About the IPA

There must be many people receiving IPA publications who would be interested to know more about the Institute itself. When it was formed! Why it was formed! Who finances it! How it works! What it has done in the past! What it is trying to do today!

THE IPA reached its 25th birthday last March. The time may therefore be appropriate to say something about its origins, history, and purposes.

Twenty-five years is a long time ago. World War II had two years to run, but governments and people were already turning their minds to the kind of world they wanted when peace came. The phrase “the new order” was on everyone’s lips. It implied that the old order of the pre-war world was discredited. People were demanding a complete break with the past: a reconstructed society in which everyone would have a job, a decent minimum standard of life, rising living standards, and the opportunity to make the most of themselves.

In the business community and elsewhere there were some who suspected the new ideas. In the goal of “full employment” (a term that had just been born) they saw a menace to industrial discipline and honest work; in “cradle-to-the-grave” social security, a destroyer of personal self-reliance and char-
acter; in greater equality, a threat to enterprise. But these beliefs had only meagre support and were drowned out in the prevailing clamour for a new kind of society.

The reasoning was very simple... The pre-war economy of chronic unemployment, cycles of depression and prosperity, extreme inequality of incomes and opportunity and personal insecurity, it was argued, had failed. Socialism seemed to be the only political doctrine holding out the promise of a remedy for the ills of the past. Therefore the private enterprise system had to be replaced by a socialist society of planning, extensive government controls and nationalised industry. In the minds of great numbers, and especially in intellectual circles, post-war Australia was coming to mean a socialist Australia.

This was the situation that had developed toward the end of 1942. It was reinforced by the overwhelming victory of the Labor Party in the Federal elections in August, 1943. The currents were now flowing so strongly in the direction of socialism that many doubted whether they could be successfully resisted.

Such was the climate of political and public opinion in which the IPA was conceived and founded by a group of prominent businessmen twenty-five years ago*. The central purpose of the new body was to resist the trend to socialism. But the Institute's Council realised that this could not be done, with any prospects of ultimate success, by trying to turn back the tides of opinion and feeling at that time moving so strongly, and ominously, in the socialist direction. It could be done — if it could be done at all — only by diverting the tides along different channels: in other words,

* G. J. Coles (Chairman)
H. G. Darling
Captain C. A. M. Derham
G. H. Grimwade
H. R. Harper
W. A. Ince
F. E. Lampe
Sir Walter Massy-Greene
Sir Keith Murdoch
L. J. McConnan
Cecil N. McKay
W. E. McPherson
W. I. Potter
A. G. Warner
Chairman of Directors, G. J. Coles & Co.
Chairman of Directors, The Co-Operative Wholesale Clothing Society
Chairman of Directors, The Co-Operative Wholesale Clothing Society
Chairman of Directors, The Broken Hill Pty. Co.
President, Victorian Chamber of Manufacturers
Director, Drug Houses of Australia
General Manager, the Victoria Insurance Co.
Lawyer and Company Director
President, Australian Council of Retailers
Company Director, with a distinguished past career in Federal politics
Chairman of Directors, The Herald & Weekly Times
Chief Manager, the National Bank of A/sia
Managing Director, H. V. McKay-Massey-Harris
Chairman of Directors, McPherson's
Founder, Ian Potter & Co. (Sharebrokers)
Managing Director, Electronic Industries.
by evolving and holding out the prospect of a more attractive alternative. Where socialism was concerned with the virtual overthrow of the free enterprise system, the alternative had to concern itself with its radical reform and improvement.

The IPA realised that there could be no going back; nor should there be: the aspirations of full employment, social security, equal opportunity and rising living standards were legitimate and had to be met. The IPA set itself the task of trying to show that they could be satisfied better within the framework of a reconstructed free enterprise than through a system which would, at the least, inevitably make deep inroads on personal freedom.

It soon became apparent that the IPA’s efforts could best be exerted outside the field of direct political participation. At the first Annual Meeting in 1944, the President of the IPA, Mr. G. J. (now Sir George) Coles, defined the Institute’s position in relation to politics. “The IPA”, he said, “did not wish to be directly involved in politics, but it wanted to help create a modern political faith, which would be constructive and progressive and which would receive a large measure of popular support”. He went on to say that freedom of private enterprise, with proper incentives for the individual, would be needed in the tasks of economic reconstruction after the war. But he insisted that the leaders of business must inspire confidence among the Australian people by their integrity, ability and sincerity of purpose, if socialism were to be effectively countered.

For many months, a committee named “The Industrial Committee”* (later this became the Executive and Editorial Committee) worked on a plan for economic and social reconstruction, to which private enterprise would make a significant contribution. The aim was twofold: to produce a set of proposals that would command wide support; and, most important, to achieve their acceptance by representative sections of the business community. The draft document was discussed in detail with each member of the IPA Council, which eventually approved its publication. This history-making policy statement eventually saw the light of day in an 80-page booklet which bore the name “Looking Forward”.

* G. H. Grimwade (Chairman), F. E. Lampe, C. D. Kemp, G. R. Mountain, A. C. Leech.
It is fair to say that this document created something of a sensation. The response of the public, the press, businessmen, political leaders, trade unionists, and university circles, far exceeded the most optimistic expectations of the authors and of the IPA Council. The liberal, progressive character of "Looking Forward", its unequivocal acceptance of full employment, social security, equal opportunity and greater equality of incomes as primary goals of post-war policy, and its far-reaching proposals in the field of industrial relations, clearly came as a surprise to many people. It was widely felt that a momentous forward step had been made. Supporters of free enterprise had been dismayed with the extent to which socialist ideas were monopolising the field. "Looking Forward" gave them fresh heart. Eventually 50,000 copies were printed to meet the demand from thoughtful sections of the community — an astonishing circulation for an unavoidably technical economic and industrial report. Three comments among many — one from the press, one from a political leader and one from a University professor — will serve to illustrate the public reception accorded "Looking Forward".

"The Bulletin" (Sydney) said:

"It is by far the most comprehensive and intelligent set of enquiries and recommendations concerning post-war problems that has yet been published by any similar body or Government department in the Commonwealth".

In the famous Unity Conference called by Mr. R. G. (now Sir Robert) Menzies at Canberra in October 1944, to form a new political party — the Liberal Party — the convenor referred to "Looking Forward" in glowing terms and urged all the delegates to study it. In a letter to the Institute, written before the Conference, Mr. Menzies had said:

"'Looking Forward' is, in my opinion, the finest statement of basic political and economic problems made in Australia for many years".

G. L. Wood, Professor of Commerce at the Melbourne University in an article in "The Argus" (Melbourne) said:

"'Looking Forward' is a frank exposition of the point of view of business leaders . . . It is thoughtful, balanced, rational and constitutes a plan for co-operation rather than a pamphlet of provocation. Whatever the political views of the reader it will be difficult to deny the sincerity of the analysis, the thoughtful appraisal of the industrial problem as a whole, or the wisdom of the conclusion that so far as private enterprise is concerned it is imperative that the broad motive
of service to the community should assume a greatly increased importance among the responsible directors and managers of industry. A platform for negotiation is offered upon which frank discussions about the reconciliation of social disharmonies can take place.

When the newly formed Liberal Party came to define its policy in detail, it was clear that the approach and ideas of “Looking Forward” had exerted a major influence. In a study of the Institute written for a university political science thesis, the author stated: “The Institute had a definite influence on the policies of the new party through personal advice and its report ‘Looking Forward’. This report did much to justify the Institute and unquestionably had a great impact on industrial and public policy, not only because of what it said, but because its conclusions were supported by wealthy and influential interests”. The thesis concluded with the sentence: “It is difficult to avoid the conclusion that the Institute played a very important part in introducing, and partially moulding, the new, more stable, and economically prosperous society which grew up out of the war.”

One of the grand old men of the early days of the IPA, Sir Walter Massy-Greene, chairman of some of the largest companies in Australia, warned, however, that “Looking Forward” was only a beginning. Much remained to be done if the tidal wave of socialism were to be successfully resisted. The IPA had to strive to reach more and more people. It had to develop and elaborate important issues and proposals only touched upon in “Looking Forward”. Vital economic truths had to be repeatedly emphasised if they were to penetrate the public consciousness.

In 1945 and 1946 the IPA prepared a number of booklets dealing with matters exercising the minds of many in business, government, and the community at large.* There was a strong demand, running into tens of thousands of copies, for all these publications. One of the booklets, “Increased Production”, was republished in the form of five articles in “The Herald” (Melbourne) and other Australian dailies.

Because of the enthusiastic reception and widespread

* ‘Profits Income and Living Standards’
‘Investment in the Post-War Years’
‘Taxation in the Post-War Years’
‘The Forty-Hour Week’
‘Increased Production’
demand for these publications, "The IPA Review" was launched in 1947. The aim was to provide a regular medium for the expression of the Institute’s views on national problems.

The conflict between free enterprise and socialist ideas in the late 1940’s centred upon the perpetuation of war-time controls (especially price controls, rationing and capital issues), the concept of total government planning and nationalization of key industries. The attempt to nationalize the private trading banks in 1947 seemed to herald a major advance toward the socialist goal.

"Review" explored these issues in considerable depth and contributed notably to the swing in opinion which eventually culminated in the rejection of the socialist party in the Federal elections in December, 1949.

In the latter half of the 1940’s, industrial relations were in a highly disturbed state with prolonged strikes in key industries, widespread "go-slow" practices, and employer-employee relationships at a low ebb. Conditions were so serious that a leading British industrialist visiting Australia was led to comment, "As a country, you are wet, wet through and through".

In 1947 and 1948 "Review" made many proposals for the improvement of industrial relations and the overhaul of the arbitration mechanism. These proposals produced a sympathetic response from labour leaders. In a newspaper article, a prominent trade unionist and member of the N.S.W. Executive of the Labor Party, J. P. Ormonde (now Senator) wrote,

"These far-reaching declarations breathe the spirit that is needed to solve Australia's production problems . . . If the approach set forth in 'Review' can win the support of organized employers there is ground for hope that the reign of peace and co-operation in industry is not far off."

Observers of the industrial scene have asserted that the work of the IPA in those years made a major contribution to the improvement of industrial understanding. A well-respected American newspaper, "The Christian Science Monitor", Boston, published an article assessing the significance of the Institute's work during those years. It summed it up in the following terms,

"In addition to exercising a big influence in shaping thinking in high
places in Australia, the Institute has done much to combat the ignorance, prejudice and deliberately anti-democratic propaganda that has clogged Australian industrial relations. Certainly a great change has come in this sphere of public thought, greater peace, more harmony, more understanding. To the I.P.A. must go much of the credit."

The circulation of "The IPA Review", initially around 10,000 copies, expanded rapidly. Not designed for popular consumption, but based on serious research, "Review" was directed toward leaders of opinion in the main sectors of Australian affairs — business, trade unions, the press, members of parliament, senior public servants, and schools and universities. Today the circulation of "Review" is over 20,000 copies.

One of the most significant demands for "Review" has come from the schools for use in senior classes. This has expanded steadily over the years and thousands of copies of the publication are now read by students in over 700 schools throughout Australia.

"Review" has never hesitated to express strong views on large controversial issues in economics and industry. In many of the ideas it has put forward over the years, particularly on matters of national policy, "Review" can fairly claim to have been in advance of the general run of thought.

Numerous examples could be given. For instance, throughout the 1950's "Review" was almost a lone voice in arguing that growth achieved at the cost of inflation would prove to be founded on shifting sands. This view is now generally accepted in responsible circles.

The I.P.A., through "Review", was the first organisation to propose the concept of the total wage which has now been adopted by the Commonwealth Arbitration Commission. Some years before, "Review" had argued that the Commonwealth Arbitration Court should be reconstituted as a Commission to reduce the legal formalities which were proving a serious obstacle to speedy wage decisions.

During the 1950's the I.P.A. was the first to stress that the pace of development and migration could not be maintained without a rapid increase in export income, and that the popular doctrine of import-replacement, if pursued too extravagantly, would lead us up a blind alley.

Over the years "Review" can claim never to have pandered
to sectional or political interests. Nor has it taken the cosy path of telling people what they want to believe. It has sought the truth in the conviction that prosperity and progress are to be found only in pursuing the right policies, regardless of whether they are unpopular or detrimental to the short-term interests of special groups.

In 1952 the I.P.A. launched its publication "Facts", with an initial circulation of 10,000. This was designed to compress in a brief space important information about economic and national affairs in a form in which it could be readily understood. The popularity of this publication has exceeded all expectations. Circulation is now 60,000 and continues to grow rapidly. It is read by people in all walks of life, the bulk of the circulation being among factories, offices and schools.

The Institute draws its finances from over 700 companies and many individual subscribers all over Australia. The supporting companies embrace the entire business spectrum: banks and finance companies, insurance societies, mining enterprises, manufacturers, wholesalers, retailers and pastoral houses, and a wide range of building, transport and other activities.

Control of policy is vested by the Council of the Institute in the Executive and Editorial Committee which is allowed complete independence of action and decision.

The present Council consists of men occupying prominent positions in some of the most important enterprises in Australia.

The I.P.A. is an educational body, but not solely educational. One of its original, and continuing, objectives is to state the case for free enterprise in a responsible way. But it is concerned also to exert an influence on national economic policy. The guiding principle which the I.P.A. follows is that of the broad, national interest, in the belief that what is best for the nation and people as a whole will, in the end, prove to be in the best interests of its components.

In this article we have been looking backward. But those who wish to participate in the shaping of tomorrow must strive to keep abreast of the swiftly moving, tumultuous currents of today's world!

The I.P.A. must still take as its guiding text the title of its first publication 25 years ago — "Looking Forward".

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A Balanced Attitude

In some quarters there are indications of mounting concern about certain aspects of the Australian economy. Should these apprehensions become too alarmist, and spread through the community generally, they could have serious consequences. The state of mind of the people, as Keynes used to stress, is one of the most important ingredients of economic health. Economic slow-downs or recessions can easily be self-induced, just as many human illnesses have their source not in any physical affliction but in the mind.

At the other extreme from those taking a cautious, or even pessimistic stance, is the "Australian Unlimited" school of thought which seems to believe that nothing could conceivably go wrong with an economy so abundantly endowed with the mineral riches now being uncovered. But a sublime over-confidence about the future, allied to a tendency to gloss over current difficulties, could, in the event, be just as injurious as the spread of unwarranted despondency.

The worries of the cautious, or pessimistic, school seem to stem largely from two things. The first is the extraordinary minerals and metals boom on the Australian Stock Exchanges, which appears to be developing some rather feverish overtones.

The second, and more fundamental, is the huge deficits being incurred on current transactions in the balance of payments. In 1967/8 the deficiency could be of the order of $1100 million; the previous year, 1966/7, the gap on current account was $650 million. The reason that deficits of these proportions have not led to a catastrophic run-down of Australia's external reserves is, of course, accounted for by the altogether unparalleled inflow of capital from abroad.

In 1965/6 capital inflow reached a figure of $908 million which, notwithstanding a large current account deficit ($887 million), enabled us to add $21 million to our overseas reserves.

In 1966/7 capital inflow fell to $473 million and the reserves declined by $177 million.
In spite of the huge current account deficiency in the year just passed, Australia has apparently been able to achieve a near balance in its external transactions because of a record intake of capital. (Comparative figures over the three years 1965/6 to 1967/8 are set out at the foot of the page). The record inflow of capital during 1967/8, unlike the inflows of previous years, is partly attributable to an unprecedented rush of share-buying orders from overseas, some speculative, to secure a stake in Australia’s mining boom.

The optimistic school of thought, which seems to be in a predominance at the moment, takes the view that the problem of the current account deficit will disappear like the morning mists as soon as the huge anticipated export receipts from the mineral developments get under way in the early 1970’s. It also foresees very large savings on imports, of some $250–$300 million a year, by the beginning of the 1970’s as domestic oil production increasingly replaces overseas supplies. This prospect leads them to play down, or even ignore, any unhappy omens implied by the size of the current balance of payments’ deficits.

The pessimists dismiss this view of the future as too glibly optimistic. Projections of the balance of payments several years ahead have been drawn which indicate that Australia will still be needing a huge overseas influx of capital if the external accounts are to be balanced. One projection for 1970/71 shows a current account gap of $1060 million — roughly of the same order as that of the present year.

What is the right or sensible attitude to adopt towards the Australian economy at the moment? This is not an academic matter but one of the greatest practical importance. On our attitudes, will depend both the continuing health of

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Source: Commonwealth Statistician; 1967/8 estimates ours.
the economy in the year or two ahead, and the implementation of policies now that will help to strengthen the foundations of the economy so that it will be better placed to cope with the longer future. The state of mind of the consumer, the investor, the business man and above all of senior Commonwealth Ministers and government officials, is one of the most important ingredients in the functioning of the economy.

In our view, the right attitude to take lies somewhere between those represented by the two schools of thought mentioned above — between the sublimely optimistic on the one hand, and the growingly pessimistic on the other.

It would be wrong to ignore current difficulties and to imagine that all will be well no matter what, as the optimists seem to do. The minerals' developments, fantastic as they are, do not, of themselves, guarantee Australia's economic future. That will still depend, as it has always done, on the pursuit of wise, responsible financial and economic policies — in private enterprise as well as in government.

On the other hand, the danger of pessimism is that it is, like the influenza virus, highly contagious. At first it affects only a few, but soon sweeps irresistibly through the community in a destructive wave of self-doubt.

It would be very foolish to let gloomy assessments of what could happen in three or four years time influence our attitudes now. Balance of payments' projections are notoriously unreliable even for one year ahead, let alone for three or four. Economic policies can be formed only on what we already know, or what can be anticipated with some measure of assurance, not on something that might, under certain circumstances, conceivably happen in a fairly remote future.

Speculative forecasts of the balance of payments in the early 1970's should not be allowed to affect attitudes or influence policies here and now. An exploding economy such as Australia's must be, by its very nature, a "confidence economy". If confidence should falter and be replaced by doubts and uncertainty, then the steam will go out of things and troubles multiply.

Economic commentators cannot fairly be criticised for counselling caution, but those that do must be doubly careful to avoid spreading contagious fears.
A Balanced Attitude (continued)

All this certainly doesn’t mean that we should push problems under the table and forget about them. There are difficulties and threatened difficulties in the Australian economy at the moment. These should be frankly recognised.

One problem is the certain rise in wage costs, resulting from the repercussions of the Work Value Judgment, and the threat of further wage increases from this year’s hearing of the total wage case. It would be idle to pretend that this is not causing widespread apprehension among manufacturers struggling to compete with imports and establish footholds in overseas markets, and among primary producers upon whom the size of our export receipts so largely depend. The prospect of rising labour costs is also clearly a source of concern among Commonwealth Treasury officials.

The viability of the balance of payments in the future will be determined, more than anything else, by the success we achieve now in keeping cost and price rises to a minimum. This is not just a matter, as many seem to think, of a more restrained attitude by wage-fixing tribunals — although that is certainly part of it. It is even more a matter of achieving the right balance in our economic policies. Here the most serious cause for alarm is to be found in the ominously rising trend of government spending.

The Commonwealth Government appears to have achieved little success in carrying out the undertaking, implicit in the 1967/8 Budget, to keep the increase in government spending "within tighter limits". Expenditure of all governments — Commonwealth, State and Local — for the first nine months of 1967/8 has been rising at just on twice the rate of increase in the gross national product. Even if defence is excluded, the rate of increase is still far above the rate of growth in the GNP.

Most of the increase in government spending is taking place in the areas of defence, and capital outlays on developmental projects. Defence we cannot do much about, but there is now strong need for discrimination by Commonwealth and State Governments in planning their capital works programmes.

The trouble with over-heavy expenditures of a capital kind and heavy, but necessary, expenditures on defence, is that they push taxes higher and higher and cut severely into
the resources available to satisfy consumption. This gives rise to frustration among the majority of people understandably seeking an improvement in their living standards. In turn, restriction of consumption is a potent cause of industrial unrest and the clamour for higher take-home pay. This situation tends to impose unbearable pressures on the much-maligned conciliation and arbitration machinery. The critics of the arbitration process seem to forget the contribution made to wage increases by the over-award payments resulting from an over-extended economy.

What we must seek in our economic policies is a proper balance, a balance between government and private spending, between consumption and investment, between defence and development on the one hand and current needs on the other; a balance also in the migration intake; and a balance between social services for the aged and improving living standards for the young.

The Commonwealth Budget next month should strive to attain these delicate balances. It should not be influenced by unlikely projections of the balance of payments in the early 1970's, but it should recognise the need to avoid over-straining the economy and to check cost and price rises here and now. This is a complicated operation with many facets, but at its core is the moderation of government spending itself and the consequent avoidance of further sharp rises in taxes and public utility charges.

Australians are entitled to approach the future with a robust confidence in the potentialities of their economy. This does not mean a licence to speculate foolishly on the stock exchange; nor does it mean turning a blind eye to the problems of the moment. But confidence can rest on the certain fact that the economy is continuing to surge ahead at a remarkable speed and on the great good fortune that the Australian Continent is rapidly becoming one of the richest sources of mineral wealth in the world. There is no need for pessimism or over-caution. However, there is need, as there always will be, for policies by governments, private enterprise and people generally in the management of their personal affairs, based on prudent calculation and good sense.
Is It Fair?

"It is a sad time for British politics when, within a period of two weeks, the Foreign Secretary feels compelled to discuss his drinking habits on television, and the leader of the Conservative Party feels equally compelled to provide the same medium with 50 minutes of prime evening viewing time by co-operating in a humiliating debate on his own possible short-comings as party leader. It is time such nonsense was stopped."

THE ECONOMIST, October 21, 1967.

"Our leaders are expected to appear almost on call before the television cameras, to hold innumerable press conferences, and to share their thoughts, even if they may be fragmentary and half-formed, with everyone in the country. No leader can long survive such ordeals and emerge from them unscathed."

President Grayson Kirk,
Columbia University, New York, TIME, April 26, 1968.

IF democracy is to function successfully, confidence in the leadership is essential. People will not co-operate, will not respond, will not follow, when their faith in those who lead them is destroyed.

In the world's two great democracies, we have recently seen what has been called a "crisis of confidence" in the leadership. There has been unending talk of "credibility gaps," a breakdown in communications, a lack of understanding between the leaders and their peoples. The Gallup Polls have revealed a staggering decline in public popularity and acceptance of President Johnson and Mr. Harold Wilson. Even allowing for the fact that they may have made serious mistakes — indeed, it would be surprising if they had not — President Johnson and Mr. Wilson must surely be better men than the public rate them in the Polls.

The urgent question arises whether the modern democracies are demanding too much of their leaders. And, by a strange twist of irony, are they, at the same time, making it increasingly difficult for their leaders to lead? Are prominent public men being exposed to pressures and stresses which make it almost impossible for them to perform their functions effectively?

Prime Ministers and Presidents and others in high places must, of course, expect to be the recipients of a great deal of public criticism. They must expect to have their words and actions closely analysed. That is how democracy works. Criticism, kept within decent bounds, acts as a spur to make democratic leaders give of their best. But while a race-horse may respond heroically to the touch of the whip, he can be crippled and his spirit broken by continuous flogging.

Two developments, at least, seem to have added immeasurably to the burdens of the modern political leader. One is television which is throwing a relentless spotlight on the activities and personalities of prominent public figures. The other is the comparatively new trade of the highly sophisticated political analyst, who, both on television and in the press, subjects the leaders to incessant, probing, critical scrutiny. The great
American columnist, Walter Lippman, seems to have given rise to a vogue, although it might be said that few of his emulators are in the same league as the master.

Since the famous Kennedy-Nixon TV debates in 1960, it has been clear that television has introduced a rather awesome dimension into political life. The aspiring leader must look and sound well on the television screen: the "TV image" is said to be decisive. It is widely claimed that Mr. Richard Nixon lost the 1960 Presidential campaign, because he appeared haggard-looking on camera. And a well-known observer in the United States has gone as far as to affirm that Nixon could not possibly win a Presidential election because of the configuration of his lower jaw which, on TV, "makes him look like a sinister chipmunk." On such momentous things, do the fate of nations depend!

Undoubtedly television has had some highly beneficial effects on the democratic process. The political leaders have been brought much closer to those they lead. Public men are no longer rather remote figures, seen in person only rarely on official occasions. They are on show every day. The people are now much better acquainted with those to whom they have entrusted power. Through the TV interrogators, the man in the street almost feels that he himself is conversing with his leaders. In this respect, television has enlarged the scope and advanced the purposes of democracy. National politics, instead of being rather remote and distant from the people, assumes some of the cozy intimate features of local or Greek city-state politics. There is a continuing dialogue between government and governed. This is the good side.

On the other hand, the compulsion that leading political figures feel to appear frequently on TV and the fact that their everyday movements are made under the ubiquitous eyes of the cameras (accompanied by the searching tongues of the inquisitors) immensely increase the strains to which they are exposed.

The spotlight focused on the leader, in which he has always stood, has now become blindingly intense. Every little thing he does, every word he utters, no matter how casual, thrown off perhaps on the spur of the moment, every gesture even, is now not merely recorded but minutely analysed. Even his day-to-day changes in appearance and mood have become the subject of public interest and conjecture. What do these changes indicate? One day we are told that Mr. X is looking healthy and robust; now he is tired and drawn. He is looking gay; now sad and harassed. He has put on weight; he has shed weight. He is in good humour; he is in bad humour. The poor fellow has only to move from his office to be on "candid camera," to be surrounded by gesticulating figures pushing microphones down his throat. He alights from a jet airliner, after a long and tiring journey and is engulfed by representatives of the press and TV and subjected to a bombardment of questions, seemingly aimed more at eliciting sensation than prosaic fact. He is expected to take the all too-frequent discourtesies with a smiling face. If he reveals signs of brusqueness or impatience that is brought to the attention of the multitudes of TV watchers in their drawing rooms.

It may be all good fun, fine entertainment; but how many of the watchers give a thought to the stresses and strains it imposes on those upon whom they are relying for wise, cool leadership? A careless, unthinking word can have national, or even international, repercussions; a sign of bad temper may mean loss of votes at an impending election. The VIP can't relax for a moment. He is expected to be at the top of his form all the time, in good spirits, intellectually sharp, and alert to the consequences of every word he utters. Rather than elic-
ing information, the questioners seem more concerned to dig booby-traps into which they hope their victims will stumble. The aim seems to be to provide entertainment rather than political enlightenment for the viewers.

What qualities, it may be asked, do the people need in their political figures? Do they need smooth, good-looking actors, with agile tongues and ready wits, calculated to provide an amusing half-hour? Or do they need men of intellectual depth and comprehension, of high integrity and responsibility, with the capacity to get things done? Often men who are loath to speak before they think?

The expert political analyst adds his quota to the furrows lining the harassed brow of the modern political leader. In the press, on radio and television, the political commentator subjects the leader's performance, week by week, almost day by day, to microscopic analysis. Last week was a good week; he is worthy to be the leader. But this week he has done poorly, he has committed blunders; he has been unwise; he has made tactless remarks, he looks tired. The insidious, unspoken question: "Is he really fit to be leader?" But the following week all is well again. He has been in fine fettle. He stands head and shoulders above those around him. He is the only conceivable leader for the country.

How unfair, and in many ways how absurd, it all is!

Are we expecting too much of our leaders? Are we in danger of forgetting that they are, after all, fallible human beings, not really so much different from the rest of us and that, if they are to give of their best, they need encouragement and support like anyone else?

One must ask the disturbing question whether it is possible for democratic leaders to discharge their great responsibilities to the best advantage of their countries, if they are to be made the objects of an unceasing personal inquiry. If they are compelled to give a large part of their attention to fending off the attacks made upon them, to the sheer business of self-protection, how are political leaders to find time to get on with the business of government? How can they lead when they are all the time looking over their shoulders to avoid being shot in the back?

In bringing the leaders closer to those they lead, TV serves a political purpose of unquestioned value. But by bringing the leaders too close, it makes their task immeasurably more arduous. Under the all-revealing eye of the cameras, the warts of their personalities become plainly visible for all to see. The leader is cut down to size. The great man is seen to be just an ordinary person after all.

But to be effective, leadership must command respect. It needs a mystique, a protective aura, a certain remoteness from the multitude. A day-by-day familiarity must, in the end, breed contempt. With the modern weapons of communication, confidence in the leadership is easily, albeit unwittingly, destroyed; and a leaderless nation is a nation bewildered, disconcerted, unsure of itself, lacking direction.

There is another thing. A newly chosen leader must in all fairness, be given a chance to prove himself. But, in these days, no sooner does a man assume high office, than the modern democracy seems to set out to topple him off his pinnacle. Every quirk of character is noted. Every chance phrase is analysed microscopically by the political experts to discover hidden meanings. A casual remark may be interpreted as indicating something sinister, or some revolutionary change in policy. The leisure-time hobbies of the leader are discussed ad nauseam. His work habits are closely
examined! How many hours a day does he put in at the office? Only 10. Tut-tut! His predecessor put in 15. Ah! he is probably lazy; he is treating the job too casually. (It doesn’t seem to occur to the denigrators that it may be advantageous for the leader to free himself from routine trivialities, to allow time for reflection and for pondering great matters of state). Can he make decisions? Or does he talk big and do little?

The modern democratic leader must have the skin of a crocodile if he is to get on with his job, undistracted and undeterred by the probing personal examination to which he is subjected almost every day. Most men haven’t. But it is not only the leader that suffers; it is also the led. The nation, needing a purposeful, confident pilot at the helm, may now find that it has one uncertain of himself, his confidence dented, distracted from his task by the sheer necessity of self-protection, unable to think clearly and dispose effectively of the great matters of government. Under these conditions, democracy must stumble and falter.
New Booklet

Better Living Standards

The Key is Productivity

The I.P.A. will publish a new booklet on Productivity in August.

We believe this booklet is timely, because industry is facing steep increases in labour costs and growing difficulties in competing with overseas products. Defence and other urgent national needs are now making heavy demands on Australian resources, and increased productivity is necessary to meet these demands without the impairment of current living standards. It is desirable that all Australians should have a broad understanding of these problems.

The booklet will consist of sixteen pages. It will be attractively illustrated and presented.

It is proposed to make the booklet available to companies for distribution to office and factory employees at a price of 20 cents per copy.

The I.P.A. has published two previous booklets on Productivity, in 1956 and 1963, with a combined circulation of over 100,000 copies.

Most companies requested 50 to 100 copies, but several ordered quantities varying between 500 and 1,000 copies each.

The I.P.A. would like to hear from companies and others who are interested in obtaining copies of this new booklet.

We hope the proceeds will be sufficient to cover production costs, and provide for a limited free distribution to schools, educational organisations and libraries.
Should the Means Test be Lifted?

A substantial body of opinion, including some sections of the press, favours the easing and eventual abolition of the means test applying to social service benefits.

The principle of an age pension, subject to a means test on income and property, was first introduced in Britain as part of the famous Lloyd George Budget of 1908 and adopted a year later by the Deakin Liberal Government in Australia. After World War II the Beveridge Plan for social security "from the cradle to the grave" was adopted in Britain, making government pensions, free of means test, universal.

Since the end of World War II the means test in Australia has been considerably liberalised. It is now applied by combining any non-property income with a notional 10 per cent annuity yield on the net value of property. A home, motor car, furniture and personal effects are exempted from the property assessment. A married couple (husband aged 65 and wife 60 or over) whose property is less than $840 in value (excluding a house and personal possessions) may earn up to $17 a week between them from paid or self employment, plus another $1 a week on their investments, and still receive the full pension of $23.50 a week. This sum is progressively reduced until their personal exertion income reaches $40.50 a week, when the pension ceases. A married couple, wholly dependent on property earnings, may obtain income from property having a value of up to $9,640 and still be eligible for a full pension. A part pension will be paid until their investment property exceeds a value of $21,880.

Pensions Overseas

In Britain, everybody over 65 (women 60) is entitled to a basic pension of £5 per week on a flat contribution of 13/- per week (matched by 14/6 from the employer). Increased benefits are paid to those contributing more per week — up to a maximum additional contribution of 9/9 for both employer and employee. A large part of the costs of the British social security system is met from general taxation.

The United States operates an Old Age and Health Insurance Scheme to which employees contribute 4 per cent of their wage or salary, matched by a further 4 per cent from employers. At the end of 1965, three-quarters of Americans over 65 received an age pension. Most of the remainder were persons, aged 72 or under, with a substantial private income. There is no means test on people over 72.

Canada pays a pension to everyone 70 and over. A pension subject to a means test is paid at 65. The scheme is financed through a 3 per cent tax on net corporation income and, subject to a maximum limit of $120, a 4 per cent tax on personal income.

In the Common Market, pensions are virtually financed by employer and employee contributions and not out of general revenue. In France, for example, employers pay into a national social security fund, a sum (including 6 per cent deducted from employees' earnings)
equal to 38 per cent of their total weekly payroll. About half the fund goes to finance old-age pension and health benefits. In France, pensions amounting to 20 per cent of average earnings over the past 10 years are payable at 60, with increments of 4 per cent for each year of deferred retirement, thus giving a pension equal to 40 per cent of past earnings at 65. The pension is increased by 50 per cent for a married man and automatically adjusted to changes in average wage rates.

Unlike the Common Market countries, Sweden finances two-thirds of the cost of pensions from taxes, and only one-third from employer-employee contributions. In Sweden, a pension roughly equal to two-thirds of the yearly income earned during the pensioner’s 15 highest paid years is granted to all persons 67 years and over, completely free of means test. As a result, income taxes in Sweden are the highest in the world — 18 per cent of GNP, compared with 6 per cent in France and Italy, 11 per cent in Germany and the United Kingdom, 13 per cent in the United States and Australia. Young people in Sweden are strongly resentful of heavy taxes to pay for benefits to the elderly while government housing lags well behind the needs of newly married couples.

Cost of Abolishing the Means Test

Figures compiled by the Commonwealth Department of Social Services show that, on the existing pension scale, it would cost $370 million to abolish the means test in Australia. Further details prepared by the Department as at December 31, 1967, are set out in the table on the page opposite.

The table shows that about 55 per cent of all Australian citizens eligible for a pension do, in fact, receive it. The remaining 45 per cent are people with

† Employer-employee social security contributions are not included.

farms, businesses, investments and other assets returning (in the case of a married couple) an income not less than $40.50 a week. These people, many of whom would be receiving very substantial incomes, are debarred by the means test from receiving a pension.

**Those who advocate the lifting of the means test are thus, in effect, suggesting a massive increase in government expenditure to assist people, none of whom are in dire need.**

It should be clearly understood that the removal of the means test would be of no assistance whatever to the most needy pensioners. Over 90 percent of pensioners have no other income at all; only a minute number are up at the means test limit. Lifting the means test would be of some assistance to the 10 per cent of better placed pensioners in receipt of a small private pension or other income. But it would be of most assistance to over half a million elderly people who, with incomes already exceeding $40.50 a week, are precluded from any government benefits at all.

Payments to, and on behalf of, pensioners are already a major charge on the Commonwealth Budget. The payments are now close to $600 million a year. Indeed, until the recent big lift in defence spending, the payment to the National Welfare Fund ($1,071 million in 1967/8) for all social service benefits was the largest single item in the Budget.

Pay-as-you-earn tax deductions from wage and salary earners are estimated to yield $1,500 million this financial year. Thus nearly 40 cents in every dollar of income tax paid by the average wage and salary earner is being pre-empted for the pensioners. Another $400 million to finance pensions and associated benefits for all, free of means test, would clearly mean a further sharp increase in
COST OF ABOLISHING THE MEANS TEST ON AGE PENSIONS

<table>
<thead>
<tr>
<th>AGE GROUP</th>
<th>Under 70</th>
<th>70-80</th>
<th>80 and Over</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Pensioners — thousand</td>
<td>234</td>
<td>313</td>
<td>115</td>
<td>662</td>
</tr>
<tr>
<td>Non-Pensioners — thousand</td>
<td>344</td>
<td>158</td>
<td>43</td>
<td>545</td>
</tr>
<tr>
<td>Total in Age Group — thousand</td>
<td>578</td>
<td>471</td>
<td>158</td>
<td>1207</td>
</tr>
<tr>
<td>Existing cost of Age Pension — $ million</td>
<td>147</td>
<td>197</td>
<td>74</td>
<td>418</td>
</tr>
<tr>
<td>Total cost if Means Test Abolished — $ million</td>
<td>377</td>
<td>307</td>
<td>103</td>
<td>787</td>
</tr>
<tr>
<td>Additional cost if Means Test Abolished — $ million</td>
<td>230</td>
<td>110</td>
<td>29</td>
<td>369</td>
</tr>
</tbody>
</table>

income tax, amounting to nearly $2 a week on the average wage and salary earner.

A recent Poverty Study by a Melbourne University research team indicated that serious pockets of suffering exist among the chronically ill, elderly people paying rent, deserted wives and large low-income families. These people must surely have a greater claim on national welfare benefits than elderly people already enjoying an adequate income.

Savings

Discussion of whether or not the means test should be lifted has nothing to do with the adequacy of present pension rates. One of the principal reasons why the pension scale is not more liberal is that Australia has chosen to devote such a great proportion of its resources to economic development and expansion of population. Quite a large part of national development has been financed from taxation (or compulsory saving) the net result of which is to leave less money for financing social benefits. In this respect, the position in Australia is vastly different from the European countries particularly, and indeed from practically any other country with the possible exception of Canada.

The European economies, which have no means test, have been held up as a model for Australia. But these economies, apart from the fact that they have much less need of developmental capital than Australia, are different in another respect.

In Europe there is a far more pronounced element of government paternalism than we are accustomed to in Australia. Here, with our strong individualist traditions, we encourage people to be more self-reliant in providing for their own future. Australia’s income tax laws are among the most generous in the world in regard to allowable deductions for life insurance and superannuation contributions. Should Australia abandon these principles of personal self-reliance and freedom in favour of a more paternalistic government system?

The original Beveridge prescription of universal social services benefits hardly seems relevant in the modern world when practically everyone is in a position to make some provision for retirement. Before the war, low earnings and intermittent employment made saving difficult or impossible for many people. But now the Western economies have moved into a new era of full employment, high earnings and a comfortable, if not affluent, standard of living. The Beveridge proposals were devised against the background of the large-scale un-
employment and insecurity of the pre-war years.

In Australia, the habit of saving has now become widespread through organised deduction schemes from employees' pay envelopes, liberal government assistance to buy a home, the tax concessions for life insurance and private superannuation schemes, and opportunities for the small investor to purchase shares and other securities. Australians are now among the world's highest savers. Nearly 8 million life insurance policies are now in force in Australia, with annual premiums exceeding $500 million a year. About 650,000 people in private industry and 600,000 government employees are covered by pension schemes of various kinds.

The question at issue is whether Australia should be moving towards a system of universal benefits, as proposed by the opponents of the means test, or whether it should be moving rather in the opposite direction and concentrating government assistance on those most in need. The aim in our view should be to remove the pockets of poverty that still exist, rather than provide benefits for those who do not need them and are in a position to look after themselves. If Beveridge were alive today and called upon to devise a plan for social security, it is interesting to speculate whether he would still adhere to the principles which lay at the back of his proposals in the 1940's, or whether in "the affluent society" he would base his proposals on an entirely different set of ideas.

New Line of Thinking in Britain

Much informed and respected opinion in Britain today seems to be moving away from the concept of universal benefits for all. In an article published in "Lloyd's Bank Review", Professor Walter Hagenbuch of Queen's College, Cambridge, states that the original aim of pensions was to relieve poverty; now it has become "an all embracing universalist philosophy of equal, growing, free benefits for everyone for all time". Professor Hagenbuch pleads for a return to the original objective of relieving want and for more discrimination between those who can, and those who cannot, afford to pay for the means of subsistence. "A means test in the widest sense becomes a logical and essential instrument of policy".

Hagenbuch's approach has been vigorously followed by various writers at the Institute of Economic Affairs in London, including its editorial Director, Arthur Seldon, and Douglas Houghton, Chairman of the British Labour Party and Minister formerly responsible for co-ordinating social policy on pensions, health and educational services.

Seldon says the indictment against the policy of pensions for all is formidable. "It appears to put equality before humanity. It has denied pensioners, large families, neglected children, the mentally sick and others in need". In Seldon's view, a means test must be instituted on the grounds of common humanity and the sheer arithmetic of the hundreds of millions of pounds involved in a policy of universal benefits.

Mr. Douglas Houghton is equally emphatic that "universality" has done serious harm in Britain — over-straining the economy and causing a loss of incentive to effort and efficiency. He argues that there should be a shift away from universal social service benefits to selective benefits to those in dire need. By coding income tax data into computers, he says, it is now a relatively simple administrative matter to exclude people from a pension once they reach a certain income.

The Downing Proposals

Speaking at an A.B.C. Forum held last year, Professor R. I. Downing of
Melbourne University said that the means test should be retained on the grounds that the taxes required to pay pensions free of means test would fall relatively heavily on the lower income groups. He then advocated greater encouragement to people to save privately through tax concessions, and inducements to stay at work after pensionable age by waiving payroll tax or granting wage subsidies. This seemed eminently sensible.

However, in an address delivered on April 24 this year, Professor Downing has substantially shifted ground. He says the continued failure of Governments to prevent inflation and protect the value of savings has led him to abandon his past advocacy of encouraging people to look after themselves. Professor Downing now proposes a contributory national superannuation scheme involving a 64\% per cent levy on employers' payrolls, with employees contributing on a graduated scale to a maximum of 4 per cent of earnings at $80 a week. The national superannuation scheme is to be superimposed on the existing pension arrangements, financed out of taxation. The Downing plan, be it noted, is not proposed in substitution of the present age pension.

Under Professor Downing's proposals, married couples earning a combined income of $40 at retirement would receive a 100 per cent Age Pension of $23.50 a week, plus $16.50 contributory benefits from his scheme, giving them a total income of $40 a week. Above past earnings of $40 a week, the present Age Pension would progressively cut out until, at $80 a week or over, a maximum pension of $53 a week would be paid entirely from the national superannuation scheme.

Professor Downing's proposals must mean a substantial increase both in industrial costs and in taxation. Professor Downing estimates that his scheme would have cost $1,600 million to finance in 1966/7. The Government would still pay the existing $400 million in Age Pensions, but income earners would contribute another $400 million and employers $800 million to the national superannuation scheme. Income earners would, in effect, pay something like an average of 25 per cent extra direct taxation. Also they would have to pay the higher prices which would result from the addition of $800 million to industrial costs. Australian employers and employees are already paying into voluntary private superannuation and insurance schemes at a far higher level than other countries. Now they would be asked to contribute to a compulsory scheme on a scale comparable with overseas practice. If Professor Downing's scheme were implemented, Australia would probably be devoting a higher proportion of its GNP to the payment of cash benefits than practically any other country. The figures would be as follows:

**PROPORTION OF GNP DEVOTED TO SOCIAL CASH BENEFITS**

<table>
<thead>
<tr>
<th>Country</th>
<th>Proportion of GNP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>11*</td>
</tr>
<tr>
<td>France</td>
<td>11</td>
</tr>
<tr>
<td>West Germany, Sweden, Netherlands, Belgium</td>
<td>10</td>
</tr>
<tr>
<td>Italy</td>
<td>8</td>
</tr>
<tr>
<td>U.K., Denmark, New Zealand</td>
<td>7</td>
</tr>
<tr>
<td>Canada</td>
<td>6</td>
</tr>
<tr>
<td>United States of America</td>
<td>4</td>
</tr>
</tbody>
</table>

\* 5½ at present

There was undoubtedly a strong case for compulsory national insurance in the pre-war world of serious under-employment and sometimes mass unemployment. Then, the earnings of income during a man's life were often uncertain, being subject to capricious forces beyond his control. But this position has surely been transformed in the modern era of full employment where virtually every-
one can look forward to a regular income throughout their working lives. As the level of incomes continues to rise, and people thus become steadily more affluent, this argument is reinforced.

There is also to be considered the impact of the Downing scheme on the major objectives of national economic policy. The Australian economy is at present capital-oriented rather than consumer-oriented. This is made necessary by the aims of rapid economic development and population growth. The resources for universal government pensions without means test must come from somewhere. They can't be conjured up by some magical device of monetary or fiscal policy. Where will they come from? An addition to pensions on the scale proposed in Professor Downing's scheme must mean less for other things, maybe for schools and universities, maybe for hospitals, roads, water supply and other national developmental projects. $1,200 million a year for national contributory pension payments would mean a vast addition to consumption expenditure at the expense of capital and national development.

In today's increasingly affluent society, government assistance should not aim to provide benefits for all but to assist the small minority in real need. In this regard everyone would applaud an increase in the pension rate in the forthcoming Commonwealth Budget.
An American Business Leader looks at the Negro Problem

by

WILLIAM G. CAPLES
Vice President, Inland Steel Co.

This article deals with the most explosive and potentially dangerous issue in the United States today. It sets out the responsibilities which American business should accept in contributing to a solution.

The Author, Mr. William G. Caples, is Vice-President of Inland Steel Company, Chicago. Mr. Caples is on the Board of Education of the City of Chicago and served on the President's Advisory Committee on Labour and Management Policy. He is a former Vice-President of the U.S. National Association of Manufacturers.

IN 'The Ordeal of Change', Eric Hoffer has called our attention to the ways in which feelings of hostility, unrest, bitterness and frustration relate to feelings of hope. When the possibility of relief of grievance is quite remote — for example, when it is expected only in a life hereafter — people tend to be resigned and patient. The early Christian believed he was living in an interregnum, a brief interval preceding the actual coming of Judgment Day, and this belief contributed to his acceptance of the harsh treatment the world accorded him. When better conditions are theoretically possible in a foreseeable future (especially when these desired conditions have already been accomplished in some areas or in some parts of the society), the level of frustration and bitterness rises, along with the potential for drastic action to improve conditions.
As Hoffer says, "Not actual suffering but the hope of better things incites people to revolt". Revolutions tend to come about as things start to improve and expectations rise.

It is my thesis that we face the challenges of hope — hope among the disadvantaged urban minority group members (primarily Negro Americans but equally true of Spanish Americans) that a new day is coming; hope that they may at last share in the blessings and benefits of the affluent society most of us in the United States enjoy; hope that the doors to the ghetto will be unlocked, and that we will create one cohesive society out of the two we now have. Thus I urge three major tenets: first, that we have not yet done enough by a wide margin; second, that in a general way we know what to do and have the resources to do it; and third, that failure to act in the ways and on the scale demanded is at the peril of disruption of our whole social fabric. And we have worn out the rug of promises under which we have been sweeping our problems.

That we have not yet done enough to solve the problems of the urban ghettos of America, and to bring into the mainstream of American life the human beings who inhabit them, is evident from the most cursory review of our affluent society.

Our economy has attained an unprecedented peak of employment and prosperity, and has sustained an extended period of growth. In 1966, nearly two million new jobs were created, and an overall unemployment rate of 3.8 per cent was achieved. Only eight major labor markets had unemployment rates of over 6 per cent in 1967, compared with 19 in 1966 and 101 in 1961.

This prosperity served only to throw a spotlight on the fact that there are still millions of our citizens who continue to be left out. Their existence is no longer obscured by the general unemployment of large numbers of skilled and experienced workers.
There are, as near as I can judge, about two million individuals, age 16 and over, out of school, who need specific manpower and related services before they can become adequate workers and earners. These are the most severely disadvantaged of a much larger group, numbering more than 10 million, that are either unemployed or under-employed. Of this hard core reservoir of two million, about 1.3 million are in the 100 largest cities of the nation and between 700,000 and 900,000 are in the ten largest cities. In the worst slum areas of our major cities the population is 70 per cent Negro and 17 per cent Puerto Rican and Mexican-American. Unemployment rates in these areas are triple and more the national average, and under-employment may affect as much as one-third of the potential labor force. All suffer severe, traditional discrimination in housing, employment, and social mobility. Many are marked by the breakdown in family structure. Enforced concentrations in ghettos means: population pressures crowd dwellings; ill-prepared students crowd inadequate schools; and neighbourhood temptations and economic pressures force early school dropouts. There is, then, an increasingly serious mismatch between people and jobs and the location of jobs. While any effort to resolve the employment needs of the problem population must focus on people, it must also give equal, if not greater, attention to the environment in which they, and the problem, exist. It is to our shame and disadvantage that our urban ghettos are ignored until riots occur. Our attention is attracted for a little while and then they are forgotten again. Efforts to resolve the urban problem must be thought of as long-term investments which may or may not have any effects on riots this year or next, or for several years. In my opinion there is no quick or universal remedy.

Business management has a role in meeting the challenges of hope among our disadvantaged urban ghetto dwellers and our minority group fellow citizens wherever situated.
The business community, it seems to me, has two responsibilities in the promotion of civil rights, equal education, and equal employment opportunity. These responsibilities should guide all our policies, all our programs.

The first is the responsibility to understand; the second, the responsibility to act. We must recognize that change is essential — not because of new laws or actions of administrative bodies or riots, but because it is time to change, and because it is right to change.

The first element of the understanding which business must have is this: we are at the beginning of a long, hard road. We are not near its end. Civil rights laws will solve no problems in themselves. They will merely provide the battleground for major confrontations yet to come.

The second element of this understanding which I believe businessmen should have flows from the first and affects them directly. In 1963, Charles Silberman made an observation in 'Fortune', which I believe to be still true today: "Jobs, not civil rights, will be the key issue . . . The great mass of Negroes . . . are more concerned with where they work than with where they eat. Winning the right to eat at a desegregated lunch counter is small consolation to men who can't afford the cost of the meal."

As a consequence, the problems of integration in employment will, I think, be one of the major preoccupations of top management for years to come.

This responsibility to understand leads naturally, as I see it, to the second responsibility of business — to act, to innovate, to break the patterns of the past; to review, question, and revise old modes of thought, old methods, old traditions which obviously, according to our unemployment statistics, do not meet today's requirements. This need for change is an opportunity not only to improve the lot of the Negro, but to improve the state of business and society as a whole.
What areas of action can we exploit to accomplish this?

First, top management must recognize that a problem exists and that meaningful action is required to solve it. The problems of minority groups must have high priority.

Second, we must make it as ridiculous in appearance as it is in fact to select employees on the basis of pigments or convictions. We must, instead, select on the basis of capacity to learn and potential to produce.

Third, business has to get away from the attitude that "I will hire any qualified Negro, but I can't find Negroes who meet our qualifications." The problem is to motivate Negro youth to want to qualify for business. How can we, as businessmen, convince Negro youth that business is a realizable, satisfying, and rewarding career? An employment policy statement, setting forth clearly the requisites for employment and advancement, is necessary. Furthermore, the policy must be implemented: it must be a reality. But existence of a policy in full operation is not enough in itself. The Negroes of the community must be made aware of its existence, must understand what it means, and must be assured it is truly in effect. We in business must publicize these facts. We must communicate with the Negro community, understand the problems of the Negro, and in turn, help him to understand the problems and policies of business. We must know how to co-operate toward greater employment opportunity. To paraphrase Isaiah, as is so frequently done in Washington, in times of passion we must learn to reason together.

Fourth, we must make sure that the training is available which is required to make equal employment opportunity a reality in both original hire and promotional opportunity. We must encourage the young Negro in particular to prepare himself realistically for jobs in business. The objective is to so place the student that he can see the great opportunity accruing from education and will, therefore, want to proceed
with his own education. This means business must take a continuing interest and involve itself in public education — general, technical, and vocational — at both the primary and secondary levels.

Equally important is the need to do something constructive in higher education. I believe the problem of preparation for business management is more critical than for any other profession, trade or craft. It is not that the doors to the business executive suite are the last to open. It is rather that fewer Negroes have been preparing themselves to go through them.

Able Negroes have gone into — and distinguished themselves in — medicine, law, teaching, government, chemistry, the ministry, to name a few. But the number who have gone into business studies is small. This has been true at both the under-graduate and graduate levels. Programs must, therefore, be found that will motivate the Negro to participate and will lead to the acceleration that makes valid the opportunities we talk about. It is not our task to bemoan the lack of trained and qualified people. Our task is to see that methods are devised to ensure trained and qualified people of all races to meet our needs. In this way only will we achieve the necessary wide selection mentioned earlier. The programs in business education of the University of Chicago, the pioneer, and the triumvirate of Washington University, and the Universities of Wisconsin and Indiana in this field are to be commended: it is well to note that all were privately conceived and funded.

Fifth, we in business must constantly bear in mind that our attitudes, our behaviour, and our sincerity will be judged not solely by our conduct in the world of business, the world of employment, promotion, buying and selling. We are not merely businessmen. We are citizens. Many of us are home owners. We are a social, political, ethical whole, not just economic beings. We will be judged by our conduct in all
our various aspects as human beings. Our commitment to equality of citizenship must, therefore, be wholehearted. It must be whole. It must cover not only the workplace. It must cover our home community, our church, our recreation, our entire life.

Sixth, we must stop thinking of the minority group person, particularly the Negro, only in the work situation and as an employee. We must think of him as another total individual, who like whites, lives 24 hours a day; who has fears, biases, love, and hate; who wants good housing, the best he can afford where he wants to live; who wants his children to have a chance at a better life and world; who wants to be accepted for what he as an individual is — who wants equality in fact.

If each segment of our society — each of which has its own particular responsibility — analyzes its obligation and fulfills it, as I believe business can and will, we will greatly accelerate the solution to our problems and the realization of the great potential the United States possesses.

An excerpt from William G. Caples' "The Challenges of Hope", M.S.U. Business Topics, Spring 1968. Reprinted by permission of the publishers, the Bureau of Business and Economic Research, Division of Research, Graduate School of Business Administration, Michigan State University.

Contributed articles by noted authorities in Australia and overseas dealing with matters of public interest are published from time to time in the I.P.A. Review. This Institute is not necessarily in full agreement with the views expressed in these articles. They are published in order to stimulate free discussion and inquiry.
Lord Keynes and Prevention of Depression

by Professor DUDLEY DILLARD

This article first appeared in “The I.P.A. Review” in 1950. “The Economic Digest”, London, said it was “as near as we are likely to get to a statement of Keynes' doctrine in terms that may be understood by the ordinary voter”.

The article was reprinted last year as a result of many requests from teachers, students and schools for copies. This demand for copies has continued strongly this year, and a second reprint has been necessary. The I.P.A. gratefully acknowledges the help given by the National Bank of Australia Ltd. in defraying the cost of printing.

Copies of the reprint are now available free of charge to teachers, university lecturers and libraries. We would prefer teachers to apply for a number of copies for class use, rather than applications by individual students."