THROUGH the 1960's the concept of Growth held the centre of the stage in economic policy. The rate of Growth — the annual increase in Gross National Product — became almost the sole standard by which the performance of an economy was measured and its success or failure assessed. Only a few, among them the famous American economist, John Kenneth Galbraith, questioned the validity of the single-minded pursuit of the growth objective.

In the 1970's Growth will still remain important, but in the advanced Western economies it is likely to be increasingly qualified by a new concept, summed up in the now much-used phrase, the "quality of life". It is becoming more and more clear that mere growth, the production of additional goods and services per head of population, does not automatically guarantee greater human happiness and welfare.

During the 1960's a multitude of unwelcome by-products of growth began to accumulate. These by-products had to do quite largely with the general environment associated with the modern, technological society — the cumulating discomforts
of the big city; the problems of congestion of human beings and of their prime means of transport, the motor car; the threats to human health and to the survival of animal species from the defoulment of the air, earth and water by industrial pollution and the over-use of dangerous insecticides; the inadequacy of community facilities — public transport, education, hospitals, water supply and sewerage, to name some. The disparity between increasing wealth and the deficiencies in essential services was underlined by Galbraith in a famous phrase, "private affluence and public squalor".

In the 1970's people are likely to question — indeed have already questioned — whether Growth per se is necessarily consistent with human comfort and convenience, good health, improved understanding and wisdom and, most important of all, with the dignity of man as an individual person.

The great, almost terrifying, social problems that Growth has created are certain to enforce far-reaching changes in thinking at government and business levels. Indeed, it is difficult to see how in the 1970's business leaders and the modern large-scale corporation can avoid assuming a far wider range of responsibilities than in the 1960's. The reputation, and even the ultimate survival, of the private enterprise system may, in fact, very well hinge upon the contribution businessmen are able to make towards solving the pressing and dangerous problems now confronting modern industrial society.

There is a significant parallel between the current situation and the one which faced business enterprise in the Western countries around the end of World War II. At that time it became clear that if free enterprise were to maintain an honoured place in the social and economic structure, and to survive the imminent threat of socialism, business leaders would have to play their part in finding solutions to the great economic and social problems of chronic under-employment, alternating prosperity and recession, lack of individual opportunity and security, inadequate living standards, and manifest social inequalities. The remarkably successful drive toward the society of affluence in the last quarter of a century is itself evidence that these responsibilities were undertaken and the challenges successfully met.
Now, in the 1970's, business in all modern economies faces a rising tide of criticism, discontent and even distrust — particularly, but by no means only, from the more idealistic, youthful members of society. Modern industry is accused of being largely responsible for the growing threat to man's environment. It is castigated for making products that do not always meet the standard claimed for them, and for advertising and marketing methods that, if not frankly immoral, are often an insult to man's mature intelligence. In recent years too, the climate of industrial relations seems to have deteriorated; concern is mounting that under the impact of modern technology there is a pervading impersonality in human relations.

The great American industrial enterprise, Du Pont de Nemours, recently canvassed a selection of intelligent young people, including some within its own organisation, about their attitudes towards the modern business corporation. The responses seem to be summed up in the following answer: "The trouble with business, many young people feel is that the corporation has no conscience. Young people understand that profits are necessary and that profits do contribute to society. The criticism is that the almost total focus on profits has resulted in neglect of other considerations." (Here the respondent listed industrial pollution, auto safety, price arrangements, the marketing of products of questionable value, often dangerous to health, planned obsolescence, advertising excesses with the exploitation of sex). The reply concluded with the words, "We look longingly at the tremendous potential of business to do good for society, but we see no one turning that potential to use unless forced to by public pressure".

The criticism while clearly exaggerated, and less than fair to business, represents a view widely held among young people. It is, after all, only the affluent society which can afford to be critical of the affluence which is in large measure attributable to the free enterprise system.

Some business and scientific leaders have recently shown themselves to be very much aware of the dilemmas facing industry in the 1970's. In a symposium arranged by the Standard Oil Co., (New Jersey) the President of Du Pont's, Mr. Charles McCoy, said, "The challenge is for industry to devise more imaginative ways to place its technological resources in
the service of man; to couple its business goals with the clear and pressing needs of society. Society will reward those that help un-clog our highways, re-build and re-vitalize our cities, cleanse our streams, and conquer poverty and disease — not those whose pursuit of the dollar blinds them to such needs”.

At the 1969 all-day Annual Conference in London of the Institute of Directors, attended by some 5000 representatives of British business and addressed by top-ranking political and industrial figures, the President, Sir Derek Pritchard, summed up the day’s proceedings in a pregnant sentence: “The vital importance of human relationships in business is the thing we should take away in our minds above everything else today, the importance of people and communicating with people”.

Addressing the Congress of American Industry arranged by the National Association of Manufacturers last December, the U.S. Secretary of Commerce, Mr. Maurice Stans, said, “If we do not concern ourselves with more than products and profits, the competitive enterprise system by which this country thrives could be destroyed by those who hold it in contempt”.

In the 1940's private enterprise and its leaders met the grave challenges of the changed political and economic environment of the post-war world by a bold acceptance of responsibility for the great national issues of the time. Now they face a new and totally different set of challenges. Responsible businessmen will turn their minds to the urgent human and environmental problems of the world of the 1970’s. In the last quarter of a century the productivity of private enterprise in the full employment economy has brought great material benefits and wider horizons for the mass of people in all Western countries. But many of the serious by-products of the new technologies were not foreseen at the time. The vast scientific and technological resources of modern industry must now be used to cancel out the adverse effects which they have sometimes produced.
Mr. J. Chester Guest, C.B.E.

Mr. J. Chester Guest, a member of the Institute’s Council, died on the 19th January.

“Chester”, as he was known to all his associates, joined the I.P.A. in 1964. He had a deep understanding of Institute affairs, and keen enthusiasm for the causes for which it works.

Chester Guest had a most distinguished career in Australian business. He was associated with a number of the leading companies in Australia. He was a Director of Western Mining Corporation, Broken Hill Associated Smelters, Alcoa of Australia, and Deputy Chairman of North Broken Hill. At the time of his death he was the Chairman of the Board of the Commercial Bank of Australia. Notwithstanding indifferent health in recent years, his courage and strong sense of responsibility would not permit him to give anything less than what he believed to be his best.

For his services to industry and finance, Mr. Guest was awarded the C.B.E. in the 1969 New Year’s Honours.

Perhaps his main interest outside his family and business responsibilities was his love of golf. He was once among the best amateur golfers in Victoria and a near-scratch player right up to the time of his death.

Chester had a quite individual charm of manner and a most likeable and cheerful personality, and his close friends had a deep affection for him.

He was one of those people with an obvious love of life. His sudden death while on holiday at Portsea came as a profound shock to his friends and associates.

He will be greatly missed by the Council and Staff of the Institute.

We extend our deepest sympathy to the members of his family.
In economic performance the 1950’s was a great decade for Australia; but it was far surpassed by the 1960’s. Development in the 1950’s was assisted by the Korean and Suez crises; in the 1960’s by the immense mineral discoveries which acted as a magnet for foreign capital. But in both decades economic management and enterprise took advantage of the good fortune blowing our way.

As Australia enters the 1970’s its prospects are hitched to the vehicle of Japanese economic expansion. The prodigious momentum of the Japanese economy should be the catalyst of Australian economic growth in the 1970’s, and indeed decades beyond.

The Growth Saga

The 1950’s, the 1960’s and what of the 1970’s?

The 1960’s have gone. We can now ask what kind of a decade was it. The watershed between the decades is an appropriate perspective from which both to look back and to look forward. By looking backwards one is better able to appreciate what happened and why it happened. The lessons of the decade that has gone can be applied to good purpose in the one to come.

The 1960’s was, without doubt, the most extraordinary period of growth and development in Australian economic history. This can convincingly be shown by comparing the decade with the one that preceded it. At the end of the 1950’s the Institute was able to write, “Australians have reason to be proud. Over the last 10 years Australia has grown in population and industrial stature at a faster rate than probably any other country. Australia is a nation in a hurry”. It seemed then almost too much to hope that the great record of development of the 1950’s would, or could, be equalled in the 1960’s. Indeed, the new decade opened unpropitiously. Prices of Australia’s traditional exports were slumping and overseas financial reserves were being drawn down at a rate which would have exhausted them within the short space of two years. The 1960 crisis in external finances, along with internal inflation, led the Commonwealth Government to apply the controversial counter-measures of November of that year. Recovery from the severe check administered to the economy was slow, but by the middle of the ’60’s the momentum of rapid expansion had been resumed.

In economic performance and growth, the new decade was to far outstrip its predecessor. In fact, the 1950’s over-topped the 1960’s in only one respect: the rate of increase of population at an average 2.3 per cent a year exceeded the 2 per cent average of the 1960’s. In absolute numbers, however, the 1960’s just beat the ’50’s, adding 2,300,000 to the population compared with 2,100,000. Net migration was slightly greater in the 1960’s — 900,000 against 850,000. But in additions to the work force, the 1960’s won easily — 1,130,000 to 730,000. The 1960’s saw a marked increase in the employment of married women — 400,000 as against 200,000 in the previous decade.

In the 1960’s Gross National Product rose much more rapidly than in the 1950’s — by a yearly average of $1600 million as against $1000 million (in 1968/9
prices). The bigger increase in the work force contributed to this result, but the chief reason lay in a striking advance in productivity, concentrated in the “goods” section of the economy. Output per person in manufacturing advanced by an average 4.5 per cent a year in the 1960's (1950's — 3.5 per cent.); in rural industry by 5 per cent in the 1960's (1950's — 4.5 per cent); and, in mining, output per person increased at 9 per cent a year in the 1960's — double the rate of increase in the 1950's.

The superior performance of the decade just ended was, of course, immensely assisted by a flood of foreign capital to take advantage of the growth prospects opened up by the great mineral discoveries. Capital inflow had already come to assume a significant place in the economy in the 1950's when it amounted to $2100 million; but this figure was dwarfed by the 1960's level of $6800 million. As a percentage of private fixed capital investment (excluding dwellings), overseas capital contributed 11 per cent in the '50's, 16 per cent in the '60's. However, the importance of overseas investment to the economy could not be measured in mere money terms. With the money came technologies, skills and "know-how", and marketing and financial connections with powerful overseas corporations, all of enduring value to the Australian economy. On the other hand the magnitude of overseas investment accentuated the pressures on the employment market, particularly for certain types of skilled labour.

Standards of living improved more rapidly in the later decade. Average weekly earnings rose by 127 per cent in the 1950's as against 74 per cent in the 1960's; but in the latter period consumer prices increased by only 27 per cent compared with 85 per cent in the 1950's. Thus the increase in real earnings in the '60's at 37 per cent was substantially greater than the 23 per cent achieved in the '50's. All the popular individual indicators of living standards — cars, telephones, household gadgets — showed a much more rapid increase per head of population in the later period.

One of the most remarkable features of the 1960 decade was the increase in personal savings. Savings bank deposits and fixed deposits in trading banks rose by $5800 million, contrasted with $1600 million in the 1950's. The story is the same in life assurance — an increase of $15,000 million in sums assured in the '60's as against $4900 million in the '50's. Even when allowance is made for the larger population and lower money values of the later period, the increase remains extraordinary.

Liberal tax concessions for investments in life insurance, the spread of employee retirement funds, the improvement in incomes, the expansion of savings banks, no doubt all contributed. But whatever the reasons, the figures must be taken to reflect a pretty comforting improvement in the degree of personal security enjoyed by most Australians.

Another striking contrast between the two decades lies in education. Two indicators of change and improvement will suffice. Over the 1950's, total expenditure on education increased by $300 million; in the 1960's by $800 million. In the 1950's the number of university students rose by 15,000; in the 1960's by 60,000. The figures reflect, of course, both the larger population and the greater proportion of young people in the later period, but they must also indicate a notable up-grading of educational standards.

The more dramatic advance of the 1960 decade on practically all fronts is reflected also in the record of external trade and payments. Over the 1950's, Australia's total overseas reserves fell by $256 million; in the 1960's they increased by $300 million. At the end of the 1960's,
Australia's overseas payments' position was also better secured as a result of a big increase in reserves at the IMF. At June 1969, Australia held in first and second line reserves nearly $2000 million, compared with a little over $1200 million 10 years earlier. The improvement in front-line reserves in the 1960's, compared with their performance in the '50's, is, of course, very largely attributable to the much greater inflow of foreign money in the later decade.

Against this, it must be borne in mind that Australia's need for imports at the end of the 1960's was very much greater. Imports for the last 3 years of the decade averaged $3068 million, more than twice the figure of $1485 million for the last 3 years of the '50 decade. Imports rose by $1655 million between the first and last years of the period. This contrasts with a rise of only $737 million in the 1950's, both because of import controls and a slower rate of economic expansion. The improvement in export earnings in the 1960's is just as noteworthy — $1608 million as against $570 million. Average export earnings for the last 3 years of the '60's were $3029 million, nearly double the last 3 years of the '50's.

Much other significant information could be added. But the statistical contrast just given provides an illuminating comparison of the record of economic progress in the two decades.

* * * *

Looking backwards from the perspective of the present, it has to be conceded that there was a quite remarkable element of sheer good fortune behind the progress achieved in both decades.

In the 1950's the prime catalyst of growth lay in the successive booms in world commodity prices, resulting from the Korean crisis at the start, and the Suez crisis in the middle, of the decade. In the 1960's the incredible mineral discoveries triggered off a veritable flood of overseas capital and transformed the Australian economic outlook.

By contrast with the 1950's, the economic development of the later decade took place in an environment of falling prices for Australia's great traditional export industries and deteriorating terms of trade. To take one illuminating example: throughout the 1950's wool attracted prices ranging from 50 to 75 cents a pound — indeed in 1950/51 the average price was a fantastic 120 cents. By 1960 average wool prices were 42 cents a pound and through the decade only seldom rose about that figure. At the beginning of the 1970's, wool was selling below 40 cents.

But notwithstanding falling prices for its traditional exports, in the 1960's Australia did achieve a rapid increase in income from abroad. This was not by any means mainly due to the notable expansion of exports of manufactures, nor to the great rise in exports of minerals, which in any case came in the dying years of the decade. Despite declining profitability, the 1960's saw a very substantial growth in productivity in the rural industries and thus in the volume of exports. This export performance was also assisted by a further stroke of unexpected good fortune in the shape of huge sales of wheat to China, a marked increase in exports of sugar because of the Cuban crisis, and a spectacular growth in sales of meat to the United States.

Nevertheless, it remains true that the saga of progress of the recent decade would not have been possible without the discoveries of almost limitless mineral wealth. By the end of the 1950's the main additions to our known mineral resources were the vast deposits of bauxite around Cape York. Since then have come the disclosures of inexhaustible reserves of high grade iron ore and of considerable nickel deposits in Western Australia, the immense additions to our resources of
coal, lead, zinc and copper, the sizeable phosphate and mineral sands deposits, the promising offshore natural gas and oil finds.

Even so, the great economic advantage of these finds, and no doubt of more finds to come, will be derived in the 1970's, and beyond that.

The overseas money attracted by the mineral discoveries contributed directly to Australia's economic advance in two ways.

First, it enabled us to maintain a high level of internal investment, and thus to provide the capital necessary to finance an exceptionally large intake of migrants.

Second, we were able to finance an expanding volume of imports, the inevitable concomitant of rapid economic expansion.

While the signal achievements of the decade just ended would not have been possible without the mineral finds, there were other influences at work. From the experience of the 1950's we learned a great deal about the economics of growth in the Australian context. We came to realise that inflation, except over the very short term, does not speed up growth, but subtly undermines the foundations on which sustained economic progress can be built. The price record of the 1960's, when prices rose by 27 per cent, contrasts quite remarkably with the 1950's when prices rose by 85 per cent. Thus, while inflation was not stopped, its rate of advance was much reduced. The new attitude to inflation was reflected in the gradual adoption through the 1960's of a more common-sense and realistic wage policy by the national wage-fixing tribunal. And by the end of the 1950's we had gained another essential lesson, namely that continued rapid development could be secured only by continued rapid expansion of exports. In the 1950's there was much talk of pursuing development through the blind alley of import replacement; it was only right at the end of the decade that the critical importance of exports began to take root.

THE 1950's and the 1960's are part of Australia's economic history. Everyone must now be wondering what the 1970's hold in store.

At least the two decades gone provide a warning that economic developments seldom go according to expectations. Indeed, the report of the Vernon Committee in 1965 provides a classic illustration of the hazards and difficulties of economic prediction and even more of the futility of forming cut-and-dried plans on the basis of long-term forecasts. The ink was hardly dry on the Report before a clearer picture of the significance of the mineral discoveries began to emerge. The great companies concerned with the development of the new mineral riches could themselves hardly have anticipated the extraordinary rate which their own expansion was to assume.

In the 1950's the growth of the Australian economy received its main impetus from two great international crises — Korea and Suez. In the 1960's there was also a large fortuitous element behind the phenomenal economic expansion of the decade — the discovery of mineral wealth of unbelievable extent. In both decades development was speeded by strong tail winds, but shrewd economic generalship and enterprise meant that we took advantage from the good fortune blowing our way.

As we enter the 1970's the prospects of the Australian economy are hitched to the vehicle of Japanese economic expansion. The prodigious momentum of the Japanese economy could be the catalyst of Australian economic growth in the 1970 decade, and indeed in decades beyond that. And it could be a far more powerful catalyst than many of us at pres-
ent imagine. Japan’s growth rate, currently 15 per cent a year in real terms, is five times that of the United States and double that of Australia. American experts have predicted that Japan’s economy will grow by an incredible three to five times during the 1970’s. Japan’s GNP, which should reach around $200,000 million this year, is expected to double in only five years, by 1975; the Japanese economy will then equal the total present economy of the European Common Market. It has also been predicted that Japanese exports to the U.S.A. could grow from about $US6000 million in 1970 to $US18,000 million in 1975, and $US50,000 million by 1980.

One must wonder what the impact of the Japanese phenomenon will be on the demand for Australia’s minerals, wool, foodstuffs, and other exports, and thus on its economic expansion. Some feel, perhaps with good reason, that the Australian economy has become too exclusively tied up with Japan’s future for comfort. This may be so. But at least it seems a case of “being with the strength”. Moreover, there are comforting indications that the products of Australia’s vast mineral wealth will find expanding markets in other countries, particularly in Europe and North America.

In economics nothing is certain and the future never turns out quite the way we expect. But it is not beyond the bounds of possibility that even the greatest optimists among us could be confounded by the actuality of the decade ahead.

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THE PITFALLS OF ECONOMIC PREDICTION — MINERAL EXPORTS

VERNON REPORT, MAY 1965

Iron exports will account for more than one-half of the estimated 70 per cent increase in total mineral exports over the period 1963 to 1975.

DEPARTMENT OF NATIONAL DEVELOPMENT PRESS RELEASE, FEBRUARY 1970.

Iron exports will contribute one-third of the over 800 per cent increase in total mineral exports from 1963 to 1974/5.
The threat of severe industrial unrest during 1970 is causing widespread apprehension. Present discontents have their roots in the Metal Trades Work Value Judgment of 1967, in national economic policies with a strong inflationary bias, and in a feeling by some that they are missing out on their share of Australia's abounding prosperity. Collective bargaining is not the road to industrial peace. Top trade union officials should give responsible leadership. Managements, both in private and public undertakings, should devote thought to the intractable problems of human relationships in the modern, technological age. Governments should consider the effects on the industrial climate of policies which over-strain resources.

Industrial Turbulence

Industrial unrest at a time of general and increasing prosperity presents, at first sight, a puzzling paradox. In 1969 the number of working days lost through strikes was the highest for twenty years, and the prospect for 1970 is giving rise to widespread apprehension. The misgivings have not been allayed by the bitter attacks on the Commonwealth Conciliation and Arbitration Commission by trade union leaders.

The newly appointed President of the Australian Council of Trade Unions, Mr. R. J. Hawke, the Secretary of the Professional Officers' Association, and the General Secretary of the Australian Workers Union, have all assailed the Commission. They have suggested that employees may be forced to seek "industrial justice" through other channels — no doubt by direct confrontation and bargaining with employers. Mr. Hawke said that the Commission was not acting in "a truly impartial manner" and had become "merely a rubber stamp for the Federal Government". The Federal wage-fixing authority has also been criticised on the grounds that its procedures are slow-moving and cluttered up with unnecessary legalisms, so that employees have to wait too long to obtain satisfaction of their claims.

There is, of course, an important difference between these two lines of criticism. It is one thing — and a highly serious thing — to say or imply that the judgments of the Commission are consciously biased in favour of one of the parties to industry. It is another and possibly justifiable, thing to argue that its procedural machinery is ill-suited to the new, fast-moving, technological age.

The first criticism could be substantiated only if it can be shown that employees as a whole are getting less than their due share of the fruits of improving productivity and growing economic prosperity. The fact, however, is that average earnings have been rising much faster than productivity. Over the past six years, weekly earnings have risen at about 6 per cent per annum, compared with average productivity gains of only 2½ to 3 per cent. This does not mean that the living standards of people in certain occupations or industries are improving as much as those in others; nor does it necessarily mean that the wages and salaries of particular groups are an ade-
quate reward for the important services they render the community.

As far as the mechanism of arbitration is concerned, considerable improvements have been effected in recent years both through legislative amendments and the actions of the Commission itself. National wage cases, for instance, are much more expeditiously conducted than only a comparatively few years ago, and the judgments of the Commission are briefer, more simply stated, and less hidebound by historical precedent. Also, a great deal of frustrating legalism has been jettisoned; although there may be still room for further simplification of procedures.

Attacks on the competence and impartiality of the Commission have recurred from time to time throughout the history of Australian industrial relations. The unions have threatened not infrequently to break away from arbitration and to negotiate directly with employers. This is part of a traditional tactic of bearing pressure to bear on the wage-fixing authority. But, in the event, the unions, no less than employers, have come to see the merits of arbitration, in the Australian context, as compared with any of its possible alternatives. Mr. Hawke is an intelligent man — he is a Rhodes scholar — and must be as aware of this as anybody else. Moreover, as the President of the ACTU, he occupies a position of unique responsibility in the industrial scene, a responsibility which extends beyond the unions to the nation as a whole. His predecessor, Mr. Albert Monk, realised that while the unions must be ever vigilant in their pursuit of full industrial justice for wage and salary earners, the interests of employees would not be served by fomenting unnecessary strife or by deliberately building up an attitude of antagonism towards employers; rather that their interests ultimately lay in the preservation and strengthening of Australia's historic system of arbitration and in the maintenance of stable industrial relations. If Mr. Hawke is to prove worthy of the important office to which he has so recently succeeded, he will have to follow the same principles; otherwise he will harm not only himself but also the people he represents and the nation as a whole.

THE number and incidence of strikes does not, of course, provide an infallible measure of the state of industrial relationships. Conflict can show up in many other ways — refusal to work overtime, go-slow, black bans, absenteeism, poor morale, inefficiency and lack of cooperation with management. Nevertheless, long-term comparisons of working days lost through strikes throw some light on the climate of industrial relations at different periods.

The table on page 13 shows the number of working days lost (per thousand employees) in Australia since 1913 by major industrial sectors.

If mining and stevedoring are excluded, Australia's strike record in 1968/9 was, surprisingly, worse than in the turbulent early years after World War II when industrial relations were, to use the words of a skilled observer from the United Kingdom, "wet through and through".

However, the underlying causes of the present unrest are very different from those behind the disastrous wave of strikes of the postwar years. The postwar disturbances took place against a background of austere living conditions and the inevitable frustrations of the aftermath of the war. The fact that employer attitudes, in too many cases, were rooted in the past and had not been adjusted to the new industrial and political environment brought about by the war helped to create a situation made for exploitation by extremist union leaders.

The background to the current unrest is more complex. The economic environ-
ment far from being one of austerity is one of growing affluence. There seem to be two basic sources of today’s discontents. One has its roots in the peculiarly unfortunate decision of the Commonwealth arbitration authority in the Metal Trades Award of December, 1967; the other in the inevitable consequences of the national economic policies being pursued.

### WORKING DAYS LOST PER THOUSAND EMPLOYEES (ALL INDUSTRY) 1913 - 1969

<table>
<thead>
<tr>
<th>Year</th>
<th>Mining</th>
<th>Shipping</th>
<th>Stevedoring</th>
<th>Railways</th>
<th>Building</th>
<th>Metal Trades</th>
<th>All Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1913-20</td>
<td>604</td>
<td>391</td>
<td>107</td>
<td>38</td>
<td>57</td>
<td>266</td>
<td>1463</td>
<td></td>
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<tr>
<td>21-30</td>
<td>482</td>
<td>62</td>
<td>29</td>
<td>25</td>
<td>45</td>
<td>158</td>
<td>801</td>
<td></td>
</tr>
<tr>
<td>31-39</td>
<td>131</td>
<td>10</td>
<td>—</td>
<td>—</td>
<td>35</td>
<td>38</td>
<td>214</td>
<td></td>
</tr>
<tr>
<td>40-45</td>
<td>210</td>
<td>13</td>
<td>7</td>
<td>13</td>
<td>100</td>
<td>97</td>
<td>440</td>
<td></td>
</tr>
<tr>
<td>46-52</td>
<td>166</td>
<td>64</td>
<td>140</td>
<td>1</td>
<td>97</td>
<td>84</td>
<td>552</td>
<td></td>
</tr>
<tr>
<td>53-62</td>
<td>64</td>
<td>59</td>
<td>7</td>
<td>16</td>
<td>44</td>
<td>53</td>
<td>243</td>
<td></td>
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<tr>
<td>1963</td>
<td>14</td>
<td>27</td>
<td>4</td>
<td>15</td>
<td>44</td>
<td>62</td>
<td>166</td>
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<td>1964</td>
<td>17</td>
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<td>19</td>
<td>103</td>
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<td>1965</td>
<td>46</td>
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<td>33</td>
<td>66</td>
<td>216</td>
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<td>1966</td>
<td>22</td>
<td>2</td>
<td>11</td>
<td>37</td>
<td>39</td>
<td>77</td>
<td>188</td>
<td></td>
</tr>
</tbody>
</table>

12 months ended Sept. 1968: 30, 16, 11, 26, 100, 54, 237
1969: 34, 34, 45, 63, 141, 128, 445

Source: Commonwealth Statistician.

Many of the present disturbances can be traced back to the Metal Trades Work Value Judgment. The Judgment triggered off a chain reaction that has as yet far from abated. The stipulation in the Judgment that the increases should be absorbed in over-award payments precipitated a wave of strikes. In New South Wales alone, working days lost in the metal trades soared from 50,000 in 1966/67 to 160,000 in 1967/68 (of which 110,000 were solely due to the absorption issue). In the interests of industrial peace, the Commission changed direction and decided that the increases should be spread over two instalments and be an addition to existing over-award wage levels. The President of the Commission, Sir James Kirby, admitted that “absorption of over-award payments is not within practical expectation in the context of our full employment economy”. The consequences of the Work Value Award have now gone far beyond the metal trades. The Commission’s ruling against an automatic flow-on of this Award disturbed the pattern of relativities between industries. Building tradesmen, railwaymen, printers, electrical and postal workers, skilled and white-collar employees both in government undertakings and private business, all resented attempts to “down-grade” their “margins” by comparison with the metal workers; some resorted to drastic strike action — for example, postal and electricity employees, railwaymen and building tradesmen.

The economic policies of the Commonwealth Government, while, on bal-
Industrial Turbulence (continued)

ance, successful, have certain by-products which increase the likelihood of industrial disturbance. There is an unfortunate inconsistency — which Mr. Hawke has seized upon — between the Federal Government's adamant insistence on non-inflationary wage adjustments and its own economic policies which have an undeniable inflationary content. Constant price rises, even though gradual, are themselves an ever-present source of irritation. Over-full employment and the existence of labour shortages increase the power of militant unions. They also give rise to above-award payments and to glaring disparities in incomes. For instance, the living standards of many highly trained and white-collar employees in large commercial and government undertakings (which as a matter of policy must stick fairly closely to awards) are not improving as rapidly as those of people in occupations often requiring less skill and responsibility, but able to exact substantial over-award payments. Moreover, the highly skilled groups on above-average incomes are heavily hit by steeply graded taxation — another consequence of national economic policy — and are encouraged to agitate for higher take-home pay. The inadequacy of community facilities — for example, roads, education, sewerage — which necessarily results from rapid population growth, are a further source of widespread irritation. The national economic goals of rapid development and population expansion demand a diversion of resources from consumption to capital expenditures and retard the rate of improvement in current living standards. Thus, the abounding prosperity and growth of Australia, promoted now by the immense mineral discoveries, does not seem to many people to be reflected adequately in their own living standards. They have a gnawing feeling of missing out on their fair share of the great progress they read about in the press almost very day.

Sir Richard Kirby has repeatedly drawn attention to the fact that strikes are made inevitable "by the times in which we live". In his latest Annual Report to Parliament, Sir Richard reiterates that full employment, the high intake of migrants and the consequent shortage of labour "has, for many years, forced natural increases in wages and salaries apart altogether from arbitration . . . the balance of power in the field has swung more than ever one way and the temptation to take a short-term view and rely on strikes, in times of tension, is often yielded to."

In 1969 there was an additional source of industrial unrest — the penal clauses of the Commonwealth Conciliation and Arbitration Act. The Secretary of the Victorian Branch of the Tramways Union, Mr. C. O'Shea, was jailed on contempt charges arising out of the union's refusal to pay fines imposed because of its failure to observe a return-to-work order. The clause requiring striking unions to return to work on a Commission order was first inserted in the Metal Trades Award of 1952 and was subsequently extended to the tramways, stevedoring, and some 30 other awards. In recent years about $100,000 has been levied in fines on unions, mainly for breaches of the Metal Trades Award. This has led to strong feelings among metal trades unions and no doubt has been responsible for much of the strike action over the last year in engineering and heavy industry. The decision of the Full Bench of the Arbitration Commission in September to allow a "cooling-off period", goes part of the way towards laying down more conciliatory procedures for settling disputes and thus towards the avoidance of sanctions. However, the unions seem determined to keep up the pressure for total abolition of the penal clauses of the Act.

The recent outbreak of direct action in more highly skilled and white-collar pursuits is a new and disturbing pheno-
menon. Last August, for the first time since the great strikes of the 1890's, marine engineers went on strike, and in November the Bank Officers' Association organized the first ever national stoppage of bank employees. Victorian secondary school teachers called three major and about sixty minor stoppages during 1969, and the new year began with a mass walk-out of staffs of mental hospitals. Employees of the S.E.C. of Victoria staged four 24-hour stoppages during the year, necessitating the standing down of thousands of employees in industry and public transport, and causing great community inconvenience. Engine drivers and firemen in New South Wales and Victoria are now threatening strike action which could bring an almost total switch-off of power and the closing down of practically all industrial plants.

Australians have become more or less reconciled to the inevitability of strikes wherever communist influence in a union is strong — for example, in the metal and building trades, the railways and tramways. But the growing tendency of highly educated and skilled employees in other occupations to resort to direct action seems to have no connection with communist-caused disruption.

Is there a solution to industrial unrest and strikes in the modern, affluent, full employment economy?

Although it compares unfavourably with many countries, Australia is by no means unique in the heavy incidence of industrial stoppages (See Appendix page 17). The history of collective bargaining in the United States, Canada and Britain, hardly provides a powerful argument for Australia to seek an answer to industrial stoppages along that road. The performance of the Scandinavian countries, the Netherlands, Switzerland and Western Germany, has been quite remarkable and is worthy of study by countries which have been less successful. Their relatively strike-free records seem to be traceable to the evolution, over a long period, of special national attitudes, closer employer-union relationships, and the development of highly sophisticated, centralised bargaining machinery. These conditions could not be duplicated overnight in countries with very different industrial history and traditions.

If collective bargaining on the North American or British model holds out little promise for Australia, neither, must it be said, does industrial legislation which provides for severe penalties for non-observance of awards — "arbitration with teeth". Apart from the fact that punitive measures seem strangely outmoded in a modern democratic society, it is not an easy matter to achieve by force, or threat of force, the acceptance of laws that are opposed by a large majority of the people to whom they directly apply. No country has found a ready-made pat answer to industrial stoppages, even in key industries, which give rise to serious public inconvenience and cause widespread economic losses.

The way to improvement, in our view, must be sought in the creation of an economic and industrial climate which will reduce the likelihood of strikes. We must face the fact that if the pace of national development is pushed too hard, inflation, shortages of labour and inadequate community facilities are the inevitable consequences. All these provide a fertile soil for the germination of industrial unrest by putting pressure on employees in over-loaded public services, by causing serious income discrepancies between different sections of the community (employees in essential services get the worst end of the stick), and by increasing the power of militant unions to exact wage increases.

Within their own enterprises, both in private and government undertakings, em-
Employers and managements need to give more thought and attention to the complex, intractable problems of human relationships. With modern technology and the growth in size of modern business, there is a tendency, difficult to avoid, for employer-employee relations to become increasingly impersonal. Employers should make every effort to counter a feeling among employees that they are mere pawns in the productive mechanism. Employees may have the benefit of highly organized welfare schemes, but this is not enough. It is even more important for them to feel that they "belong" and are wanted. Proper communications, adequate information, prior consultation on changes in policies and plans which affect them, are all of great importance. The interest and initiative in these matters should come, and as far as practicable be seen to come, from the top. Many employers follow enlightened policies in industrial relations, but ideas and attitudes which have their roots in the industrial and political environment of 20, 30 or even more years ago, are still too prevalent. Concepts of the distant past have no place in the modern educated, egalitarian democracy.
### APPENDIX

**WORKING TIME LOST PER THOUSAND EMPLOYEES IN MINING, INDUSTRY AND TRANSPORT 1927 - 68**

<table>
<thead>
<tr>
<th>1927/9</th>
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*excluding dictatorship years when strikes banned.

Source: International Labour Office.
LONG Service Leave gave me the opportunity last year of seeing a little more of the world. I travelled by air to London via Singapore, Bangkok, Delhi, Moscow, Stockholm and Berlin. Then, about nine weeks were spent in Britain and travelling on the Continent by rail; after which I came home by air through North America and Japan. Altogether I was away for about fifteen weeks.

The impressions I formed were of a general kind — those of a tourist in a hurry, trying to see as much as possible but lacking time to probe deeply and assess the full significance of things seen and heard. I did not undertake the trip to study any particular subject but here and there I was able to visit a number of organisations and obtain information of value to the I.P.A.

My first port of call was Singapore, one of the most exciting and prosperous cities in Asia. The population of 2 million is mainly Chinese, who are enterprising and hardworking. When Singapore separated from Malaysia in 1965, the Prime Minister, dynamic Cambridge-educated Lee Kuan Yew, met the challenge by abandoning the 40-hour week and reverting to 44 hours — a remarkable step in this day and age.

A great deal of new industry has been attracted to Singapore by the favourable climate for investment and liberal tax rates. The pace of hotel construction is incredible. At least 30 new hotels are being built; the largest, The Mandarin will have over 40 stories and 1,200 rooms. One of the most impressive things about Singapore is low-cost housing. At Toa Payoh, 3 to 4 miles out of the city, I saw perhaps two or three hundred new 10-12 storey apartment blocks, in an area of about 250 acres. The individual units are small, but they represent a new way of life for the occupants. Eventually Toa Payoh will house 700,000 people, equal to the population of Penang. At night each balcony was lit by a white neon strip, and from the distance Toa Payoh blazed brightly like a skyscraper city.

In India I visited Delhi and Agra. Delhi, the capital, is well laid out with wide tree-lined avenues and many fine buildings. But the poverty is appalling, and the heat in July terrific.

One of the highlights of Delhi was a visit to the Pandit Nehru Memorial. This is the residence Nehru formerly occupied. It is set in spacious grounds. An eternal flame burns in the garden, and on a stone nearby are these words:—

"If any people choose to think of me, then I should like them to say: This was a man who, with all his mind and heart, loved India, and
the Indian people, and they in turn were indulgent to him, and gave him of their love most abundantly and extravagantly'."

While I was in Delhi, Mrs. Gandhi, the Prime Minister, announced that 14 major commercial banks would be nationalised. The more radical members of parliament, the Socialists and Communists, are calling for even more far reaching measures including the abolition of private property. India's Supreme Court has declared the Bank Nationalisation Act invalid on the ground that it constituted "hostile discrimination" against 14 banks while other Indian and foreign banks could engage in banking business. The future of the banks is still uncertain because the administration is making strong efforts to keep the banks under State control.

From Delhi I flew to Agra to see the Taj Mahal. The beauty of the Taj contrasts with the squalor and congestion in the narrow streets of Agra — pedestrians, goats, cows, buffalo carts, bicycles, cars and trucks, all mixed up together.

From Delhi I flew to Moscow for three days. I stayed at a new hotel, the Rossia — the world's largest (6,000 rooms and 15 storeys high). The Rossia Hotel is dramatically situated, just south of Red Square and only 300 yards from the walls of the Kremlin itself. My bedroom was small but comfortable. The plumbing worked. There must have been 20 dining rooms scattered throughout the hotel and just as many bars. The food was plainly cooked but good and plentiful. Liquor was expensive.

Moscow is unlike any city on earth. It puts a spell on people they never forget. It has a strangeness and a peculiar drabness-cum-vitality. It is very clean. Few people are prepared for the brilliant archaic beauty of Moscow — the dark red walls of the Kremlin with its battlements and 19 soaring towers, palaces and churches, with golden spires and domes. The churches were mostly built by Italian architects in the 15th century. The Uspenski Cathedral is the largest, most resplendent church inside the Kremlin. Here the Czars were crowned and here Napoleon stabled his horses. Anyone can walk through the main gate of the Kremlin and stroll through its gardens and see the churches. There appeared to be no signs of desecration in this, an atheist country.

The Red Square, really a cobblestone-paved oblong, lies immediately east and adjoining the Kremlin. On its west side is the Lenin Mausoleum, with its endless queue of visitors, on the east of the GUM department store built in 1890, old-fashioned and along the lines of the Crystal Palace. At the south end is the Church of St. Basil. It looks like sticks of peppermint mixed up with pineapples and onion tops.

The people look well fed. Some of the women, who are generally better dressed than the men, are attractive and speak animatedly. The men are squat, and broad. The Russians are disciplined, well-mannered, and most try to help foreigners. But the language barrier is formidable.

The boulevards are enormously wide. Moscow's main street, Gorky Street, must be 3 times as wide as Collins Street. There is a fair amount of traffic, but no traffic jams. Buses and trolley buses and the Metro provide the public transport.

One great difference from Western cities is the complete absence of advertising posters and neon signs; the obvious reason, there is only one supplier. I was able to purchase an excellent map of the city, but the only English papers appeared to be communist ones published in Britain.

For anyone it is a memorable experience to go behind the Iron Curtain, but
I believe all travellers from the West must feel some relief on leaving a state dominated country and returning to the liberty and freedom of choice of the democracies.

I flew by Aeroflot TU104 to Stockholm. Urbane and sophisticated, it is one of the world's most beautiful capitals. But it is the most expensive city in Europe. Stockholm spreads over 14 separate islands and is made for sailing. Boats of all descriptions line the waterways. The city is surrounded by forests and farms, never more than 10 minutes away. There are many fine buildings. Writing of Stockholm's City Hall where the Nobel Prize Dinners are held, W. B. Yeats said, "No architectural work comparable to it has been accomplished since the Italian cities felt the excitement of the Renaissance".

Sweden has the highest standard of living in Europe. Income per head is $2900, which makes her second in the world to the United States $3940).

In the course of discussions with the L. M. Ericsson Company and the Swedish Employers' Confederation, I discovered these reasons for Sweden's economic success:

• Productivity is high in Swedish industry and management is competent.

• The Swedes are highly skilled. They work hard. The working week is 42 hours. People work these hours without late starting and early finishing.

• 65-75% of work is piece work.

• Sweden enjoys labour peace. There has been great discipline on the part of both employers and trade unions. Once a collective bargaining agreement is signed, it is legally binding on both sides during the whole of its term.

• Sweden has a very good educational system. There is also a great deal of training in industry. The Swedish Employers' Confederation has its own schools which train thousands of people each year, from foremen to managing directors.

Stockholm is the headquarters of the International Freedom Academy (INFRA). The object of INFRA is the promotion of personal and economic freedom. Throughout the world men and women are working through many organisations for the ideas of private enterprise. INFRA is endeavouring to co-ordinate these forces of freedom and to act as a clearing house for the dissemination of free enterprise ideas and research. INFRA now co-operates with more than 100 organisations in five continents. Ludwig Erhard, former German Chancellor, is the current President of INFRA.

INFRA has published some first-rate literature on various aspects of the free economy and the threats to it. These publications have been written by distinguished scholars such as Wilhelm Ropke, Graham Hutton and Henry Hazlitt. A quarterly journal, INFRA-TRENDS, is published and from time to time I.P.A. material is reprinted in this journal.

I spent three days in Berlin, one of the world's most exciting cities. The bomb-scarred tower of the Kaiser Wilhelm Church, standing in the heart of West Berlin, is a grim and ever-present reminder to the German people of the follies of war. The interior of the new octagonal church is magnificent with its walls of blue stained glass, flecked with red and gold.

I joined a bus tour of East Berlin. This was marked by much form-filling and inspection of passports by East German Police at "Check-point Charlie". The wall stands about 10 feet high. It is heavily guarded, and well protected with barb-wire.

West Berlin certainly looks affluent with its fine hotels, good shops and res-
taurants and many cars. But my impression, and this may come as a surprise to many people, is that East Berlin has undergone its own economic miracle and is catching up. The outward signs of this are many new modern apartment buildings, office skyscrapers, a 1,200 feet TV Tower, new fountains and attractive landscaped areas. Many of Berlin's fine public buildings were in the East and most have now been rebuilt and restored to their pre-war appearance. On returning in the bus to "Check-point Charlie" the East German Police dramatically passed a large mirror mounted on wheels underneath both sides of the bus to make sure there were no stowaways.

United Nations' Statistics of Gross National Product per head, indicate that the standard of living of East Germany is improving:

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<th>GNP per Head (U.S. Dollars)</th>
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<tr>
<td>West Germany</td>
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<td>East Germany</td>
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I enjoyed eight weeks of wonderful sight-seeing in Britain, Austria, Switzerland and the Common Market Countries. Then I flew by Air France from Paris to New York. There are many exciting new buildings in New York — the Metropolitan Opera House in the Lincoln Centre, the fine Pan American and General Motors Buildings, the Chase Manhattan Plaza and soaring skyscrapers in Park Avenue.

But most of my time was occupied in learning something of the work of a few of the 22,000 foundations in the United States. Foundations are non-profit, non-governmental organisations set up to distribute funds for the advancement of human welfare — "private initiative for the public good". It seems that neither a rising standard of living nor expanded government services have reduced the need for private giving.

The American foundations have great financial resources with total assets of about $20.5 billion and annual expenditures of $1.5 billion.

I visited the three large foundations mentioned below:

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<tr>
<th>Foundations</th>
<th>Assets (U.S.)</th>
<th>Grants (U.S.)</th>
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<tr>
<td>Ford</td>
<td>2,975,000,000</td>
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<td>Rockefeller</td>
<td>332,000,000</td>
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<tr>
<td>Sloan</td>
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<td>16,000,000</td>
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Each of these foundations occupy impressive offices. The Ford Foundation building is an attractive eleven-storey structure near the United Nations. It has glass curtain walls which enclose a large garden, including magnolias and azaleas.

The trustees of the larger foundations are men who have achieved distinction in American business and education. Their staffs consist of first-class minds and experts in many fields.

The foundations I visited make grants running into millions of dollars each year to colleges, universities, students and teachers. They support research on matters such as population growth, poverty, equal opportunity for negroes, urban decay and environmental improvements, economic growth, automation, the impact of technological change and medical research.

The conquest of hunger is of tremendous importance to a world which is expected to double its population in the next 30 years. By their outstanding work in helping "the hungry world" feed itself, the foundations have shown they recognize an international responsibility. This is one of the most ambitious assistance programmes ever undertaken overseas by private organizations.
As a result of costly large-scale research paid for by the Rockefeller and Ford Foundations, new "miracle" varieties of wheat and rice have been developed in recent years. The results have been dramatic. Over a 20-year period, wheat yields in Mexico have increased from 11 to 40 bushels per acre. This new wheat is now being grown so successfully in India and Pakistan that the fear of scarcity is changing to a concern about abundance. Huge purchases by India of Mexican seed wheat, developed under Foundation leadership, resulted in 1968 harvests so substantial that storage space was at a premium in many parts of the country.

Half the world's 3½ billion people rely on rice for their basic food supply. Short-stemmed rice varieties that will not fall over when fertilized and will also give high yields and resist disease have been developed by the International Rice Research Institute in the Philippines. This Institute was established by the Ford and Rockefeller Foundations. The new varieties are now making a substantial impact on rice production in Asia. The Ford Foundation has granted over $14 million to the I.R.R.I., and the Ford and Rockefeller Foundations now share the operating costs. Besides conducting research, the I.R.R.I. is training rice production specialists.

Red China is importing "miracle rice" for the coming planting season. But because it is bred in an institute financed by capitalist money, and outside the influence of the thoughts of Chairman MAO, Peking refuses to admit the place of origin of the rice.

Not long ago India was using less fertilizer on its 320 million cultivable acres than Belgium on its 2.5 million. This position is rapidly changing and the demand for fertilizer and improved seed has increased sharply. There have been enough successes to demonstrate clearly that most nations can, if they will, dramatically increase agricultural output. And astonishing as it may sound to those accustomed to reading about Indian famines, India may soon be able to feed itself. As an Indian economist said, "There is light at the end of the tunnel". New methods are being adopted by the Indian farmer and the old myth that the peasantry of India is hopelessly sunk in ignorance and tradition has been exploded. In many parts of India, in fact, farmers are buying the new rice seed (which costs much more than the old varieties) as well as the fertilizer without which the new seed is useless. What's more, some farmers have learned to do a previously unheard-of thing — grow more than one crop a year, following wheat or maize with soybeans or rice. One U.S. expert said recently, "Even if one-tenth of India's cultivable land is developed along modern lines, this alone would enable India not only to become self-sufficient in food but eventually emerge as an exporter".

I spent 10 days in Japan, visiting Tokyo (the world's largest city), Kyoto and the Expo '70 site at Osaka. I found the people well educated, efficient, polite, friendly and helpful. The visitor is well served by four English language daily newspapers published in Tokyo. One of them sponsors the Churchill Oratory Trophy, competed for annually by Japanese High School students. It is a great experience to travel on one of the Bullet Expresses (125 mph) which leave Tokyo for Osaka every 20 minutes. Tokyo has many universities. It is surprising to learn that a number of them have been shut since the student riots in January 1969. It was exciting to be in Tokyo during the International Anti-War Day riots in October. Many department stores, schools and offices were closed and transport was disorganized. The student demonstrators wore protective helmets, and towels to...
protect them from tear gas! 1,100 arrests were made but the city returned to normal the next day.

Japan is the world’s miracle economy. In 25 years she has risen from the ashes of total defeat to be second to the United States in aggregate GNP. This remarkable growth has been largely due to the success of the productivity drive and the sense of duty of the Japanese people. “We Japanese don’t work for money alone and will never work for money alone. We work for the work itself, and for the team.” This comment by a Japanese executive goes a long way to explain why Japan’s material progress is faster than any other country. It is also relevant to the prediction made in a recent book that the Japanese will be the richest people on earth by the year 2000*.

I was able to see a little of Japanese industry during a tour of three companies. The assembly line of the Cannon Camera factory, with its sophisticated machines, operated by young girls, was an eye opener. The girls took absolutely no notice of our party, so great was their concentration on the job in hand. It is said that the Japanese have only two assets — skilled fingers and brains. Both were being used effectively that day.

Toyota is the fastest growing automobile company in the world. It is No. 6 in world rankings. Toyota employees are said to be the most productive automobile workers anywhere. In 1969, each of Toyota’s 39,000 employees produced an average $44,000 in sales. By comparison General Motors sales per employee were about $30,000, and Volkswagen $20,000. Toyota’s productivity has been increasing in recent years at an annual rate of 15 per cent. Twenty years ago the average Toyota worker produced about 1.5 vehicles annually. Last year it was about 28.

Toyota’s efficiency is broadly the result of three things — very able management, advanced production techniques and good industrial relations. The Company has not lost a single hour of production through strikes since 1959.

In the space of fifteen years the Japan Productivity Centre has made a substantial contribution to Japanese economic progress. The Council of the J.P.C. comprises the Presidents of top Japanese companies like Hitachi, Sony, Fuji Iron & Steel, Yawata, Nissan Motor, Mitsui & Mitsubishi, as well as trade union leaders and University professors. The annual budget of the J.P.C. is $4,000,000. It has a skilled staff of 300, including many specialists — economists, engineers and teachers.

The Managing Director of the J.P.C., Mr. Takeo Tarrushima, told me that Japan’s economic success is due principally to:

- The productivity drive.
- Management ability—industrial training and education has been a big factor in this.
- Management development courses of the J.P.C. and productivity seminars for trade unionists.
- The dedication of Japanese people and their sense of obligation to their employer.

The trade unions in Japan are productivity conscious. The number of trade union members participating in the productivity movement exceeds five million. Except for the Communist-dominated unions, almost all Unions in Japan are affiliated with the National Trade Union Productivity Planning and Implementation Committee.

The Japanese Productivity Centre has an impressive philosophy. Productivity, it says, is the belief in human progress. It is a state of mind which aims at per-

petual improvement. It is a conviction that "Today can be made better than Yesterday, and Tomorrow can be better than Today". It is the will to improve the present situation, however good it might be considered. It is a ceaseless effort to apply new technology and new methods for the welfare and happiness of mankind. It is concerned with the spirit which aims at constant improvement, the training of minds and attitudes of the people as a whole which determines whether the nation will realise high productivity and an affluent life, or low productivity and poverty. The J.P.C. is trying to cultivate an unshakable belief in man's capacity to progress; it sees increased productivity as the way to a higher and richer civilisation than man has yet known. One of the guiding principles of the J.P.C. is that the fruits of high productivity must be distributed fairly among management, labour and consumers.

Some of the main features of the work of the J.P.C. are:

- Over 10,000 people representing management and trade unions have been sent overseas, in productivity teams, in search of new ideas.
- Publication of a Labour Productivity Index, a White Paper on Labour-Management relations, and Japan Productivity News (a weekly with a circulation of 100,000).
- The Centre has a library of 30,000 books and 1,000 films on production, management, safety and human relations. The Economic White Paper issued annually by the Japanese Government is translated by the J.P.C. into a film strip, to show the picture of the Japanese economy in an easily understandable form to the man in the street.
- The J.P.C. has over 20 consultants and an E.D.P. Centre to assist small business.
- An Academy of Management Development was established in 1965. About 70 Seminars and courses are held annually. The J.P.C. is very conscious of the need to develop human resources and improve management ability.
- Regional productivity centres have been established to cover all areas of Japan.
- The J.P.C. has played a leading role in establishing the Asian Productivity Organisation. It would like Australia to become a member.

I RETURNED home with a firm impression that cities can get too large. Bigness and affluence result in traffic jams, wasteful in time and fuel. Industrialisation pollutes the air, rivers, lakes and the whole environment, and the quality of life deteriorates. An American Senator said recently that progress in the United States adds up each year to 200 million tons of smoke and fumes, 7 million junked cars, 20 million tons of paper, 48 billion cans, and 26 billion bottles.

But there are hopeful signs. The conscience of people all around the world has been aroused. The latest U.S. Budget provides for a big increase in spending to control pollution. The theme of International Student Demonstrations in 1970 will be Pollution — perhaps a more constructive matter for student protest than some others in recent years. The United Nations has convened a World Conference in Sweden in 1972 to discuss the Human Environment. The automobile companies are spending vast sums to find ways of overcoming pollution from car exhausts. Research into smogless gas turbine and battery operated cars is taking place.

In Basle, Switzerland, I saw how CIBA, a large chemical manufacturer, had puri-
fied millions of gallons of effluent it discharges into the Rhine. The Company spent over $1,000,000 on research to overcome the problem. Today, the effluent, clear like spring water, passes through glass tanks housing fish of all shapes and sizes. If a fish dies or becomes sick, this is an indication that the filtration plant needs attention.

In several parts of Europe I observed how the natural environment around cities has been preserved. Quite close to Paris, Stockholm, Brussels and Munich, for example, there are extensive forests, which give these cities space to breathe. This is also true of Kyoto, the ancient capital of Japan, which is ringed by tree-clad mountains free of housing and other development. About two-thirds of Hong Kong Island, one of the world's most populous areas, is forested.

Ecologists believe the population explosion and our obsession with economic growth are undermining the environment in which we live. Not before time there is growing concern by thoughtful people in all countries. How to solve the problems, and how to reconcile Growth with Nature is one of the great challenges for the remainder of this Century!
IN 1969 I was invited by the Australian Broadcasting Commission to deliver the Boyer Lectures. I chose as my theme The Private Man and I did so because, as I said, "I am becoming increasingly troubled by threats to the privacy of the individual citizen. In face of all the pressures and threats, I believe that the claim to privacy is a matter of great and increasing importance in our crowded society with its unbelievable technological resources and inventiveness. A man without privacy is a man without dignity; the fear that Big Brother is watching and
listening threatens the freedom of the individual no less than the prison bars."

The preparation of the lectures was a long and demanding task in the course of which new aspects of the problem opened up for me. I was greatly assisted by organizations and persons overseas, in the United Kingdom and the United States, who made their work and materials available to me. Among these were private members of the House of Commons who had introduced private bills dealing with the regulation of industrial espionage and computer data banks.

I had hoped that in speaking to this theme I might kindle the interest of Australians and arouse their concern. The response to the lectures which were delivered at weekly intervals during October 1969 and which were published by the Commission very shortly afterwards was astonishing. There was extensive press reportage and comment, but what particularly surprised me was the volume of mail from private persons which came to me, and months afterwards, still continues to arrive. Some correspondence had particular grievances and points, and some brought to light aspects of the problem of privacy which I had not considered. Overall, what was so very encouraging was the almost universal agreement that the choice of subject was timely, that the threats to privacy were gross and often unwarranted, and that the time had come at which, if we were to protect the integrity of individuals, it was necessary to act.

The Institute of Public Affairs, through its Director, has expressed its interest and has invited me to restate in fairly brief compass the theme of the lectures and I accept the invitation with pleasure.

For some time past there has been a concern with the threats to privacy in various aspects and places. In 1890 in a famous essay, two distinguished American lawyers argued forcefully that there should be legal protection for privacy against unwarranted intrusions by the popular press. For a long time there has been concern over wiretapping and eavesdropping and over ill-controlled and ill-defined powers of intrusion by public authorities into private premises and activities. Article 12 of the universal Declaration of Human Rights, adopted by the General Assembly of the United Nations in 1948, declares that "no one shall be subjected to arbitrary interference with his privacy, family, home or correspondence or to attacks upon his honour and reputation." Later international conferences have dealt with general and particular aspects of privacy in much more detail. In the United Kingdom and the United States there has been extensive discussion on the threats to privacy, and legislative inquiries have been conducted and proposals made to deal with particular aspects. In Australia, Commonwealth legislation was passed almost a decade ago to deal with wiretapping, and Victoria and New South Wales have since enacted legislation controlling other forms of eavesdropping. A notable contribution to the consideration of the problem was a report by the St. George (N.S.W.) Jaycees to the Australian National Convention of Jaycees in 1968. That report entitled "The Invasion of Privacy in Australia", dealt in some detail with many of the threats to the privacy of citizens and merits careful consideration. Its conclusion was uncompromising.

"The right to personal privacy is being severely challenged by the demands of modern society in its never ceasing quest for efficiency and conformity . . . The growing awareness of a few thoughtful people is not sufficient to safeguard the right to privacy. There is a need to place before our community and business leaders the challenge of maintaining the dignity of the individual in a changing environment. There is also
a need for us to realise our obligations to our fellow men. Bureaucratic zeal and the pursuit of efficiency have blinded many men to the need to preserve the basic dignities and freedom of their fellows.

“To maintain the role of free men in a free society we must insist on the right to be let alone.”

The claim to the “right to be let alone”, a phrase made famous in this context by a famous American lawyer and judge, Louis Brandeis who was deeply concerned with the threats to privacy, rests upon the belief that individuals, and groups for that matter, need for their development and growth, some reserved area of “social space” into which, in solitude and anonymity, they may withdraw without molestation or intrusion. It is well put by Alan Westin that “the basic point is that each individual must within the larger context of his culture, his status and his personal situation make a continuous adjustment between his needs for solitude and for companionship, for intimacy and general social intercourse, for anonymity and responsible participation in society, for reserve and disclosure. A free society leaves this choice to the individual, for this is the core of the ‘right of individual privacy’—the right of the individual to decide for himself with only extraordinary exceptions in the interests of society when and on what terms his acts should be revealed to the general public.”

From this statement it is clear that there is no absolute right or claim to privacy. The claim to freedom is never absolute: men and women living in society have obligations to it and are subject to the restraints which flow inexorably from the fact of living in society. The point is, however, that social claims cannot and must not wholly submerge individual claims to be let alone. Totalitarian societies and philosophies would, of course, repudiate this statement because in the totalitarian view there is complete identity of individual and social interests, and the individual who makes his claim to separateness is an enemy of the state and society. We are not totalitarians, and in democratic society there are always tensions between individual and social claims. The problem, in the context of privacy as in claims to other freedoms, is to strike the appropriate balance.

In some areas it is not easy. In my second lecture which I called “The Goldfish Bowl” I considered the problem, first raised in a notable essay eighty years ago, of giving legal protection to a claim to privacy against intrusion by the popular press. Since that time radio and television have made the problem more urgent; the media have an increasing and unrequited appetite for details of the lives and doings of persons. Here the conflict is between the right to be let alone and the important claim of the free press to the right to publish and to make known. Those who argued for a legal protection for privacy in such cases acknowledged that it must be subject to very substantial limits, but the press and media have always argued that any restraints imposed by law on their right to publish in the interests of the protection of privacy will threaten the cherished freedom of the press. In the United States, in many jurisdictions, a legal right to privacy has been acknowledged, but not in British and Australian law. While I was delivering the lectures, controversy broke out afresh in the United Kingdom where the serialized publication of the life story of Miss Christine Keeler raked over the ashes of the unhappy Profumo affair of the early sixties. In 1961, a peer, Lord Mancroft, had introduced a private member’s bill into the House of Lords to provide legal protection for privacy in cases of this sort. It received considerable support, though it was strongly opposed by the media, as well as by some members who argued that it was not possible to strike a suffi-
ciently certain balance between the claim to privacy and to publish in such cases. A member of the House of Commons is trying again at the present time: his bill would give a right of action at law to any person who suffers from a "substantial and unreasonable" infringement of his right of privacy.

My own view is that there should be a legal remedy for the protection of the privacy of individuals in such cases. It is profoundly unsatisfactory that there should be so many cases in which a person is left without redress against conduct drastically violating prevailing standards of taste and propriety. As I said in the Boyer Lectures in this context, "While I am fully aware of the difficulty of formulating an effective and workable legal remedy to protect privacy, I should on balance like to see the enactment of legislation following broadly the lines of Lord Mancroft's proposals. I do not believe that it will encourage a flood of frivolous litigation and it will not and should not bring solace to all wounded susceptibilities. But I believe it may do a useful job."

Current concern over threats to privacy focuses on the development of machines, devices and instruments which make it possible to exercise close continuing and secret surveillance over individual lives and activities. Two comments in recent years by correspondents of the London 'Economist' may be quoted in this context. One, writing earlier in the sixties, referred to George Orwell's book, 1984, which depicted a society and a time when there would be an all embracing surveillance by government over individual lives, and said "There are only nineteen years left until 1984, but American electronic listening devices will meet the deadline easily." Another correspondent, after listing some of the presently available devices and instruments, concluded hopelessly that the search for ways to protect privacy "may have been made meaning- less by technological advances and the somewhat indiscriminate use of these by men in positions of power." Wire-tapping, the tapping of telephonic and telegraphic communications, is familiar to all of us and it appears that wiretapping is as old as the use of the wire to be tapped. The proliferation of devices for eavesdropping staggers the imagination. The transmitter in the olive pip in the diplomatic cocktail party martini is already a familiar joke, and I quote from a report on the development of electronic devices:

"No place is safe from the electronic eavesdropper — the bed chamber, the toilet, the telephone, even wafer-thin transmitters can be sewn into clothing and magnetic transmitters attached to the underneath of vehicles, enabling the whereabouts of the car to be tracked at all times . . . The 'bugs' may be inches deep in walls, in mattresses or in cars, and can remain in operation for as long as two years, without repairing or servicing. An electronic device can be beamed on a window from the street outside and conversations from inside the room picked up quite clearly. A reflector of any sort, even an empty glass can be used as a microphone when a beam of infra-red light is aimed at it: The vibrations caused by the human voice modulates the light waves bouncing off the reflector. The return beam of infra-red light impinges on a photo-electric cell outside the room and the vibrating current reproduces the speech. All these electronic circuits stem from the science of micro-circuiting . . . (and) by means of a micro-circuit all the electronic circuits and innards of a transistor can be put on a sliver of silicon no bigger than a fullstop on a page."

An individual may be under close and continuous secret surveillance. It is a
prison more formidable than a physical one. Wiretapping and eavesdropping is resorted to for a variety of purposes: for the safeguarding of national security and for the detection of crime by police, for the collection of other evidence, for industrial espionage, that is to say for spying on the industrial, commercial and economic activities of a competing interest, and unashamedly for the titillation of the dirty minded. Few would condone this latter use, but there is sharp controversy over the use by the police and law enforcement authorities of the wiretap and of eavesdropping devices for the policing of crime. A famous American judge, Oliver Wendell Holmes, rejected the use of such devices and such evidence as “dirty business” with which government and its instruments should have no traffic. Others, including the present Attorney-General of the United States, argue that it is necessary and appropriate to use such devices in the battle against organized crime. In the context of wiretapping, Australian Commonwealth legislation has prohibited the tapping of telephones, with only limited exceptions in the interests of national security. This seems to me a wise measure. Charges are made from time to time that the law is violated by public authorities, and there is some unease. The control of eavesdropping devices is a matter generally for state law, and recently the Attorneys General of the States have discussed the matter. Victoria led the way in 1968 by enacting what the Attorney-General described as “an instalment towards the establishment of a right of privacy”. This legislation prohibits the use of listening devices which are broadly defined. Except in a few cases, the most important of which is legal proceeding, the publication or disclosure of what has been overheard or recorded is prohibited. The legislation does not apply to authorized interceptions by police, customs and security officers. The exceptions in favour of the police are the most notable and reflect an acceptance of the view that the use of these clandestine devices is an appropriate instrument of crime detection. The more recent New South Wales legislation reflects the same philosophy. This means that the States which have so far acted allow more latitude to official eavesdroppers than does the Commonwealth law to wiretappers where the only exception to the general prohibition is the case of national security.

In the Boyer Lectures, I commended the Australian legislatures which have so far taken action, though I expressed the personal view that they might have gone further. What I said there was that: “I respond to President Johnson’s statement that ‘we should outlaw all wiretapping, both public and private, except where the security of the nation is at stake and only then with the strictest safeguards, and we should exercise the full reach of our constitutional powers to outlaw electronic bugging and snooping’. Between them the Commonwealth and the States possess the constitutional resource to do this for Australia as a whole. It is my hope that they will do it; the time is surely ripe.”

So far Australia is ahead of the United Kingdom in its legislative responses to these threats to privacy. In 1968 Sir Edward Boyle and others introduced a private member’s bill into the House of Commons to deal specifically with industrial espionage, where electronic eavesdropping devices are employed for commercial and economic advantages. A recent British paper carried a picture of a self proclaimed industrial spy with a transmitter bowler hat, street directory and fountain pen and a brief case receiver! Like most private member’s bills, this has not seen the light of day as legislation.

Devices for exercising surveillance, and in particular secret surveillance, over the lives of individuals are to use Alan Barth’s telling phrase, the blood plasma of the police state. Devices for clandestine wire-
tapping and eavesdropping are conspicuous examples of the instruments of such surveillance, and so are devices and machines which can provide a comprehensive and exhaustive record of everything that an individual does and is from birth to death; the womb to tomb dossier as it has been called. The easily accessible and retrievable record is not only a most powerful instrument of control and surveillance; it becomes the man himself. As I said in my lecture entitled ‘The Computer and the Dossier’ “the more detailed and comprehensive the record, the greater the capacity of the machines which store and retrieve it, the more likely is it that the record will assume unchallenged authority. In the computer age, we are warned that our success or failure in life ultimately may turn on what other people put into our computer files, and on an unknown programmer’s ability or perhaps his incapacity to evaluate, process and interrelate information. The warning has been given graphically in these words: ‘Bureaucracy is the only way to coordinate the complex functions of a modern economy, and therefore cannot be dismissed with a curse. Yet it is also an enormous potential source of arbitrary impersonal power which folds, bends, spindles and imitates individuals but keeps I.B.M. cards immaculate.’” The computer makes it possible to collect a vast mass of information about individuals in data banks and to retrieve it, that is to say, to make it rapidly and easily accessible. This is welcomed for governmental purposes, for social science research and for business where, in the credit field it can provide a mass of information (including misinformation) on which judgments as to the credit standing of individuals can be made. The availability of computer data storage itself prompts demands for increasing supplies of information, though as Edward Shils tells us governments often have in mind no particular nor immediate use for these computer dossiers. They just think that it is a good idea to have them — so far have they strayed from respect for privacy. There is a growing concern with the threats that computer data banks may pose to the privacy and to the autonomy of individuals. One American writer who has systematically explored the impact of the computer data bank upon privacy has put it that “the computer with its insatiable appetite for information, its image of infallibility, its inability to forget anything that has been put into it, may become the heart of a surveillance system that will turn society into a transparent world in which our homes, our finances, our associations, our mental and physical conditions are laid bare to the most casual observer.” It is to be observed that out of date, inaccurate and incomplete information may all be there; as Vance Packard told an American legislative committee “the possibility of the fresh start is becoming increasingly difficult. The Christian doctrine of redemption is incomprehensible to the computer.”

There are many voices now raised pointing to the formidable consequences of all of this and to the need for controls. In 1969 a British private member, Mr. Kenneth Baker, introduced into the House of Commons a ‘Data Surveillance Bill’, subtitled a bill to prevent the invasion of privacy through the misuse of computer information. The object was to exercise control over the recording of information about persons in computers so that proper supervision could be exercised over the information relating to persons fed into and stored in a computer and over the use and dissemination of that information. It also provided legal remedies against computer operators who supplied inaccurate information or allowed it to be disseminated as a result of which loss or damage was suffered. The bill has not become law, but it has great merit in that it underlines the need for controls; as Nigel Calder in speaking of the British proposal to establish a nation-
wide network of computers available as a public utility has written, "Right from the start, rules and techniques for ensuring privacy must be specified and made irreversible, if we are not to prepare for . . . an infrastructure of tyranny."

In my final lecture which I called The Beleagured Private Man, I warned that the invaders of privacy are a massing army. There are problems which arise from very broadly drawn legislation which gives police ill-defined powers of entry on to premises and rights of search, which give rise to anxious concern for the privacy of the individual. The point is not that there is no place for such discretion; it is that they must be anxiously and carefully watched. There are problems which arise, much more in the United States than here — as yet anyway in the context of investigation in the employment field. Protracted inquiries are made into the life history, personalities, intimate habits and beliefs of prospective employees, and personality tests are conducted often by persons with poor professional qualifications for administering such tests. It is clear that employers have a right to know relevant things about those who seek employment, but the extent and character of many tests and investigations presently employed in the United States have been roundly condemned by American Congressional Committees and the United States Civil Service Commission. It may not happen here as yet, but we should be warned. Then there is the harassment of individuals in the course of the hard sell. As the St. George Jaycees noted in their report on the Invasion of Privacy in Australia, "many letters received complained of the intrusion into the privacy and peacefulness of family life. These instance telephone calls from sales organizations, door to door promotion activities and surveys, door to door salesmen" etc.

There are now automated telephone devices, "verbal solicitors" as they are somewhat unfelicitously called in the United States, which batter relentlessly at the privacy of individual lives and homes, to sell products or to demand answers to questions.

The catalogue of torment is almost endless. And the point is that in so many cases, as Edward Shils has pointed out, intrusions into privacy have been so intertwined with the pursuit of objectives that are unimpugnable in our society, such as freedom of the press, the prevention of subversion, the protection of private property and industrial and administrative efficiency, that each extension of the front has been accepted as reasonable, as useful. This makes it all the more important to keep a watch, though it is not always easy to draw the line or write the appropriate and wise legislative prescription. Ultimately the protection of the privacy of the individual, which is threatened on so many fronts, depends not only on appropriate legal protections and procedures, but also to a very great extent on the attitudes of men and women in democratic society to the values which are enshrined in the claim to privacy.

I concluded the Boyer Lectures with these words:

"It seems to me that in our lack of awareness and indifference, our responses to the growing threats to privacy are too often feeble and flabby. Early in these lectures I referred to the sinister title of an article published (in 1968): 1984 — Minus Sixteen and Counting. I end by commending to you the conclusion of the author of that article. It is that we cannot assume that privacy will survive simply because man has a psychological or social need for it."