



the IPA review

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EDITORIAL

IN the last number of "Review" (April-June) we drew attention to the central place now accorded to expert economic advice in the machinery of modern government*. This, of course, has been a necessary development. All democratic governments are today burdened with immense economic responsibilities and none would attempt to frame its economic policy without the assistance of a thoroughly equipped staff of economic experts.

Australia has been well in the forefront of this process and Australian governments have not been reluctant to recruit economic specialists for a wide variety of purposes. Practically all Commonwealth Government departments are stocked to capacity with economists and statisticians trained in the analysis and interpretation of economic data. Perhaps no democratic country, in proportion to its size, has, in the employment of government, more specialists of this kind than Australia.

On the surface this is all to the good. But in another respect the story is not so encouraging. It is highly questionable indeed

*See article: "Explaining the Economist"—April/June, 1955, "Review."

whether the great wealth of expert knowledge at the disposal of governments is being used in Australia to the best advantage. Perhaps the most important end-product which should emerge from all this specialist activity is a regular—annual or semi-annual—comprehensive survey of the state of the national economy, the points of weakness and of strength, of the policies which the Government is following and what these policies are intended to achieve. In most other countries the production of an embracing economic survey of this kind is now taken for granted and is generally regarded as essential to the public understanding of economic questions and of government economic policy. In America there is the President's Economic Report to Congress, a lengthy document prepared with the assistance of his Council of Economic Advisers; in Britain there is the well-known Annual Economic Survey; Canada, New Zealand, and in Europe, the Netherlands and Swedish Governments also issue reports of a similar, comprehensive character.

In his article in this number of "Review," a recent visitor to Australia, Mr. W. F. Crick, economic adviser to the Midland Bank, one of the great British financial institutions, comments caustically on this feature of our economic administration. He says: "—the central Government seems to lack an explicit, coherent economic policy, adaptable to changing current conditions, while its actions seem to be limited to improvisation. This is the only explanation that appears of the lack of authoritative presentation and interpretation of facts (by the Commonwealth Government) designed to inform the public and provide the basis for objective analysis and criticism."

Why Australia has not followed what is a universal practice among other democratic governments is indeed hard to understand. In Australia there seem to be even stronger reasons than in other countries why the central Government should take special pains to see that the public is properly informed on economic conditions and on the reasons underlying its decisions on economic policy. Canberra is a hot-house, artificial growth, far removed by distance and outlook from the main centres of life and industry of the people which it governs. As such it provides an ideal breeding-ground for the development of a bureaucracy acting in splendid, lonely isola-

tion from the rest of the community. Such an atmosphere encourages a secretive attitude among officials, an ill-concealed disdain for the views of those outside the select circle, and rigid, ingrown habits of mind unable to countenance views foreign to their own confined experience.

Some of these dangers are already becoming apparent and it is the Government's responsibility to take corrective action to restore the greatest possible measure of democratic discussion and influence to the process of policy-making.

In the economic sphere, the provision of an annual or semi-annual public report on the state of the economy, and on the measures which the Government and its advisers consider necessary to meet changing economic circumstances, is an essential foundation for such discussion. The public cannot be expected to understand, and to offer, therefore, intelligent comment on, high economic policy unless that policy is made known in all its aspects.

There are, too, a number of other good reasons why a public document to serve this purpose should be published. One of the most important is that it would inform the Commonwealth Arbitration Court of the Government's objectives in the sphere of economic policy, so that the Court would be in a position to relate, if it so desired, its own decisions to the purposes of the Government.

In the absence of such information there have been, in recent years, grave divergences between government policy and the decisions of the Court. This fact has been deplored by members of the Court itself as well as by members of the public.

The administrative machinery of the Commonwealth Government will not be adequate for present-day needs until this vital omission has been rectified.

