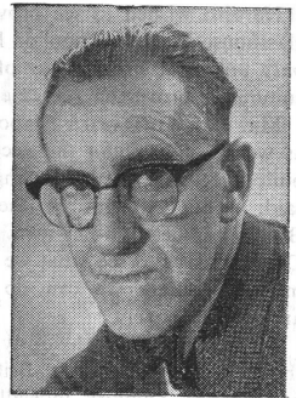


Power Begets Power

By E. P. MIDDLETON

Government in business breeds either Government-controlled business or business-controlled Government — both unnecessary evils.



RECENT articles in two of Australia's leading journals of opinion — the *Bulletin* and the *Nation* — have opened windows on some interesting activities which those engaged in them no doubt would have preferred to remain outside the probing limelight of the ever-curious Press.

One of these — in the *Bulletin* — dealt with the fascinating, if mind chilling, subject of "Modern Management in Government Departments." The other, entitled "The Lobbying Bureaucracy," told the story of the cold blooded pursuit of the protectionist economy by ACMA, which are the initials of the Associated Chambers of Manufacturers of Australia, whose permanent pressure palace in Canberra — Industry House — represents the ultimate in parasitism; its stranglehold on the Federal Government is already strong enough to make a farce of Parliament and an office boy of the Department of Trade.

An example of its power was shown a few months ago when the country was staggered to learn that the Chairman of the Tariff Board had resigned, tight-lipped, and in an atmosphere of tension that left no doubt that he was the victim of unrelenting pressure against the impartiality he had endeavoured to preserve in the Board's judgments. One of the most effective results of this technique of pressure has been the achievement of a Special Advisory Authority (a one-man "authority" in the person of Sir Frank Meere) with emergency powers to grant interim protective measures — which of course were pressurised in turn into permanent ones, making the Tariff Board more or less redundant.

These two articles are brought into joint focus because they deal with different aspects of one fundamental evil in modern economic society — power. The power which derives from the tragic errors of socialism (bureaucracy, legislated trade, officially conducted industry), grows by the toughening conflict with controls and the frustrating weight of taxation, until it feels strong enough to issue its own orders to legislators and to see them carried out.

In Canada "Government is now the biggest business," says the author of the *Bulletin* article, "with a \$6,000 million annual budget." And suddenly a politician has a weapon; he demands the application of "business methods" to the running of the eighty Federal departments and agencies, and experts are called in to streamline and co-ordinate and slash costs. At a cost of \$2 million for the survey, the estimated saving is \$20 million. Not much against a total budget of \$6,000 million, but a

beginning. At least it brings to light the fact that \$20 million a year was the value of wasted time, effort and cash before the experts moved in.

In Australia the position is comparable if not identical. Government is the biggest business here too. Power has been given to officials for so long, by both State and Federal Governments, that anyone trying to cut government staffs and work systems has a real battle on his hands. Professor Parkinson is read in Australia by the intelligent layman as a form of masochism, by the politician for ammunition in party warfare, and by the public servant for the cynical pleasure of quoting him, to screams of hysterical laughter, at official cocktail parties. Nobody takes him seriously. (This is, I admit, partly the Professor's own fault.)

Canberra may be called "the tallest ivory tower in the world" as it was recently by a speaker at a political science seminar; but Canberra can take it — the ivory tower is impregnable. And not only Canberra, of course. Every State has its own little Canberra. In every State capital, government buildings proliferate in all directions. In Sydney at the moment a new government building appears to be going up at every corner. And here, as in Melbourne, is the place to see the range and reach of Canberra's tentacles. The two largest buildings erected in Sydney recently are both Federal Government-owned — the huge Commonwealth Government office block in Phillip Street, which caused an alteration to the street plan of the area, and the Federal Reserve Bank building at the top of Martin Place, where you get precious little in the way of a site for your million pounds. (And it is particularly satisfying to our masochistic intelligent layman to realise that, while as taxpayers he and his companions share the cost of these multi-million pound structures and their million pound sites, as taxpayers they also have the privilege of compensating the City Council for the fact that no government building pays rates.)

"In its annual report for 1949," says the *Nation* article, "the Council of ACMA had recorded 'its grave concern at the enormous and superfluous growth of government departments.' *Though that growth has not been arrested, protest has been replaced by mutual understanding of the direction the growth can be given.*"

"But the change in methods and outlook now proceeding within ACMA is perhaps as significant as that which

followed the move of the organisation's permanent headquarters to Canberra in the mid-thirties. Under its first Director, the appearance of regular delegations of manufacturers before the Prime Minister or members of his Cabinet was supplanted by the Director's permanent embassy in the Federal capital, and the gradual introduction of informal contacts with politicians in the major parties. The last three years, however, have seen a considerable broadening of the front of operations."

With the ceaseless growth of government departments threatening more and more of their territory, commerce and business feel the necessity to organise in their defence, and, since "the best form of defence is attack," the next stage is organisation for attack. The strength of government departments being unassailable, the correct tactics have been found in, first, a form of sniping by which business picks off good quality, top-grade depart-

ment staff. The ACMA has recently acquired half a dozen of their leading brains from Federal Government departments. The next move is to use these men for carrying the war back into their own old territory. They know all the right contacts, they know the rules and the ropes. They are the ones to exert the required pressures at the right points.

This further extract from the *Nation* article shows how the technique has developed, quite naturally, out of the situation which governments themselves provide:

"To understand ACMA's adaptation, one must take into account two secular trends. First, there is a distinct preference on the part of administrators in modern democracies to integrate the interest groups into their own style of working. 'If an organised group does not exist,' says Professor Allen Potter, in a recent study of British

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AFTER THE PIKADON

By Julia Bastian

"AS A RESULT of air attacks, one hundred and twenty Japanese towns are in ashes. Hiroshima cannot expect favourable treatment merely because disaster there was caused by an atomic bomb." Thus ran the official communiqué from Tokyo in reply to a desperate call for help.

And so, with almost no financial aid from outside, and in the face of insurmountable difficulties, the city was to make its triumphant recovery.

The story of the reconstruction period dating from that fateful day August 6, 1945 is told in Robert Jungk's searing report *Children of the Ashes*, (Pelican, 5s.). Jungk is a remarkable journalist-historian, though unfortunately not much of an economist. By making use of letters, diaries, official statements, together with confessions, eye-witness accounts and newspaper reports, he weaves into a nightmare tapestry the threads of life in Hiroshima after the Pikadon.* His anthology leaves the reader in no doubt that the survivors of the disaster had an ugly time, but what is totally unexpected is the *speed* of the city's recovery. Within some fourteen years what was little more than a vast atomic desert had become a flourishing modern city with a population considerably larger than it had ever been.

The after-effects of the devastation — floods, famine, radiation sickness—hit even those miles away from the actual explosion. Nearly all were homeless; yet as if held by a huge magnet, the wretched citizens clung to rubble-strewn soil where once their homes had stood. Only a small number had been able to escape from the city and those who had fled, returned.

Never had private enterprise worked so fast against

that first bitter winter that threatened to come early that year. In a brave attempt to get things moving someone had given the order to fell the little municipal forest and provide free building materials to those capable of putting up houses. Planks were distributed and some of the homeless were able to erect rough huts. (Later, in pompous official jargon, a politician was to complain that the wood was distributed without "properly constituted authority" and was therefore illegal!)

Mercifully, by the spring of 1946 the huge filthy atomic epicentre had turned green. Seen from the air Hiroshima resembled a gigantic market garden. Opposite the rusty ruins of the Town Hall corn sprang up, and all around there were crops of potatoes, tomatoes and cabbages.

Along with these first vigorous signs of recovery a wave of crime broke across the city. Of this Jungk gives convincing proof that moral decline is the direct result of insecurity, hunger, poverty, misery and pain. All these factors, immeasurably intensified by the Pikadon, were totally to blame for the steep rise in robbery, violence and murder. Most members of the police had been killed or — unable to face the cleaning up operation—were in hiding as civilians. Yet a force twenty times the normal size could not have held in check the disorder and confusion. One can draw a parallel here with the state of affairs in our own society which, in minor key, echoes its particular insecurity and misery with its own comparatively modest waves of crime.

Clearly, the basic essentials of life were at a premium. Possessions of any kind were so scarce that nothing was safe any more. Those crafty enough earned money by tapping the few water pipes that had not been smashed and selling public water at high prices to people driven crazy by thirst. One of the more honest ways of earning money

*Pikadon—from the Japanese 'pika' meaning lightning, 'don' meaning thunder.

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pressure groups, 'the Government helps to invent it.' How much easier, then, if all that needs to be done is to transform an existing organisation: the administrators will fit it into its machinery, and the two sets of specialists will furnish each other with work to do. Take any public servant on the middle to senior level with a flow of bright ideas; what better support than a submission from an outside body, which, while differing from his own scheme sufficiently, will yet urge its essentials? And who better to do the job than a former colleague who knows the style of the department and keeps up with the current scale of priorities? The process may also work in reverse; if, for instance, the Department of Trade sends out letters and officers to manufacturers whom it wants to push into exporting, it may well get the brush-off. On the other hand, if it can get the permanent officers of a manufacturers' organisation to form committees and councils, a lot can get done, and it feels so much less like being pushed by the Government. The existence of and consultation with an influential permanent organisation

has a special attraction for departmental heads and Ministers. Confronted with criticism, a Minister can claim that he heard all sides of a case before reaching a decision, and that the criticism currently made had already been taken into consideration. If there are tribunals and quasi-judicial bodies, he can shift some of the responsibility for the outcome on to them. *This is all the more convenient if the Minister of Trade, who sits on top of this busy hierarchy, is personally committed to a free-trading Country Party, but his Cabinet colleagues and his advisors have turned towards protection.*" *

The phenomenon here presented — the growth of government concern with and interference in commerce and industry, leading to active engagement in it, producing lobbying organisations among its self-created enemies which, in turn, subvert governments for the ends of their members — is universal throughout the Western world. It is an inevitable consequence of the abandonment of the concept of Free Trade and the sell-out of economists to politicians.

* The reference here, of course, is to the Hon. J. McEwen Minister of Trade, and Chairman of the Australian Country Party.

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