

foot, if it is anywhere. He was also writing from the standpoint of sea-power; and a mere historian of German literature must leave it to the experts to decide whether or not the advent of air-power plus guided missiles and the atom bomb (together with the likely addition of bacteriological atrocities) has made Mackinder's strategical concepts out-of-date and invalid. But Mackinder was

surely right about the vital importance of East Europe. And it is something more than personal prejudice or professional bias, when a Professor of German takes it upon himself to underline Mackinder's warnings, and to maintain with him that the fate of the world may well depend on a settlement of the century-old struggle between Teuton and Slav.

Reconversion in Australia.

By LLOYD ROSS

THE major problem of reconversion in Australia, as seen by official advisors during the war, was one of sustaining a high level of employment. The aspect that caused most fear was the belief that difficulties of transfer from war to peace would be so great that a collapse of employment would follow, unless special plans were taken to meet the problem. In a White Paper on Full Employment, issued on May 30, 1945, the Government, however, linked the danger of inflation with the difficulties of conversion, as follows:

In the first place, about 1,000,000 men and women now in the Armed Forces and war industries will be seeking peace-time occupations. Secondly, the war-time excess of spending power will persist at least until more adequate supplies of peace-time goods and services again become available.

The main threat to employment in the transition will come from the physical and organizational difficulties in the way of restoring civilian production of all kinds in time to employ the people who will then be seeking work. Much peace-time employment will not exist until production plans have been prepared, machinery adapted and tooled up and skilled workers located or retrained.

By careful planning and detailed preparation the Commonwealth Govern-

ment hoped to avoid a major collapse in the economy. The theory to be followed was stated in the White Paper, and thus summarized by the Minister for Post-War Reconstruction, (Hon. J. J. Dedman):

The policy outlined in the paper is that the Commonwealth and State governments should accept responsibility for stimulating spending on goods and services to the extent necessary to sustain full employment. It will be the object to maintain such a pressure of demand on resources that for the economy as a whole there will be a tendency towards a shortage of men instead of a shortage of jobs.

In the post-war period employment has been maintained; demand for jobs exceeds supply; the number of people at work in peace-time projects is the greatest in Australian history.

The immediate emphasis has, therefore, changed from maintaining employment to avoiding inflation by increasing production and by stabilising prices.

Avoiding Inflation

Introducing a Bill to continue the operation of certain controls for a further twelve months, Mr. Dedman declared in November, 1947, that measures designed to check inflation and maintain economic stability were the control of rents, prices, capital issues and land sales. "To-day, Australia is one of the countries which shows the lowest increase of

prices," he claimed, and continued, "a comparison of living costs with those of other nations where prices control has lapsed, or has never been enforced, proves how well we have controlled the post-war boom. The United Nations' monthly bulletin of statistics for September, 1947, shows that Australia is only one in a list of 35 countries in which the rise of wholesale prices since 1937 has been less than 50 per cent. The same authority gives the following percentage increases of retail prices from 1939, to June, 1947:—Australia 28; South Africa 39; Canada 32; United Kingdom 29; United States of America 57; Argentine 75; Sweden 52; Switzerland 56; Spain 109; Ireland 70; Turkey 245; Poland 15,010; and China 2,087,900."

Judged then by the tests of maintaining employment and preventing a major inflation, the Australian Government's policy to date has been a success. What have been the factors responsible?

Before answering this question, certain basic facts in the Australian political and economic scene must be mentioned—the acceptance by all political parties of the right and responsibility for the State to intervene in economic affairs in order to further policies of equality and prosperity; the early and rapid expansion of democratic rights; the strength of the trade unions and the success of Labor in achieving political power. Each of these could be discussed in detail, but as the purpose of this article is limited, they can be only noted and taken as read, with a reference for details to Professor Brady's *Democracy in the Dominions*, University of Toronto Press, 1947.

The discussion may now be continued under headings:

- (1) Price control;
- (2) wages policy;
- (3) overall planning.

Price Control

Under war-time powers a Commonwealth price fixing authority was established, at first under Professor D. B.

Copland. The prices of a large and complicated range of products were fixed by this Commission.

In April, 1943, the Curtin Government brought into operation a price stabilization plan to check the rise in prices which had risen 10 per cent in the preceding year. Under this plan prices were fixed and increases were met, where necessary, by the payment of subsidies, thus preventing repercussions on higher costs and prices. In explaining the policy followed, Mr. Chifley, the Secretary-Treasurer, drew attention to the Canadian experience:

With a few exceptions, a ceiling price will be placed on all goods and services, and, from 13th April, 1943, no producer, manufacturer or trader will be allowed to charge a higher price for any of the goods and services he sells than the price he charged on 12th April, 1943. This policy of achieving price stability by imposing an over-all ceiling has been successfully developed in Canada, and is operating in a modified form with good results in both Britain and New Zealand. Its prime objectives are to give stability to the price structure, to enable consumers to purchase the bulk of their essential needs on a constant outlay of money, to stabilize incomes, and to give the Australian £1 a firm value in terms of commodities for the duration of the war.

The control of prices and rents remains. Since, however, the Commonwealth authority arises from war-time constitutional powers the Government believes that its legal position is insecure, and proposes to ask the electorate by referendum to transfer from the States to the Commonwealth Government power over rents and prices.

The state marketing of a wide range of primary products is continued—barley, apples and pears, hides and leather, potatoes, rabbit skins, wheat. Although the type and purpose of control varies from product to product, the principles are similar—the establishment of a Board on which the growers are represented, the acquisition of the crop by the Commonwealth, the marketing by the Board,

the payment of a guaranteed price to the growers, aimed not only at obtaining an adequate return at the moment, but at securing a satisfactory return if future world prices should fall.

Wages Policy

The industrial relations policy during the war was a combination of a number of apparently contradictory elements, that were given their unity through the leadership of the late John Curtin.

They may be summarized as follows:

1. A pegging of wages; a pegging of rents and prices so that the major cause of unrest in increasing prices might be avoided. Subsidies to certain key domestic commodities also assisted in keeping the Australian price level from inflating.

2. An opportunistic, but rapid rule-of-thumb method of treating disputes as they arose, within however the framework of the compulsory arbitration court system. The Government had two main problems—that of avoiding unrest and of obtaining the agreement of unions to necessary modification of union practices. The latter was obtained by a series of conferences with union officials; the former by a mixture of appeals, threats, promises, punishments, varied according to the needs of the situation. The extent of industrial unrest was comparatively slight when related either to the experiences in the first world war or to the rapidity with which production increased.

3. Probably the main influence making for peace was the realization by the community that the nation was involved in a desperate struggle for the maintenance of its national independence and democratic freedom. The late Prime Minister, John Curtin, interpreted this recognition into a rallying appeal for a positive contribution, as outlined by me in a recent article in the *University of Toronto Quarterly*. The end of

the war has been followed by an increase in unrest, but the results have in no way imperilled the reconversion program, although unrest and restricted production have both hindered the Government's reconstruction program and increased the dangers of inflation.

The Government has accepted the view that there is a responsibility on them to fulfill the promises of improved conditions frequently given during the war to the people of Australia, and these conditions have undoubtedly restrained the outbreak of those strains and stresses, which are generally associated with the ending of war.

The main features of the post-war program may be summarized as follows:

1. Under the long-established decisions of the compulsory arbitration system, the basic wage rises with the increase in the cost of living.

2. The Commonwealth Government has gradually lifted the wage pegging regulations, so that a large number of workers have obtained marginal wage increases and improved working conditions.

3. The Commonwealth Arbitration Court reduced the working week of employees under its awards to 40 hours a week.

4. The Commonwealth Labor Government has introduced a major change in Commonwealth machinery by the appointment of a panel of Industrial Commissioners with authority to settle disputes by conciliation and arbitration.

Overall Planning

The programme of industrial relations is, however, part of a general framework of reconstruction that had been planned by the Federal Government before the war had finished. Space does not permit detailed description. It had worked well, and as a result the Australian nation is as settled and peaceful as any other in the contemporary world.