and New South Wales have
taken minor steps towards the revision of their rent-fixing
laws. However, probably as a result of a liberal interpretation
of the existing provisions, there has been a gradual increase in
the average rents paid in these States.

Victoria has been the laggard. The table on the opposite
page shows increases in average rents of four and five roomed
houses in the various States since 1939.

Whereas, since 1939, rents of pre-1945 houses have
increased by 40% in Perth, and even by as much as 28% in
Sydney, they have risen by only 4% in Melbourne. Apart
from tightening up on sub-letting abuses, making it easier
WEEKLY RENTS OF FOUR AND FIVE ROOMED HOUSES.

<table>
<thead>
<tr>
<th>City</th>
<th>June, 1939</th>
<th>June, 1954</th>
<th>Incr. %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sydney</td>
<td>23/3</td>
<td>29/8</td>
<td>28</td>
</tr>
<tr>
<td>Melbourne</td>
<td>21/5</td>
<td>22/4</td>
<td>4</td>
</tr>
<tr>
<td>Brisbane</td>
<td>19/2</td>
<td>22/7</td>
<td>18</td>
</tr>
<tr>
<td>Adelaide</td>
<td>19/11</td>
<td>26/4</td>
<td>32</td>
</tr>
<tr>
<td>Perth</td>
<td>19/9</td>
<td>27/8*</td>
<td>40</td>
</tr>
<tr>
<td>Hobart</td>
<td>20/9</td>
<td>28/7</td>
<td>38</td>
</tr>
</tbody>
</table>

*March; 1954,

Note: Rentals of new houses completed since the end of the war—mainly Housing Commission homes—are not included.

Source: Commonwealth Statistician.

for home-owners to repossess, and freeing from control certain new tenancies and, in the case of business premises, all tenancies taken on leases of three years or longer, Victoria has made no attempt to remedy the glaring injustice to lessors who have to pay 1954 wages for maintenance and repairs, but barely recoup 1939 rents. Since pre-war the general price level in Victoria has increased by 151%, average nominal weekly wages by 216% and building costs by 400%.

The Effects of Rent Control.

Little statistical data is available on income from rents. However, an analysis of information published in the National Income Estimates, suggests that the share of the national income attributable to private landlords for dwelling rents has fallen from about 4% in 1938-1939 to less than 1% today.

Rents have lagged so many laps behind costs that few landlords are able to make repairs or improvements to their properties. The cost of this type of work has risen much more than other costs because of the dearth of skilled tradesmen and materials. Many tenanted houses and business premises are falling into disrepair for lack of proper maintenance. Whether driving down the main shopping block or side residential streets, in most of the older suburbs of Melbourne one is met with a picture of almost unrelieved dinginess and dilapidation. Government attention is concentrated on the erection of new housing, oblivious to the fact that the stock
of old houses is being hastened to premature decay through rent control.

Landlords are not by any means always well-to-do. An analysis of taxation statistics shows a far greater concentration of incomes from rent in the low income brackets than for any other type of property income. The truth of the matter is that many elderly people and others of small means have in the past invested their life's savings in house property to provide for their declining years. They now find that, because of rent control, they are obliged to live on a mere pittance and are also unable to "cash in" on high post-war property values because they have practically no rights of repossession. Owners, especially deceased estates, have in many instances been forced to sell at whatever price the tenant was prepared to pay since under the Act he has first option to purchase. Because of the high premium for vacant possession, tenants are often able to make a substantial gain through resale.

The continuance of rent control has a bad psychological effect on investment in house property for rental purposes. Although technically free from control, most investors do not relish building at the present high level of costs coupled with uncertainty about the future of rent control legislation. The provision of new houses for letting has virtually become a State monopoly, and under present conditions it is likely to remain so. Apart from the burden on the State budget and the inability of Government housing to keep up with demand, there is a strong case on broad social grounds for the retention of some degree of private letting of houses.

RENT control is bringing about a revolution in home ownership. The supply of privately rented houses is falling rapidly each year through sales to tenants and other owner-occupiers. Thus many people seeking to rent a home are being forced against their wishes and, ultimately possibly against their interests, to purchase on heavy mortgages. These people are often obliged to erect cheap weather-board homes on the outskirts of the metropolitan area, greatly adding to the community cost of providing sewerage, electricity and transport services.
At the same time as the outer areas are being uneconomically extended, rented housing in the inner suburbs is being under-utilised. The number of persons per dwelling is now substantially lower than before the war, and this is largely attributable to rent control. Protected tenants have a strong interest in remaining in their existing dwellings, even though their families may have grown up. Moreover, since rents are so low there is no great incentive to take a lodger to help out. Removal of rent control over private dwellings would pave the way to the equalisation of dwelling rents for houses of similar type, whether privately or government owned. Rents now depend not so much on the size or location of dwellings but the date of their first construction or letting. This has created the greatest inequity between Housing Commission tenants whose rentals range all the way from 15/6 per week for dwellings let in 1939 to nearly £4 per week today.

Business Premises.

Owners of property let for business purposes suffer equally with other landlords from inadequate rentals and inability to maintain and renovate their premises. Since the majority of business tenancies are on short term leases, rents cannot be adjusted without approval from the Fair Rents Court; nor can tenants be evicted to modernise premises or to demolish old structures and erect new buildings without its consent. Ramshackle establishments are thus permitted to remain on sites ideally suited to new office blocks, hotels and shops. The services which the city urgently needs are not likely to be provided under existing conditions. To date not one single new building has been finished in Melbourne since the war. With the removal of restrictions and the introduction of American cost-saving methods of construction, investors might again be prepared to turn their attention to city real estate. The longer this is delayed, the further will Australian cities drop behind the developments occurring in the main cities in overseas countries.

Rents and the Cost of Living.

The main argument advanced against any relaxation of rent control is that it would mean a sharp rise in the cost of living and, unless this were passed on through basic wage ad-
justments, the living standard of wage-earners would be reduced. If it were passed on, the price spiral would be generated afresh.

For the purpose of compiling the "C" Series Index, the Statistician takes into account only four- and five-roomed private houses completed prior to 1945. These houses whose rents have been subject to rigid control comprise probably not more than 10% of accommodation occupied by wage and salary earners in Melbourne. This explains why the Index shows an increase in rents of a mere 4% since 1939, whereas the rise in costs of housing accommodation for the majority of people would be substantially greater.

At present less than half of the accommodation of wage and salary earners in Greater Melbourne is being rented. Over half is owned or being purchased on terms. Possibly one-quarter comprises tenanted one-family private houses and flats whose rentals can be effectively policed under the Landlord and Tenant Act. The remainder consists of Housing Commission homes (possibly 5% of all employee homes) exempt from the Act and a great variety of shared and miscellaneous accommodation, most of which, though within the scope of the Landlord and Tenant Act, is in actual practice more likely to be the subject of private arrangements. Both the South Australian and Tasmanian committees of enquiry draw attention to the high rents being paid for shared accommodation due to the ineffectiveness of the controls. The Tasmanian committee points out that tenants sharing accommodation do not avail themselves of their legal rights through ignorance, insecurity of tenure or just plain desire to live in peace and harmony with the co-sharing landlord or head tenant.

This means that the cost-of-living of the great majority—about two in every three—of those wage and salary earners who have to pay for housing accommodation, would in actual fact not be increased by relaxation of rent control, even though the "C" Series Index—because of the peculiar nature of its compilation—showed a rise in living costs. If women, juniors and others bearing little or no direct responsibility for housing costs are taken into account, the proportion of wage and salary earners whose living expenses would be unaffected by relaxation of control would be about four in every five.
This majority would therefore have no moral or economic claim for an adjustment in their incomes should rent control be eased.

At the moment the average controlled rent on four- and five-roomed houses is 22/4. An increase of 50% in rents would mean that the minority enjoying the benefits of these rents would still be paying only 33/6 a week compared with the £3 or £4 paid by Housing Commission tenants and others.

If the cost-of-living index were allowed to affect wages, a 50% rise in controlled rents would increase wages all-round by 12/- a week in spite of the fact that the living costs of the majority would remain unaffected. It would surely be the height of folly to disturb general price and cost stability on the flimsy ground that a favoured minority—already paying far less for their housing than everyone else—would be adversely affected.

**A New Policy for Rents in Victoria.**

The complete removal of rent control would overcome the principle economic difficulties—the shortage and waste of rented housing facilities, the inequitable diversity of rents, unsightly business premises, retarded city development and the premature decay of valuable national assets through inadequate maintenance—and in the long run would be highly beneficial. However, with housing rentals it is not suggested that this should be done at one fell swoop. But an immediate rise in Victorian rents of something like 40% to 50% would be justified as a first instalment towards the eventual elimination of control.

**FOOTNOTE:**

Rent Control in Great Britain.

Between 1933 and 1933 dwelling rents in Britain increased by 25% compared with an increase of 85% in the cost of living (excluding rent.) Rents were pegged fairly rigorously in Britain because of the inability of landlords, except in extremely urgent cases, to secure permits to execute improvements or other than trivial repairs to their properties, and hence file a justifiable claim with Rent Tribunals for an increase in rent to cover extra costs.

However, following a report by an independent committee, the British Parliament passed a Housing Repairs and Rents Bill last May, authorising increases in rents for all landlords whose properties were in good repair, as both regards structure and decoration, or who spend money on property in repairs or otherwise to the tenant's advantage. (Controls over building repairs and improvements have been lifted.) A new maximum rent ceiling was set at twice gross rateable value—rating valuations are now universal and uniform in England, to give broadly an 8% return on capital. It is estimated that this measure will result in rent increases of 30% to 40% for most landlords.
ECONOMIC stability has been the central preoccupation of the democratic communities for the last two decades. The pursuit of economic stability also embraces security, for without stability the prospects of security would be considerably dimmed.

It started with the Great Depression and the upsurge of a public conscience outraged by the wastes and the social and moral destitution of mass unemployment. But the desire for stability and security was brought to a head by the second Great War when, in a world in which all was insecure and unstable, people instinctively sought a safe and peaceful haven in which to shelter.

The craving for security has not been confined to the under-privileged worker always exposed to the vicissitudes of the trade cycle and to the chronic under-employment of the 'twenties and 'thirties. In varying degrees it has been present among all sections of society. The farmer, at the mercy of droughts and floods and capricious markets for his produce, the businessman haunted by the fear of economic slump, have sought security little less ardently than the wage-earning millions.

The results of this universal public demand are to be seen in the post-war world and in the economic and political policies of governments. Since the early 1940’s, in most of the modern states, there has been economic stability in the sense that men and capital resources have been fully employed. It is true that minor deviations from this rule have occurred, but by contrast with the under-employment and sharp fluctuations of employment of the pre-war world, our present condition is one of extraordinary stability.

There is no certainty, of course, that this happy state will continue, but at least it can be said that the prospects are far brighter than ever before. Not only has there been a vast improvement in economic understanding and in the techniques and instruments of economic control, but governments themselves are uncomfortably aware that even a comparatively small aberration from the full employment standard will mean
sudden death when they next face their masters at the polls. They are, therefore, alert to take action to counter any recession, even though the measures adopted may not always be in the long-term economic interest.

Moreover, the last decade has seen the provision of social benefits by governments on a scale that could hardly have been conceived of twenty years ago, certainly not before the Great Depression. Social security has become the supreme concern of governments in all industrialised democratic countries so that today there is virtually no-one who is not guaranteed by his government at the very least the physical means of subsistence.

These new developments undoubtedly, on balance, represent great advances. But now a fear is beginning, even if only faintly, to obtrude itself. Are stability and security to be the end of the road, the only things that will count in the future? Is the only goal in the years ahead to be the achievement of still greater security—stability at all costs, security piled on security, cash benefits on cash benefits? We would indeed be entering upon a dull prospect if governments conceive the prime purpose of their existence to be to increase their hand-outs to all sections of the community in response to a never-ending, self-regarding clamour.

In some ways there has seldom, if ever, been a more sordid, materialistic election in Australia than that of 1954. Certainly there has been none less inspiring. As the campaign developed virtually the only issues were, on the one hand, by how much taxes could be reduced and, on the other, by how much government hand-outs could be increased. Are the 1957 and 1960 elections to be nothing more than a re-run of 1954?—10/- on pensions here, 5/- for the fourth, or fourteenth, child there, another £20 on the maternity or funeral allowance, another 10% off taxes. Surely there must be bigger challenges for Australia, bigger things over which to conduct a political campaign, than that, matters worth the interest and demanding the energies of a people presented with almost unexampled opportunities?
The danger of stability and security is that we may lose our zest for big deeds and big issues, that we may become so enamoured with the peace and quiet of the happy valley that we no longer want to venture forth into the unknown, to test our skill and ingenuity and courage against the heights and the far distances. When a people begin to think like this, when all change that does not appear to add immediately to creature comforts becomes hardly worth the candle, why should political parties put their necks out by proposing courses of action which are certain to be received indifferently and even coldly? Is there a possibility that we may become so satisfied with our present state that we won’t be bothered to try to improve it? Is there not a danger that economic stability could lead to a stagnant self-complacency?

All this should not be construed as an argument against stability and security. On the contrary these are ends much to be desired. It is rather an argument against an over-concentration on these goals to the neglect of practically all others, against a stability which degenerates into rigidity, a security which leads to a distaste for change and experiment. After all, a world in which it was “always afternoon” would probably be pretty boring, pleasantly boring at best. It would certainly be enervating. If a people are to remain really alive there must be big issues at stake, issues great enough to fire their imagination and to inspire their best efforts. The 1954 election serves, at least, as a warning.

THE trouble is that man’s finest achievements have always been produced under testing circumstances. The greatness that resides in men and in peoples is only elicited in response to challenge or under stress. The intellectual mastery of Keynes came to full flower in the economic chaos of the ’twenties and ’thirties. The political genius of Franklin Roosevelt in the upheavals of the Great Depression and World War II.

To come closer to home, it is hard to dispute that the depression years produced the finest economic thinking we have yet seen in Australia. It was in those critical times that we really began to understand how the Australian economy func-
tioned, the forces that made for prosperity and those that made
for depression, and how these forces exerted their influence.
And these years were not only productive of great thinking,
they produced big personalities, big not so much because they
were above-average economists, or even because they were dis-
tinguished by exceptional intellectual powers—there are good
economists today—but because they were big human beings.
Certainly in the field of Australian economics at present it is
hard to find men who compare with these in personal force,
in imaginative vision, and in practical grasp of realities.

Today we have much more sophisticated methods of ana-
lysis and more efficient tools of application than the economists
of twenty or thirty years ago. But something is missing.
These men, whatever their defects, were builders. They par-
ticipated fiercely in the everyday hurly-burly. They were not
fearful of making mistakes. They were prepared, if necessary,
to say the unpopular thing. Nothing was too "politically hot"
for them to touch. They aroused great dissensions and they
made enemies who, however, were influenced by them in spite
of themselves. But, today, the economics profession, if it
doesn’t look out, is in danger of becoming just a little blood-
less. Is it over-willing to remain an onlooker of the game
rather than become a participant, satisfied to hurl "silly clever"
shafts at the poor ignorant saps in the arena?

We know more of the theory of the matter than the eco-
nomists of twenty years ago. We indulge in technically more
sophisticated arguments than they ever dreamed of. We have
"the consumption function" and "liquidity preference" and all
sorts of esoteric concepts which were unknown a few years
ago. But has this new technical proficiency been accompanied
by any notable increase in economic wisdom? Certainly it
would be hard to claim that at the present time the economics
profession is making any contributions to the practical eco-
nomic understanding and life of the community that compare
with those of two decades ago. We have an abundance of
first-rate economic technicians; but where are the economic
philosophers?

When some great controversial question is at stake today,
the economics profession, to which the community is entitled
to look for guidance, too often maintains a deafening silence.
Is this lack of courageous, challenging leadership to be attributed, at least partly, to the lulling calm of the oceans of stability and security, so that those who should be helping to guide the vessel are satisfied to fill the role of "button pushers" and to indulge their spare time in "clever talk"? If it is, then we need to be on our guard.

* * *

To take another example:

One would have thought the new condition of economic security would have induced a fresh state of mind in the trade unions, one in which they would have been prepared to break with past ideas conceived in an environment of insecurity and to embrace a more positive and adventurous philosophy. But there are so far few signs of this. Has stability had the opposite effect—a complacent satisfaction with what is, a distaste for the difficult task of transforming an approach to economic and industrial affairs that has been "built into" trade union thinking over the best part of a century. Are the leaders in effect saying: "Well, we now have stability and security, all we have to do is to see that stability is maintained and security made more secure." Certainly the trade unionism of today seems to lack the vigour of mind, the ardent, crusading zeal and the adventurousness which it displayed under more difficult circumstances. Progress should still be the watchword of the trade unions; but when are they going to realise that progress today must be pursued by methods vastly different from those which were appropriate in the earlier decades of the century?

Nor has the businessman remained entirely unaffected by the new conditions. Having had a taste of security, and understandably liked it, there are signs that too much of his energies are being directed toward still more security. He may be justified in pressing the government for protection against forces over which he has little control. But he, more than others, should be careful to observe a decent moderation in his solicitations. There is a danger that he could acquire the habit of looking to a paternalistic government for getting him out of any jam, even though his own errors of judgment may be re-
sponsible for his plight. After all, what the community wants from its men of business are boldness and enterprise, the willingness to incur risks. That is indeed the whole basis of their case for the community's support against policies of socialistic intervention in business activities. But the pleasant calm of long-continued stability and the prevailing psychology of "security first" may induce in the businessman a frame of mind that is averse to the risk-taking and experiment upon which real progress depends. He should remember that when profits are virtually guaranteed the justification for their existence disappears altogether.

* * *

THESE are only a few discursive and disconnected aspects of the matter. There are many others. Moreover, the picture has been painted in over-strong colours.

It is not stability that is in question. Perhaps nothing is more important. It is the attitude of mind to which stability is in danger of giving rise, an attitude that could be disastrous to Australia in the period of her greatest prospective development. Of course, since the war we have done well. But abounding good fortune has been ours. It is against the law of life to suppose that it will always remain that way. And when the tide turns, as one day it must, let us beware lest we find ourselves in a state of such mental flabbiness that we lack the flexibility and the vision to grapple with the tougher conditions. A generation reared in the comfortable environment of economic stability may not find it easy to answer the challenge of a more rigorous climate calling for bold, unorthodox and severely practical expedients.

* * *
THE MAKING OF ECONOMIC POLICY

SOME COMMENTS

An article published in the April/June "Review", "The Making of Economic Policy", suggested that we should establish in Australia a national economic advisory authority, similar to the Council for Economic Advisers in the United States but tailored to fit Australian circumstances. This article was an elaboration of a paper originally published in the May/June "Review" of 1952, entitled "A C.E.A. for Australia".

We believe this proposal to be of such great national significance, and of such paramount importance to business itself, that we invited a number of people engaged in industry, politics and academic life to comment upon it. These comments are published here.

It is not necessary to recapitulate all the many arguments we have advanced in support of this proposal in the two articles mentioned above. But one or two things need to be said.

Nothing is more vital to the survival of free democratic enterprise in Australia than the prevention of a serious business recession or depression and of the unemployment by which it would inevitably be accompanied. Large-scale and long-continued unemployment would deal a blow which could be fatal to the free enterprise system as we know it (even though such an occurrence might be due to no fault on the part of business itself). If a depression should occur, far-reaching measures of government control would almost certainly be introduced and a strong impetus would be given to socialistic doctrines. In that event all the educational work being done by the I.P.A. and other institutions to promote a wider understanding of the merits of free enterprise would be seriously undermined. Quite apart from the all-important human aspect, it is clear that business, perhaps even more than any other section of the community, has a strong vested interest, both political and economic, in the maintenance of economic stability and the prevention of large-scale unemployment.

What businessmen and others should ask themselves is whether the machinery of government in Australia today,
which has evolved out of circumstances vastly different from the present, is adequate to cope with the irresistible demands now made on governments all over the world for continued high employment. We believe it is not and that an important change is called for.

A threat to Australian employment, if it arose, would most likely come from a substantial fall in wool values. That may not occur, but we should be absolutely certain that we have left no stone unturned to prepare policies to meet such a contingency, if it should occur.

This type of work, we believe, can be effectively done only by a body entirely divorced from the demands of the day-to-day routine of government administration, and free from the pressures and political considerations to which the political arm of government is constantly subject. One of the greatest obstacles to the pursuit of sound economic policies, designed to maintain full employment, is the inevitable intrusion of frankly political issues and the supposed interests of particular groups no matter to what sections of the community they belong. To gain public acceptance of these policies, it is, therefore, necessary that there should be some means of educating the public on measures that may be necessary in its own long-term interest, even though, in the short-term, these measures may appear inimical to the interests of particular sections. The structure of the governmental machine does not, at present, provide the means by which this can be done; and the concessions that are made to sectional interests are consequently too great and too numerous for the best long-term interest of the majority. Economic issues cannot be solved satisfactorily by measures that carry too strong a taint of politics. The change we have suggested—i.e., the institution of a national economic advisory authority—would provide a powerful corrective of this dangerous tendency.

One of the main functions of the body we have proposed would be to issue regularly expert, periodical surveys of economic conditions and of the problems confronting the economy with its own assessment of how these problems can best be met. These surveys would be the means both of educating the general public and thus preparing the ground for popular acceptance of policies that may not be entirely palatable, and of advising the government on the best course to pursue.
Of course it is not difficult to find many points of weakness in this proposal. Naturally it would not work perfectly—far from it. But since when has perfection been attainable in government or public affairs? The question the critic should ask himself is whether or not the suggestion we have made would represent an improvement on the existing methods of formulating economic policies. If he thinks that it would, then he should throw his weight behind it.

* * *

With one exception, all the comments published here reveal the author's belief that in various ways the present situation is capable of substantial improvement. Professor Firth's remarks are obviously based on a fundamental misconception of the course we have advocated. Naturally, we have never proposed that the President's C.E.A. and the procedure it follows could, or should, be precisely copied in the different Australian setting and form of government. What we have suggested is that the American methods present some ideas from which we can learn and some features which can be adapted with advantage to Australian conditions.

Nor would we be so naive as to propose that governmental decisions should not be made until the problems had been "talked out" by the nation at large. All we have suggested is that, before government finally makes its decisions there should be adequate means of consultation between the government's advisers and representatives of the major sections of industry and commerce. One of the avenues where improvement is obviously necessary is in the provision of estimates of future trends based on forward business commitments on such matters as orders placed overseas.

Canberra is unfortunately physically and environmentally remote from the rest of the Australian nation and the Canberra viewpoint may as a consequence not take sufficient cognisance of the problems that are exercising the minds of those at the decision-making centres of the nation's industrial life. Some special efforts should therefore be made to build a permanent bridge over a gulf that could otherwise threaten the realistic formulation of economic policy.
MOST of us make several important decisions daily. If any of them involve the balancing of opposite points of view, I am sure there will be agreement—wry concurrence—that if all the reasons and motives for such decisions were known, much of the disputation which arises would be needless. If this can happen in our own business, representing but one small segment of commerce, how much greater is the likelihood of unnecessary and ill-founded criticism of Government decisions.

It is the merest truism to say that modern Government has become complex. And in no sphere of Government is this truer than in day-to-day economics. Whilst the actions of Government in many other matters are more readily understood, and so accepted, financial and economic decisions are often received with an absence of good grace because their basic premises cannot be readily recognised nor interpreted.

Whilst this is important, it is not the fundamental purpose of the establishment of an Economic Advisory Council. The primary function of such a council would be to make available to the Government constructive and informed opinions, refined in the crucible of debate, on economic and financial subjects submitted to it.

Consider some of the contentious matters upon which Government must act today. Budgets are no longer constructed merely to provide funds for Government services. In recent years we have seen the budget used for anti-deflationary and anti-inflationary purposes or as an instrument of stability. Then again, there is universal acceptance by Government today of the responsibility for full employment.

Problems of convertibility, of fixed exchange rates, import and export restrictions, and international trade agreements—to mention but a few—all fall within the scope of Government. They demand for their solution a most comprehensive background of authoritative information and opinion—sometimes conflicting—which must be measured by the yardstick of the ultimate national good.

That Australia has so far conducted her affairs in these fields with skill is not merely accepted but is recognised with sincerity; and the able and conscientious part played by the permanent departmental officers is warmly applauded.

Nevertheless, is there not an urgent need for something which will provide a connecting link—a bridge between, on the one hand, the Government and its advisers, and, on the other, those who are directly affected by the Government's decisions.

There is, of course, nothing novel in such a suggestion. The value of committees and councils as an adjunct of modern Government has been amply proved. Whilst the greatest care would be needed to ensure that it was well balanced and representative of the important sections of the nation's economy, I would suggest
that selections should be on a personal, and not an institutional basis. Without doubt there can be found in Australia men of experience and capacity who would not only bring expert knowledge to such a council but would also be nationally minded in their views.

Sympathetic understanding is the principal ingredient of good will, and no Government is safe which lacks enjoyment of it. A Federal Economic Advisory Council would be, as the name implies, purely advisory. It would not detract from the authority of Government; rather would it support that authority with an essential and unshakeable buttress—the goodwill of those who have to accept Government decisions and, very often, give them practical expression.

Democracy has progressed far beyond the 19th century limits of party, creed and dogma. We cannot afford to be without its best refinements.

MR. W. H. ANDERSON
President of the Federal Council of the Liberal Party

THE I.P.A.'s suggestion envisages in effect, the strengthening of the Prime Minister's Department, in two ways. The first is that it should undertake a more detailed study of economic trends quite apart from its responsibility for day-to-day Cabinet submissions. The second proposal is that it should submit to the Executive regular reports for publication.

The Menzies Government is not lacking in economic advice, or, indeed, in talent. It is true, as pointed out by the I.P.A., that the senior economic advisers are those in the Commonwealth Bank, Treasury and Departments of Commerce, Trade and Customs (Tariff Board), Labour and National Service, and others, each of which publishes valuable economic reports.

But the Commonwealth Government does not publish a yearly or half-yearly report on the lines of the U.S. President's Economic Report. It published the report of the National Security Resources Board last March, but that report dealt with economics in retrospect; it did not disclose and examine likely future trends.

The work of the National Security Resources Board does, however, provide a good example of the present Government's earnest desire to have the assistance of experienced leaders in commerce and industry in the formulation of economic policy. The Board still functions under the chairmanship of the Prime Minister and with secretariat assistance from his Department. Another good example is the Immigration Planning Council.

Nor should it be overlooked that the Prime Minister's Cabinet Secretariat has been considerably strengthened since the Menzies Government came to office. Closer consultation has also been developed between Departments and between ad-
visers to the various governmental authorities. By way of example, the Prime Minister has frequently convened inter-departmental committees, which, in turn, have become responsible to Cabinet Sub-Committees. Their task has been to thrash out economic policy when there is an overlapping of departmental administration in some field or other of Government activity. In short, policy determinations are no longer arrived at by “hit or miss” methods.

To overcome delays and to allow senior Ministers to concentrate on longer term questions of economic and defence policy, it will have been observed that, in recent weeks, the Prime Minister has announced a division of his Cabinet into two functional groups. One is under his chairmanship, to consider questions of high policy. The other is under the chairmanship of the Vice-President of the Executive Council (Sir Eric Harrison) to deal chiefly with administrative matters.

I believe there is now a much more scientific approach to the formulation of policy than ever before. Research backing for policy recommendations, both at a Party organisation level (through the Research Section of the Federal Secretariat of the Liberal Party) and at a Government level (through the machinery set up by the Menzies Government), is much more thorough than it was in the past, although the same cannot be said for State policy considerations.

The United States practice certainly has much to commend it; although circumstances are rather different there because the Executive under the President of the United States operates with a wider delegation of powers from Congress than is available to the Prime Minister and his Cabinet. In Australia, the ever-present problem is to reconcile sometimes widely diverse attitudes, all based on economic submissions, in the various Departments. I presume the same applies in the United States but that there the Executive, under the President, can treat more summarily the submissions of the departmental administrative people. Here, the separate Ministries take a more rigid individual line.

Apart from that, the question becomes largely one concerning the publication of economic reports by the Prime Minister, upon the advice of economic advisers within his Department. I have reason to believe that the Prime Minister concedes the need to publish more material explaining the Government’s economic policy.

Mightn’t it be a good idea, if, to combine experience and practice, future reports of the National Security Resources Board took a different form and filled the gap to which I.P.A. has directed attention?
ONE must readily agree that in the modern democratic community adequate information ought to be available to enable the discerning citizen to appraise the overall economic situation.

What is not so certain is that all those who read the signs will necessarily draw the same conclusions, or even if they agree as to conclusions, will they of necessity agree as to solutions.

In Australia there is probably broad agreement on the maintenance of full employment (although there seems to be some flexibility as to its precise meaning as evidenced by the term “overfull” employment) but experience so far has been in maintaining full employment in an inflationary situation. But should circumstances, either external or internal, lead to a deflationary situation, there would no doubt be some interesting variety and dissent as to what ought to be done.

These differences would be accentuated in Australia where there is more fundamental difference between the Labor Party and the Liberal Party than there is between the Republican and Democratic Parties in America.

Even in the U.S.A., however, it seems that there is considerable variety of opinion in the approach, say, of the Truman Administration and the Eisenhower Administration as to the solution of economic problems.

There were differences of viewpoint even during the Truman period, leading to the resignation of Dr. Nourse and his replacement as Chairman by Mr. Keyserling.

A completely new Council was appointed by President Eisenhower with a view presumably as much to change the advice as the advisers.

Philosophers may seek after absolutes and yearn for “patterns laid up in heaven”, but economics is a more down to earth science where there is no absolute prescription for a given economic ill, and where, because of the economic role of the Government in a modern democratic community, the final decision tends to be political.

Professor Paul A. Samuelson well summed up this dilemma in the Financial Times, Lond., February, 1954, in an article “Testing Time for Prophets”. He quotes the final paragraph from the Economic Report of the President, January 28, 1954, p. 114:

“The minor adjustment under way since mid 1953 is likely soon to come to a close, especially if the recommendations of the Administration are adopted.”

Here we have the whole position epitomized, what economists call a value judgment about a given situation (a minor adjustment) that will apparently be influenced (likely soon to come to a close) by a political decision (the recommendations of the Administrative).
By all means let us use the information at our disposal, let us have more information; but as Samuelson says, in the "vital clash of interests, the professional economist must step aside and the voters must decide".

In this country, through the Department of Statistics, the Department of National Development and the various special sections of the Treasury and Commonwealth Bank, we probably have splendid facilities for securing information on economic trends in Australia. Two important faults seem to exist, however:

Firstly, that the information is not widely enough disseminated. It is more suitable for expert than for public consumption;

Secondly, when it is made available, it tends to be already out of date, and further, is isolated in its presentation, very little attempt being made to put a particular piece of information into a more general perspective.

The Commonwealth Budget is a case in point. Over the past ten years the trend has been to provide more information and to present it in a better form. The White Paper on National Income was an historic improvement.

In view of the importance of the Commonwealth Budget in the national economy, however, there is not yet any attempt made to relate the Budget to this broad canvas; nor is there any presentation in a popular form for the average citizen who can only exercise the responsibility that democracy demands of him if he is informed; nor is there any attempt made to forecast the influence of the Budget on the future.

A first forward move might be in the direction of preparing for Australia something akin to the annual Economic Survey as presented by the Chancellor of the Exchequer in the United Kingdom.
THERE article entitled “The Making of Economic Policy” suggests that its author may not have understood the fundamental difference between the American and British forms of government. American Government deliberately separates the legislative and executive branches, whereas in the British form these branches are closely related through the practice of Cabinet responsibility. Australian Government follows British practice in this respect. Constitutional forms such as Federalism and the Senate, which were originally borrowed from the United States, have turned out very badly in Australia, and there seems no reason to suppose that the “Council of Economic Advisers” would fare any better on alien soil. This country cannot afford the luxury of government by discussion, which appears to be the arrangement advocated by your article.

In the British system, “policy” grows naturally out of the day-to-day decisions made by Cabinet with the advice of senior public servants. Naturally these decisions are affected by the trend of opinion in Parliament and in the country. The effectiveness of government would be seriously impaired if decisions were held up until problems had been “talked out” by the nation at large. The British system carries the safeguard of Cabinet’s responsibility through Parliament to the electorate, which was the great constitutional invention of the nineteenth century. American Government has never adopted this invention, and has therefore to rely on the cumbrous safeguard of separating legislative and executive branches of government. In this atmosphere of incipient frustration, one can perhaps imagine that agencies with pompous titles may actually play a useful part.

Between the wars, the idea of an “Economic General Staff” was actually tried out in Britain. The analogy was ill-suited to peacetime conditions, and the experiment did not succeed. In 1951, I suggested that an “Economic Policy Tribunal” might be set up to carry out functions which appear at first sight not greatly dissimilar from those proposed for your Council of Economic Advisers. To that extent, I am now convinced that my proposal deserved the adverse criticism which it received from people with a lively appreciation of the difficulties which it involves. The most that such a body could safely attempt would be to review and criticise policy after the event, rather on the analogy of an Auditor-General. It may be doubted whether a special body is needed for this purpose, which, after all, is the traditional business of the Opposition in Parliament and of an informed public opinion outside it.
THE "Review" has drawn attention to Australia's "hush-hush" and "close-preserve" methods of manufacturing economic policy and contrasted our methods with the "open-air" policy of the United States, where a Council of Economic Advisers has access to all factors—governmental, industrial and commercial—and proffers advice simultaneously to the President, Congress and the public.

The question is whether Australia should institute similar machinery!

Most will agree that Australia's approach to the making of economic policy falls far short of needs and suffers considerably through the lack of much information which can best be obtained from industry and commerce, and from other informed sections and people throughout the economy.

Some authoritative fact finding body is necessary.

Those who know the calibre of the men in high places in Government service have nothing but respect for their conscientious approach. Whether our machinery encourages sufficient co-ordination at this level is open to doubt. However, economic policy manufactured in the remote atmosphere of Canberra certainly suffers through lack of cooperation and co-ordination between the many factors outside Canberra who proffer advice.

We can make little headway by blaming either Governments or the experts who advise them. By turning the critical eye on ourselves, we may realise that responsibility for a more democratic approach lies principally with all who work within, or control the many divisions of industry and commerce.

Unity is strength! Whilst self interest divides, economic policy will continue to be imposed. A united front would ensure that all who must work within the framework of economic policy would have a great deal more say in its making.

Under Australia's pattern of democracy which swings from right to left, a council of professional advisers responsible principally to the Government of the day may not serve the best interests of democratic freedom.

We have a vivid memory of controls. Democracy thrives on a minimum of control. We must strengthen democracy, not weaken it; therefore our responsibility is to convince both the people and Parliaments that Australia's present system of making economic policy is insufficiently democratic and that existing machinery would be strengthened considerably by assistance which could be rendered by a fact-finding advisory body representative of all factors within industry and commerce — industry being interpreted to cover primary, secondary and tertiary — commerce to include all commercial finance and banking.
Such a body would need its experts, but they would be responsible to an Advisory Council whose members were drawn from various sections of industry and commerce.

This Advisory Council would need full accreditation and backing at Government level.

The will to co-operate is essential, if an advisory council is to be created and receive official recognition.

Over the past twelve months, a committee of the executive of the Australian Industries Development Association has been considering Australia's need of such a fact-finding advisory body. This Committee's work has been, and can only be, exploratory. The setting up of an Advisory Council would require the co-operative efforts of very wide interests. Such a body would have the full support of A.I.D.A.