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## AGRICULTURAL POLICY ADVICE AND THE PUBLIC INQUIRY PROCESS\*

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*Industries Assistance Commission*

**The Industries Assistance Commission came into existence in 1974. It extends to all industries, including the rural industries, the system of public scrutiny of advice regarding assistance. This paper considers the ethos of the IAC's establishment. It discusses some criteria which are features of the IAC's operation, and which are considered to be necessary for an effective public inquiry process. Finally, it comments on the relationship of the IAC to other policy objectives and other advisory instrumentalities.**

In two respects 1974 was a landmark year for agricultural policy formation in Australia. It commenced with the establishment of the Industries Assistance Commission (IAC), and it saw the publication of the Government's green paper on rural policy. The purpose of the Commission is to extend to all industries the system of public scrutiny of advice to the Government regarding assistance—a system which had operated for the manufacturing sector since 1921 through the Tariff Board. The green paper was the first public report on overall rural policy sponsored by the Government in more than twenty years. In my presidential address I propose to consider the role of the public inquiry process in policy formation, from within the context of the IAC but not in isolation from other initiatives in policy formation such as the green paper.

### *Ethos of the IAC's establishment*

These initiatives were taken when agricultural policy was in something of a no-man's land. Two decades of unbroken Liberal-Country Party Government had terminated. The agricultural policy which had characterized those years was based on the need to provide an inflow of foreign funds at a stable rate of exchange. Neither this goal, nor the instruments adopted, initially were a basic cause of conflict. What was good for agriculture was generally conceded to be good for Australia. The message conveyed by the policy was that Australia needed more agricul-

\* Presidential address to the Nineteenth Annual Conference of the Australian Agricultural Economics Society, La Trobe University, 12 February 1975.

\*\* General acknowledgement is made to colleagues at the Industries Assistance Commission and to the following sources: R. Boyer, *The IAC and Rural Industries*, 11th Annual Cotton Conference, Canberra, November 1974; Sir John Crawford, *A Commission to Advise on Assistance to Industries*, Australian Government Publishing Service, Canberra, 1973; G. A. Rattigan, *Protection and the Principle of Public Scrutiny*, Giblin Memorial Lecture, ANZAAS, Brisbane, May 1971; Industries Assistance Commission, *Annual Report 1973-74*, Australian Government Publishing Service, Canberra, 1974.

tural output, and at least until 1970 when the Marginal Dairy Farms Reconstruction Scheme commenced, it also implied that Australia needed more rather than fewer farmers. The policy was successful in meeting its objectives.

But in its later years the principal instruments of that policy and the failures to adjust to them were sources of conflict. From an urban viewpoint, balance of payments needs had ceased to be a justification for considerable transfers to the rural sector. Within the rural sector the overwhelming portion of assistance was given in proportion to business size, and for an increasingly large minority of farmers business size was not adequate to earn for them an acceptable level of income. In 1973 the new Government took advantage of the unanticipated rural boom to dismantle parts of the policies it had inherited, and it set up an expert working group to develop an integrated set of principles upon which rural policy might be built.

Yet there was another source of conflict. This was not so much about the content of policy as about the process of its formation. Many of the forms of assistance to agriculture had never been reviewed since their inception. Or they had been renewed periodically following negotiation between the Government and the industry concerned, but without public participation in the review process and without independent advice. Assistance policy for agriculture was seen to be the outcome of a political process in which the role of independent economic analysis was never made clear. The early commitment of the new Government to the concept of open government raised the whole question of how advice should be sought and how it should be given.

The IAC was established at the commencement of 1974 to be the agency for this advisory process on matters of long term assistance to industries. The thinking which led to its establishment is well documented, principally in the report prepared for that purpose by Sir John Crawford. I do not intend to belabour the content of that report, whose author was one of the earliest presidents of this Society. But in considering the advisory process as a feature of policy formation I will touch on many of the issues raised in the Crawford Report.

Commissions or committees of inquiry are a well established feature of some aspects of agricultural policy formation in Australia. But they have usually been set up in and for times of crisis rather than as a continuing and mandatory public input into policy formation. An exception to this was the Development and Migration Commission, which between 1926 and 1930 was required to investigate all land development proposals of the States for loans under the British Government's Empire Settlement Act. This Commission had sufficient continuity and resources to develop a consistent approach to its tasks. And whereas the Government could reject a scheme on which the Commission had reported favourably, it could not accept a scheme on which the Commission had reported unfavourably.

But continuity of advisory bodies and discipline by governments in relation to advisory processes have not been features of agricultural policy formation in Australia. As a consequence there has been widespread grass roots cynicism about the motives of governments for establishing many commissions or committees of inquiry. They have been described as time-buying or white-washing exercises, or as devices which

substitute the search for consensus of opinion for the scientific analysis of facts. Nor can this cynicism be lightly dismissed. It suggests that the criteria for public inquiry bodies should be well defined and widely acceptable if their advice is to be a worthwhile feature of the policy formation process.

No impartial study has ever assessed the wide variety of public inquiry bodies which have operated at state and federal levels in agriculture. Such a study would be useful if it could identify criteria for an effective public inquiry process. In the absence of such a study I will discuss a number of criteria which I consider to be necessary, and which are features of the IAC.

### *Independence*

No advisory process can be altogether unconstrained. It must work within a framework of objectives, report on matters referred to it, and meet deadlines. But the motives of governments for seeking advice and the quality of the advice which they receive will remain open to question if the scope of the advisory body's investigations can be arbitrarily limited, or if the criteria which the advisory body uses can be capriciously varied from inquiry to inquiry. The question of independence therefore relates not only to the bounds which are placed on the advisory body, but also on the extent to which those bounds are inviolate through changing political fortunes or economic pressures.

For the IAC these bounds are established through its Act, the references sent to it, and the conventions adopted for its operations. The independence of the Commission in relation to these bounds can be illustrated by reference to its statutory reporting functions. Two of these are obligatory. The first is to report on specific matters referred to the Commission by its Minister relating to assistance to an industry or group of industries. The Minister may specify a period within which the Commission is to report. But whereas it is obligatory for the Commission to report on the specific matters referred to it, the Commission can also give consideration to any form of assistance to that industry or group of industries. Thus an inquiry can be directed towards a specific instrument or objective, but its scope cannot be limited to that instrument or to that objective.

The significance of this option can be seen in the case of the apple and pear inquiry. The reference relates to whether the Government should continue to assist to stabilize returns to growers from exports of fresh apples and pears. It originates from the expiry after the 1974-75 season of the current price stabilization plan for export apples and pears. But the Commission has found it impossible to make a sensible investigation of this question without examining the entire structure of assistance to this industry in relation to its long term market prospects. In recent years there have been no fewer than six sets of measures, financed in whole or in part by the Australian Government, which have been designed specifically to assist the apple and pear industry. To limit the Commission's inquiry to the stabilization of export returns would restrict the Commission's ability to design assistance which could help to stabilize incomes of producers. It could also hinder the Commission in fulfilling its statutory obligation to design assistance which will improve the efficiency of the community's productive resources used in this labour-

intensive industry. The Act explicitly gives the Commission this scope for widening the field of its inquiry.

The second obligatory reporting function is more general than the first. In its annual report the Commission is required to account for its operations, to report on assistance provided to industries by the Australian Government, and to assess the effects of assistance on those industries and on the Australian economy generally. A general reporting function is an important avenue through which an advisory body can independently interpret both its functions and the criteria which it uses. Although the Commission is required to have regard for a number of policy guidelines, the Act imposes no specific norms or working rules on its operations. The annual report provides the opportunity for the Commission to inform the Government and industry publicly of the general principles which it sees as flowing from its guidelines, and to advise on priorities for the review of assistance.

For example, it was following advice from the 1966-67 Annual Report of the Tariff Board that the Government endorsed a comprehensive review of the tariff structure. This review is currently in progress. And following a recommendation in the Commission's 1973-74 Annual Report, the Government has referred to it the general question of assistance to reduce fluctuations in the incomes of rural producers. This is a most important reference. The green paper clearly demonstrated that agriculture's instability problems are not being efficiently tackled by existing arrangements. A great deal of assistance which is given in the name of stabilization in fact fulfils other economic functions and may even destabilize incomes. Thus this reference should not only result in recommendations which will increase the effectiveness with which the income instability problems of farmers are handled. It should also help the Commission to develop a consistent set of criteria to improve the productive efficiency of the rural sector.

In addition to these two obligatory reporting functions the Commission can inquire and report on its own initiative on certain assistance measures. These are tariffs which have not been reviewed for ten years or more, and non-tariff assistance which has not been reviewed for six years or more. This power, and the power which the Tariff Board had to initiate inquiries, has not yet been used. But in view of the durability of many assistance measures which have not been reviewed publicly since their inception several decades ago, the power to initiate inquiries is a warranty of the independence of the advisory process.

### *Impartiality*

The independence of the advisory system is a prerequisite for the impartiality of its advice. Impartiality is of special importance in the field of assistance policy, since the benefits and burdens of assistance may be highly discriminatory. And almost inevitably assistance to one industry or group of industries which is at the expense of others promotes conflicts between the affected groups and individuals. Policies on assistance can also create conflicts between Government departments, whose power, status and activities are affected.

Thus impartiality is required both in the manner in which the advisory body fulfils its functions, and in the relationships which the Government and its departments have with the advisory body. An important way of making these relationships impartial is for the IAC to be responsible

to a Minister who is not directly involved with sectional interests. In the first instance this was the Prime Minister, and since December 1974 the Special Minister of State. It is, of course, also important that the departments involved co-ordinate their activities in relation to assistance matters. A permanent inter-departmental committee exists for this purpose. Among other things, this committee co-ordinates the programme of references to the Commission.

Similarly, if the independent advisory process is to function impartially, it is important that departments and statutory bodies should provide the advisory body with all relevant information for its inquiries. When the IAC was established the Prime Minister requested departments to co-operate in this way. Wherever possible official information should be given by way of public evidence, though provision exists for it to be received in confidence. The only exceptions should be where statutes specifically exclude the disclosure of information, such as the confidentiality provisions of the Census and Statistics Act and the various Taxation Acts. Australia does not as yet have a code of public access to official information such as exists in some other countries, and unless all relevant information is known to be available to the advisory body it cannot be guaranteed that the information upon which advice is based will itself be impartial. Withholding information until after the publication of a report will inevitably lead to lobbying or negotiation between industries and the Government, or to a subsequent inquiry which will not be open to public scrutiny and whose advice will not be made public.

The advisory system cannot be impartial unless the Government disciplines itself to seek advice with a considerable degree of impartiality. The mandatory reference provisions of the IAC Act are designed for this purpose. The Government is precluded from taking action to provide long term financial assistance to a primary or secondary industry before it receives advice from the Commission. Tertiary industries have been exempted from the mandatory provisions of the Act more for practical reasons than for the reason that they should be subjected to no public scrutiny or to a separate advisory process. The Prime Minister's second reading speech on the Bill stressed that wherever practicable the Government would seek the Commission's advice before it provides assistance to any industry.

Extending a single advisory process to all sectors is of profound significance for agricultural policy, since it places all industries on an equal footing with regard to assistance policy. The Commission's policy guidelines contain no special cases. The exporter, the producer of food-stuffs, and the self-employed have no more nor less claim to public support than the provider of services or the multinational corporation. Different industries, of course, have different distinguishing characteristics, different abilities to adjust, and different links to welfare. These must be taken into consideration by the Commission. But a clear implication of the Act for the Commission is that the agricultural sector and its family farms, while doubtless important to the economy, are neither more nor less fundamental to it than any other sector or form of business organization.

This view has not been an explicit basis for policy in the past, nor is it unchallenged at present. The Tariff Board Act permitted matters of assistance to primary industries to be referred to the Board, but as a

general rule they were not. And some authoritative proposals have been made for a separate advisory system for the rural or mining sectors. For example, in 1946 the Rural Reconstruction Commission, anticipating a recurrence of the cost-price squeeze, recommended a permanent and independent Primary Industries Tribunal. And the IAC itself has been criticized since its formation as being too broad, too austere in its application of economic principles, and of usurping functions better served by departments which are claimed to be closer to the industries concerned.

These alternative views imply that assistance to industries in different sectors either cannot or should not be placed on an equal footing. In many respects these sectors are different, and if resources are to be allocated more efficiently between them it may be necessary to make use of measures other than assistance to specific industries, such as greater exchange rate flexibility and stronger action to limit monopoly power. But to separate the advisory systems for each sector could only add to the inconsistencies between them, and also add to the pressure for assistance to increase all round.

Impartiality ultimately requires that the conflicts which arise from assisting industries should be recognized and resolved in a disinterested manner. The function of the IAC is to give advice which will improve the efficiency of resource use and allow the ensuing benefits to be widely and generally enjoyed by the people of Australia. In doing so it must recognize the conflicts of interest which arise from assistance to industries. But minimizing the costs of conflicts may not be reconcilable with maximizing community welfare through the most efficient use of resources. For the Commission to place undue emphasis on the resolution of conflict could impose a considerable cost on the wider well-being of the people of Australia.

Thus if the IAC is to fulfil its statutory obligations it is likely to be unpopular with some sections of the community, and it is almost certain to be more controversial than some other advisory bodies whose objectives are more oriented to the resolution of conflicts. However, the Commission's advice can be disinterested, and it can be seen to be so if all interests have equal access to the Commission. Thus the advisory process must also be public and open to scrutiny.

#### *Public scrutiny*

The IAC has no executive functions and no legislative authority. The legislative decisions about assistance, and thus about the IAC's recommendations, remain political. Yet the IAC is more than an advisory body only. By bringing into the open the issues and conflicts which are embedded in the arguments for freer trade or for protection, for industrial rationalisation or for less unfettered competition, the Commission can act as a buffer between the interest groups and the Government. Thus it must not only advise the Government, it must also inform the public. The credibility of the Commission's advice depends not only upon the competency of its work, but also upon its inquiries being open to public participation and its advice being open to public scrutiny.

The IAC Act requires that an inquiry conducted by the Commission shall be held in public. But the Commission is not bound by the rules of evidence. Since the Commission gives advice on long term assistance, its inquiries can be longer and more analytically deliberate than those

which are made for short term exigency assistance. Its information gathering is wide ranging, and it undertakes its own analytical studies. But the Commission seeks to have the information upon which its reports are based available for public scrutiny prior to the preparation of its reports. For example, for its rural industry inquiries the Commission relies heavily on the industry survey information of the BAE. Public hearings have been scheduled for some references specifically to allow information from the BAE's surveys to be received and commented upon in public.

The Commission also provides witnesses with background information about matters under reference, and it actively seeks to bring key issues into the open as early as possible. An example of the way in which this is done is a Commission paper published for the public hearings on the dairy industry in 1975. This publication brings together a comprehensive set of industry statistics. It describes the performance and the problems of the industry since its last national public inquiry in 1960. It identifies the measures which have assisted the industry and it briefly analyses their effects. And in as neutral a fashion as possible it canvasses some policy alternatives.

It is also the Commission's practice to publish and invite comment on the analytical studies it undertakes for some of its inquiries. To the extent that it is possible to do so, it makes these available prior to the preparation of its reports. For example, the Commission issued a paper to witnesses who appeared at its 1975 hearings on new land farms in W.A. This paper documents the results of a survey of new land farmers, and it assesses the impact on farmers of the changed economic conditions of recent years. The Commission also held a seminar for witnesses who appeared at its nitrogenous fertilizers subsidy hearings. At this seminar its demand estimates were fully discussed, and participants were invited to submit their comments on these estimates for the public record.

Thus the public hearing is not only a means for receiving the formal submissions of witnesses. It is also an avenue for presenting information which is new and for canvassing ideas. The communication problem is particularly difficult in the rural industries, and wherever feasible the Commission has been taking its rural industry inquiries to where farmers are, both to see and hear and to be seen and heard.

For the advisory process to be fully open to public scrutiny, not only should inquiries be held in public, but subsequent advice should be received and responded to in public. When the IAC was established the Prime Minister announced that the Government would deal with all reports of the Commission within three months of receiving them. He also announced that all reports which would not cause damaging speculation would be made public as soon as they were printed, and before the Government decides what action to take on them. Whereas this policy goes beyond the recommendations of the Crawford Report, Sir John recommended that all interchanges between the Government's inter-departmental committee and the Commission on issues raised in a report should be published in that report. Whenever the Commission has received any queries about the content of its reports, replies have been given in the expectation that they will be made public.

But there is little point in advice being given and received in public unless the public itself is aware of the issues. Thus there is an important

educational role in the reporting functions of the Commission. This role was recognized by the Commission in its first Annual Report, which explains some of the relationships between levels of assistance and other characteristics of the economy, such as employment, the efficiency of resource use, and the exchange rate. Reports on individual rural industries describe and explain more specific characteristics of these relationships. But no matter how well the Commission reports, this educational function cannot be fulfilled in the farming community unless policy itself becomes a more central part of extension activity at grass roots level. The Commission's reports could well continue the momentum which was initiated in this field by the green paper.

### *Consistency*

The IAC is a continuing body. Not only does it advise on assistance policy, but it monitors assistance through its reporting functions. This is in marked contrast to other bodies which have inquired publicly into problems of the agricultural industries.

For example, the Dairy Industry Committee of Inquiry was established in July 1959 and ceased to exist in August 1960 when it submitted its report to the Government. That report was released in November 1960, but it was not until February 1962 that the Government announced unequivocally that it had rejected the Committee's recommendations. Notwithstanding high rates of assistance to dairying and continuing low income problems in its manufacturing sector, between 1960 and 1974 no independent public body existed to scrutinize assistance to the dairy industry.

Continuity of the inquiry process is a prerequisite for consistent policy advice, since only if advice is seen to be consistent will it have any lasting authority. The consistency of the IAC will be reflected in the goals which it pursues, in the information which it provides, and through the criteria which it uses. The Commission's approach to these matters must be not only consistent. It must also be widely known in order to encourage producers to take it into account in their planning.

The goals which the Commission pursues are defined through its policy guidelines. It is required to advise on a strategy for long term assistance to industries which will improve the efficiency of the use of the community's resources, and in such a way that economic gains are widely and generally enjoyed. The present structure of long term assistance is the result of many economic, social and political objectives which stretch back over the years. Even within the long history of Tariff Board-IAC reporting there has been a considerable shift in what is encompassed by the term 'efficiency'—from a technical concept in the pre-war and early post-war years, to a managerial concept in the late 1950s, and to an opportunity cost concept in the IAC's first Annual Report. Judged by this most recent criterion, which relates to how resources might be employed in alternative uses within and between industries, the inherited structure of long term assistance is itself inefficient and inconsistent.

The Commission's concern with efficiency profoundly affects the way in which it assembles and presents its facts. Most assistance to industries is provided through individual commodities, and until quite recently the needs for tariffs, bounties and domestic price maintenance have been assessed almost solely on the production activities of individual com-



modities. In recent years the ABS's Australian Standard Industrial Classification (ASIC), which is oriented to business establishments rather than to production activities, has provided a greatly improved basis for assessing the structure of assistance in the manufacturing sector. The tariff review is proceeding on the basis of industries classified in this way. As yet rural statistics are not collected and classified on this integrated basis, but the ABS currently is advancing its plans to integrate rural statistics into the ASIC concept. Since so many Australian farms are multi-activity businesses, this development will provide a much better basis for assessing both the structure and effects of assistance and the needs of the rural industries.

Since the structure of assistance to Australian industries is complex, it is important that the Commission measures the levels and amounts of assistance which industries receive in comparable terms. There are several measurements which are used by the Commission, but analytically the most useful of these is the 'effective rate' of assistance, which is the proportion by which value added is raised (or lowered) by the subsidy effects of assistance to the industry net of the tax effects of assistance to other industries through input prices. In its first Annual Report, the Commission demonstrated that those manufacturing industries which received the highest effective rates of assistance were least efficient in terms of labour productivity. No comparable study has yet been made of the effective rates of assistance of rural industries. Yet there can be little doubt that when a comprehensive study is made of the rural sector it will yield a broadly similar conclusion to that of the manufacturing sector.

If the present structure of assistance is supporting inefficient high cost industries rather than developing efficient low cost industries, the Commission must be seen to be using a consistent set of criteria which will rectify this situation. The Commission's views on how assistance can be used to encourage low cost industries and to reconstruct high cost industries are outlined in its first Annual Report. Low cost industries (those which require little or no protection to enable them to earn adequate rates of profit in competition with other industries—either in Australia or overseas) would be encouraged and their efficiency would be improved by greater emphasis on factor oriented assistance which improves the quality, productivity and mobility of resources, and by less emphasis on output oriented assistance through price supports. The ideal for high cost industries is assistance which helps to reconstruct them, and which at the same time redirects some of their resources into lower cost industries.

In its efforts to encourage the development of efficient industries the Commission has publicly opted for a gradual reduction of levels of assistance which are high, rather than for an increase of levels of assistance which are low. The latter strategy could, of course, also direct resources into efficient industries. But the Commission has declared its opposition to any move which could encourage the general long term level of assistance to creep upward. To lower assistance is a difficult task, and the rate at which it can proceed will depend not only on the availability of assistance for adjustment, but also on the general level of activity in the economy and the economy's capacity to sustain the changes involved. The Commission has publicly informed the Govern-

ment of its policy in this regard. When its recommendations are likely to have immediate adverse effects on employment, it will include in its report a supplementary recommendation which is designed to maintain the present level of employment. But this is to apply only in the immediate short term.

*Other policies and other advice*

The IAC is only one of a number of bodies which advise the Government on economic policies. And long term assistance to industries is only one of the economic policy issues which the Government must resolve. Some other statutory bodies, such as the Prices Justification Tribunal, also have advisory functions and receive evidence in public. Some statutory bodies, such as the Trade Practices Commission, have both advisory and executive functions. And some other independent advisory bodies are non-statutory and make their advice known to the public, such as the National Rural Advisory Council. Government departments also advise their minister, but the nature of their advice generally is not public. And the Government has created some ad hoc bodies which advise it publicly, such as the green paper committees on rural policy and on policies for manufacturing industry.

With so many instrumentalities and objectives, inevitably there will be a degree of conflict, overlap and void in the advice which the Government receives. And whereas it is the political function to make the ultimate decisions, the difficulties of the legislators in co-ordinating policy advice can be eased or magnified by the way in which advice is framed. Thus an advisory body must take some of the policy trade-offs and the functions and guidelines of other bodies into account when framing its recommendations. Indeed, the IAC's own policy guidelines require the Commission to have regard for a number of Government policy commitments, each of which could be related to the development of industries.

It is not the IAC's function to advise in these other areas of policy. However, it can and it has commented on the use to which assistance to industries has been put to achieve long term objectives other than the encouragement of efficiency. In its first Annual Report the Commission gave a number of reasons why a tariff is a far less efficient means for maintaining a decentralized industry than is a subsidy which discriminates between locations. It also stressed that assisting industries through tariffs and bounties is a less efficient way of achieving macro-economic objectives, such as high and stable levels of employment, than is the use of general measures, such as fiscal and monetary controls and the management of the exchange rate. This is an important principle to stress in times of economic downturn when short term problems weigh more heavily on the Government than long term objectives.

The recommendations of other advisory bodies also can critically affect the assistance which industries receive. The overlap of this advice, and of the processes which produce it, is of four types. First, the objectives to which the advisory bodies work may be complementary. I would place the IAC and the Trade Practices Commission in this category. Both are concerned with the competitive structure of the Australian economy, not as an end in itself but as a means by which efficiency can be achieved and its benefits can be widely enjoyed. Given

a reasonable understanding of each other's functions the advice which each gives should generally be compatible.

Second, the objectives to which the advisory bodies work may be disparate. I would place the IAC and the Prices Justification Tribunal in this category. Both are concerned with the role of prices, but not necessarily to achieve the same objectives. Inevitably from time to time their advice must be incompatible. This is not to criticize either body, nor the criteria to which either works. Many policy objectives are incompatible, and it is the political judgement which must decide on the trade-offs.

Third, the breadth of the issues on which the advisory bodies are expected to report may be different. The green paper on rural policy and the National Rural Advisory Council, though quite different in their functions and methods, have both advised quickly and in the broad. This contrasts with the longer inquiries and the more empirically based reports of the Commission. Both types of public advisory process are useful, and need not conflict. Broad sweep advice can provide a fruitful field of hypotheses which need to be tested in depth. For example, propositions made by the green paper have been under public in-depth study by the IAC in its reference on methods to reduce income fluctuations through certain taxation measures. Thus it is fulfilling the stated purpose of the green paper; namely, to be a basis for widespread public dialogue.

Fourth, the relationships of the advisory bodies to the Government may be different in nature. Inevitably there must be a degree of tension between a government department, which confidentially advises a minister whose portfolio relates to particular interests, and an independent body, which publicly advises a government whose responsibility is the welfare of the community as a whole. If these tensions cause mistrust and a failure to co-operate, the advisory system is undermined. But these tensions can also be a source of strength, keeping each advisory body on its toes by providing the necessary checks and balances.

The task of keeping the advisory process itself efficient is vital. In the case of the IAC it is a task in which the agricultural economics profession is already deeply involved. The Commission's capacity to do its work efficiently has been greatly expanded by recruiting many highly qualified staff members from out of this profession. The Commission also draws on the specialist skills of agricultural economists through the use of consultants and other agencies, particularly the BAE and the State departments of agriculture. Yet the greatest contribution which this profession can make is one of openly scrutinising the Commission and its advisory processes. It can do this through evidence before the Commission, and through the continuing policy debate in the community at large.

Some excellent contributions already have been made by members of this profession on criteria for assisting the rural industries. Much of the conceptual thinking of the academic agricultural economists who gave evidence before the Dairy Industry Committee of Inquiry fifteen years ago, though rejected at the time, has now become a cornerstone for policy making in the 1970s. Many of the ideas which now are being floated at the Commission's public hearings, in some cases floated by farmers themselves, have had their origins within this profession. Income

support mechanisms other than through prices, two-pool pricing, negotiability of quota entitlements, and annuity schemes for farmers are but some of these.

Finally, I have addressed myself to these issues from within the advisory system itself. I have tried to come to grips with some of the premises, objectives and criteria which lie behind the establishment and operation of the IAC as an advisory system. But there are always other premises, other objectives and other criteria. And there are always some hidden values and some hidden beliefs, which are implicit in the recommendations which come out of any advisory system. Without critical assessments from outside the advisory system, these may never be made clear. Thus the welfare of the Australian community could be well served if the agricultural economics profession itself monitors and comments on the activities of the IAC. I have little doubt that this will be done. For the allocation of resources to and within the rural sector, and the welfare of the community, are not only the bread and butter of the IAC. They are also of central concern to the agricultural economics profession in Australia.