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## The Independent Expert as Arbiter The Australian Case

*William Coleman*

*He is no metaphysician, but that does not worry Australians; he is ... expert, and therefore much admired in our homeland.*

– Vincent Buckley 1983

John Nethercote's first direct acquaintance with how Australia is governed came in the mid-1970s in assisting the Royal Commission on Australian Government Administration. Thus at the beginning of his career Nethercote encountered a phenomenon highly characteristic of Australian government: the officially-sponsored report of the "independent expert" on some matter of policy. The Royal Commission on Australian Government Administration was indisputably "expert": the presiding and pre-eminent figure of the Commission, Dr H. C. Coombs, was an economics adviser of decades standing, a retired career official and former Governor of the Reserve Bank of Australia. And the Royal Commission was "independent"; four of the five commissioners, including Coombs, held no post in the executive arm of government. How real were the apparent benefits of this expertise and independence is, however, a less definite matter. Nethercote has provided his own retrospect on what became known as the "Coombs Commission".<sup>1</sup> This essay takes up the question in more general terms. It identifies several pathologies of the independent expert inquiry, and draws on Australian experience to illustrate them.

## The scope of the phenomenon

The inquiry that is independent, expert, and policy-focused needs to be distinguished from inquiries of other familiar sorts.

Many are the inquiries that are both expert and policy-focused, but not independent. Isolating these conclusively from the subject of the present essay is problematic because independence comes in degrees. But the fact that the *perception* of independence is an essential desiderata of the governments that establish such inquiries provides a sharpening of the criteria of “independence”. Any permanent government entity – however independent of the executive government in law – will likely suffer the perception of lack of independence. This essay, therefore, avoids the reports of “statutory authorities”, such as, for instance, the National Health and Medical Research Council, and restricts itself to *ad hoc* bodies created specifically for an inquiry.

One may also distinguish the independent, expert, and policy-focused inquiry from the inquiry which, however independent, is not policy-focused, but is, instead, tasked with establishing some culpability or responsibility. These inquiries may be indirectly concerned with policy, but are primarily judicatory in purpose, and born of an apprehension of some wrong-doing or delinquency. Such inquiries include royal commissions that have left some crater impacts on Australian public life; including the royal commissions into *Misconduct in the Banking, Superannuation and Financial Services Industry* (Commissioner: Kenneth Hayne), 2019; *Certain Australian Companies in Relation to the UN Oil-For-Food Program* (Commissioner: Terrence Cole) 2006; *Espionage* (Commissioner: Justice William Francis Owen) 1954; *Certain Matters Relating to Mungana, Chillagoe Mines [etc]* (Commissioner: J. J. Campbell) 1930; and *Administration of Lands Department* (Commissioner: Justice William Owen) 1906.\*

Finally, the subject of this essay may be distinguished from the inquiry which is independent and policy-focused, but not expert. A moderate example is the arbitral body that makes some decision

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\* See Hagger and Montanelli (1980) and Prasser and Tracey (2014).

that amounts to a policy, upon the basis of its inquiries. Such arbitral bodies do not presume to be expert in the subjects they rule upon. Thus the various courts and commissions of arbitration and conciliation that have made policy decisions about wages never purported to be economic experts; and they never even pretended to a research capacity. What they knew was no more than the evidence that was submitted to them. But it is post-war Britain that provides the most decided, and successful, examples of inquiries that were independent and policy-oriented but, virtually by intention, inexpert. The epitome of this was the string of inquiries that Cyril Radcliffe was charged with undertaking. A chancery barrister by training, Radcliffe's career as an "inexpert" began late in the 1940s when commissioned lead the body to determine the border between India and Pakistan, despite – or, perhaps, because of – his total lack of any background in the sub-continent. He later conducted a royal commission on the working of the monetary system (1957–9).<sup>2</sup> The appeal of such "inexperts" presumably arises from the thought that expertise may actually conflict with still more desirable properties such as disinterestedness and open-mindedness. Further, the extant expertise may not be coincident with the highest intelligence available. But the Radcliffe formula is a chancy one: a lack of expertise is hardly a guarantee of lack of interestedness, or of the best intelligence. And Australia has – with some significant exceptions – stuck with expertise.

## Rationale

It is easy to identify *bad* reasons for the establishment of an independent expert inquiry. The executive government may seek to distance itself from contentious political decisions by interposing an "expert and independent inquiry" between themselves and that decision. Or governments may establish an inquiry as a substitute for action: they are "a means of doing something by doing nothing".<sup>3</sup> More than a century ago G. B. Barton complained of Australian governments' "anxiety to shirk its proper responsibilities on every matter of importance by appointing a select committee, a board or a Royal Commission".<sup>4</sup>

The good grounds for invoking expert inquiries presumably

rest on the existence of an intense division of knowledge in modern society. The historical record, however, suggests that in Australia the independent expert report is often born of a tangled relationship to the division of knowledge. Sometimes it has not been the division of knowledge as such, but the division of knowledge between an informed bureaucracy and an uninformed executive that has occasioned utilisation of independent outside experts by the executive government, as an antidote to monopolisation of knowledge by bureaucracies.

A second popular foundation for deployment of outside experts has been, not so much an exploitation of the division of knowledge, as a taming response to it. Consider the familiar case of the spontaneous but unrelenting expansion of legislation on some subject. This will produce experts in various corners of the legislative/regulatory thicket; but it will also call for experts who comprehend the labyrinth, and so can rationalise it, and so make it simpler, less anomaly ridden, and more transparent.

But whatever favourable grounds may plainly exist for the use of experts, three critiques may be advanced.

## **1. The market success critique of expertise**

In this critique, decentralised decision-making “succeeds”. The “market” pools and makes maximal use of the extant dispersed knowledge, so as to leave no potential gain in economic welfare unexploited.<sup>5</sup> So who needs experts? This “market success critique” of expertise holds that experts are redundant.

The classic case for the market success critique of expertise is supplied by the allocational problem. We assume there is a stock of sugar to be allocated amongst billions of consumers. A sugar planning commission can be conceived. But the throngs of sugar experts could not acquit the allocational task better than a competitive market for sugar. The example can easily be duplicated for production: stock of capital is to be allocated amongst billions of households. No capital allocation commission will cope, but each user will know what productive uses they can put capital to;

and a market for the purchase and sale of capital will result in the capital ending up in the hands of those who can use it best. In this scenario the futile resort to “experts” is a pathology arising from the inferiority of regulation and planning to the market. These resorts are an ineffective antidote to the diseases of too little market.

The market success critique of expertise may in turn be subject to critique.

Market success propositions obviously presuppose that a competitive market is possible; but markets are inhibited in situations with natural monopolies and public goods. Even within a market context the simple Hayekian demonstration of the success of the allocation proposition assumes a particular specification of the division of knowledge: each person has an “intimate knowledge” of how they may use sugar in ways beneficial to themselves. Suppose, instead, the good in limited supply is antibiotics; that would suggest a very different division of knowledge, one in which the market itself will summon experts (“doctors”). Or suppose, instead, that there is no such thing as “sugar”, but millions of different “sugars” each with a different level of impurity or adulteration, and only the owner of a given batch knows that level. This situation of “asymmetric information” reveals situations when a less than omniscient state may be able to increase welfare by means of regulation devised by experts.

## **2. The government failure critique of expertise**

Any conclusion that a certain hypothetical government action would be welfare-improving is no warrant for the contention that actual government action is generally improving. This simple observation is the starting point of all criticisms of “government failure”; and, specifically, of the “government failure critique of expertise”.

The “government failure critique of expertise” does not rely on the market making government and its experts redundant; neither does it rely on some inadequacy of experts themselves. It supposes instead that government misuses, or misrepresents, what experts have to offer.

An ingenious illustration of the “Government Failure Critique of Expertise” is the critique of the precepts of orthodox public

finance that have been advanced by the strain of thought known as Public Choice. In particular, James Buchanan and Geoffrey Brennan have argued with élan that the theorists of orthodox public finance have (unwittingly) made themselves experts in goose-plucking for the benefit of the state. These two authors have shown that the rules of “optimal taxation” – that minimise the welfare cost of a given amount of tax revenue – bear an unnerving degree of equivalence to the rules that maximise tax revenue for a given amount of welfare cost. Thus, in their telling, public finance expertise has amounted to a resource that assists the exploitation of the public by the state.<sup>6</sup>

A second type of “government failure critique” of expertise arises from government misrepresentation to the public of the problem that experts are supposedly summoned to solve. In this criticism all policy issues are bound up with values, leaving experts in only an auxiliary, if still necessary, capacity. Governments, however, find debates over values disturbing, so favour presenting the issue to the public as purely objective, and so properly left to experts.

### **3. The expert failure critique of expertise**

In “expert failure critique of expertise”, experts are not made redundant by the market; nor is their expertise misused by government. Rather, experts themselves are at fault.

It is this type of failure that the critics of expertise fall on with greatest relish. And the greatest target is the expertise that is not expertise: the pretence to knowledge paraded as possession of knowledge; the passing off of opinion as knowledge. The history of science provides numerous succulent examples of such impositions. In 1865, midway between *The Origin of Species* and *The Descent of Man*, 716 Fellows of the British Association of the Advancement of Science publicly affirmed the equal standing of the Bible with science in regard to the investigation of nature: “It is impossible,” the signatories declared, “for the word of God as written in the book of nature, and the word of God as written in the holy scriptures to contradict one another”. The company included 72 Fellows of the Royal Society and 111 Fellows of the Geological Society.<sup>7</sup>

Topical events of recent decades provide further examples.

Consider the (surely justified) decision of the British Government in 2002 not to join the Euro. A British journalist has recently recalled:

In 1999, *The Economist* wrote to the UK's leading academic practitioners of the dismal science to find out whether it would be in our national economic interest to join the euro by 2004. Of the 165 who replied, 65 per cent said that it would. Even more depressingly, 73 per cent of those who actually specialised in the economics of the EU and monetary union thought we should join – the experts among the experts were the most wrong.<sup>8</sup>

Such failures of expertise may, with generosity, be construed as mistakes, not about the existence of the superior knowledge of experts, but about the extent of that superiority. Yes, the experts know more, but not as much as they think they do; they may be right on average, but mistaken in believing they are right all the time. Experts, to put the point leniently, suffer “over confidence” or, to put it more harshly, “arrogance”. Such over-confidence might be deemed an occupational hazard; a downside of an inevitable amour-propre. But Levy and Peart develop the thought that there is something more essential about the over-confidence or arrogance of expertise. Expertise is a hierarchical thing; and this imparts an authoritarian accent to its investigations and inquiries. A commission of inquiry is not a discussion club, nor a debating society.<sup>9</sup>

Further, expert failure extends beyond “mere” conceit to encompass bias. Bias has many sources; personal biases (against others, or for yourself); biases of enculturation; and the bias of credal commitment, seen most palpably in the religious convert. Levy and Peart (2017) pursue this last form of bias in experts with two telling examples. They do not choose the easy targets, but two brilliant scientific minds; Karl Pearson and Paul Samuelson. They target Samuelson's repeated public forecasts that the Soviet GDP would probably overtake GDP of the United States in a little more than 20 years; and Karl Pearson's elaborate statistical case against admitting Polish Jews to Britain in the inter-war period. Their contentions were not only

wrong with the wisdom of our hindsight; they constituted *ex ante* irrational judgments, consisting of a near absence of updating of their priors in the face of extending information, that may be traced to an irrational commitment to their priors.\*

These non-rational commitments of experts pass beyond the positive into the normative. And thus experts have passed off their values as expertise. A palpable example is parole boards, in Australia as elsewhere. A gaol sentence is a reflection of values if anything is. But parole boards, whose values differ so distinctly from much of the Australian public, would have it that their decisions reflect an expertise.<sup>10</sup>

### **Australian experience**

None of the critiques canvassed above will annihilate the value of expertise. "Truth is not manifest". It takes an expert to realise that a cubic metre of air weighs (about) 1.22 kgs; or that a uniform tariff of 10 percent on imports is equivalent in its effects to a 10 percent tax on exports (Lerner's theorem); or that a reduction in the amount of electricity required to produce a given amount of illumination may increase the amount of electricity consumed for illumination (Jevons paradox.) It is expertise that acquires and sustains such knowledge.

For all that, the canvassed critiques of expertise do have some force. This essay undertakes to supply a few illustrations of them from Australian experience. The pathologies below may not actually be typical, nor is it contended that they are so. But they are recognisable.

### **Thomas Bigge and *Inquiry into the State of the Colony of New South Wales*, 1822**

In 1992 a historian of Australian agriculture imagined,

What if bureaucrats in a late-eighteenth century Ministry of Central Planning in London had devised a system of arable

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\* Thus, in 1961, Samuelson forecast that the GDP of the Soviet Union could surpass that of the United States by 1984, an interval of 23 years. Nineteen years on, in 1980, Samuelson now forecast that the Soviet Union's GDP could surpass that of the United States by 2002, an interval of 22 years.

farming for Australia, rather than farmers responding to market imperatives? . . . Who would have sat on the interminable inter-departmental and parliamentary sub committees . . . and which “independent, outside” experts would have been paid huge consultancy fees for their advice? As earnest civil servants concerned about their career advancement, the planners would have sought to give their masters . . . a solid, technical, preferably impenetrable report . . . mindful of the politicians’ capacity to deal with original challenging thoughts . . . The technical fashions of the day would get a lot of attention . . . the best and latest would be recommended . . . when it came to implementing the recommendations, the budget would then matter and those on the spot would have to make do with half a loaf – perhaps a plough with nothing with which to pull it.<sup>11</sup>

This flight of imagination is not as whimsical as it might seem. Before there existed trial by jury, a free press, or a legislature of any kind in Australia, the independent expert trod the land. In 1819 three extensive inquiries into almost every dimension of New South Wales were undertaken by Thomas Bigge at the behest of the Secretary of State for War and the Colonies.

Bigge’s commission was born of the frustrations arising from an acute asymmetry of knowledge between an expensive dependency and her parent society. The outlay of the NSW apparatus had risen from £95,291 in 1815 to £558,101 in 1820. How much was waste? What was going on?<sup>12</sup> Whitehall could wait 10 months before receiving a response to a communication to Sydney. It needed a man on the spot.

Bigge would have been deemed to be “expert” on colonies. He was well-versed in agriculture, including the doctrines of the “new farming”. He had been the chief justice in Trinidad, a colony with definite parallels with New South Wales: a population of about 30,000, composed of a free elite, a freedman class and a mass in bondage. “In Trinidad he was called to leave his bench, gown and wig and conduct inquiries into many branches of the colony’s administration other than law”<sup>13</sup> including financial mismanagement

and corruption, slave emancipation, “emigration, land sales, agriculture, the public stores, public works and labour supply”.

And Bigge could be judged as independent as could be hoped of any appointee: he had no position at the Colonial Office; he was not some favourite of faction.

But, however useful to later historians, his New South Wales report did little to further the general welfare under the heads he was assigned to investigate.

Bigge’s report is vulnerable to the market success critique. What NSW clearly needed was a great deal more market, and Bigge’s inquiry was in part a response to that need. But he only went the other way and tended to more control. Thus, he favoured the elimination of wage earnings by convicts. It may be that Bigge, in the words of one even-handed critic, was “trying to discover what economic activities he should advise the government to promote”, but, by the lights of the market critique, he should not have been advising the government to “promote” any particular activity at all. He should, instead, have advised it to establish “competitive neutrality”, and let the market determine the allocation of resources between alternative activities. To illustrate the point more specifically; in censuring the pursuit of arable agriculture by smallholders on the supposed grounds that it was “exhaustive”, Bigge surely overreached his capacity to know: perhaps the rate of return on the amount of capital required to make arable agriculture “non-exhaustive” was less than the rate of return on that capital in alternative uses. What individual could claim to know this particular of hundreds of thousands of acres? Only “the market” could know. “He did not consider if established practice might have been developed to suit local conditions, rather than merely being a reflection of the brute ignorance of smallholder farmers”.<sup>14</sup>

But the Bigge report is perhaps most vulnerable to “expert failure” critique of expertise, given that the distinct tendency of both contemporaries and historians is to judge Bigge’s inquiry to be biased against Macquarie and smallholders, and in favour of large landowners. According to Raby, “His close association with the large

landowners during his sojourn, if anything, probably reinforced his biases. Bigge relied mainly on this group for his information about smallholder farming<sup>15</sup>.

To illustrate: Bigge pressed for transfer of convicts from government works to private agriculture on account of a supposed excess demand for skilled labour in private agriculture, and an excess supply of skilled labour in public works. But some historians have argued the very facts recorded in his reports confirm the opposite. "Bigge's evidence established this point with great clarity, although his Report argues the opposite case . . . It is hard to escape the conclusion that Bigge first decided on his thesis and then looked for evidence to support it".<sup>16</sup> The questionnaires and examinations look less like inquiry than case-building: "The thousands of pages of the transcript of evidence form an interesting but often specious chronicle".<sup>17</sup>

Bigge's report also exemplifies the latent authoritarianism of the "expert inquiry". One contemporary sought to trace Bigge's dogmatism to his "long career of presiding [in Trinidad] where the dictum of the court was not to be controverted".<sup>18</sup> But, as Levy and Peart stress, any investigation is, by its nature, not a discussion, nor a debate. It grants no equal time, no right of reply. Bigge's commission brings out well the authoritarian potential of the officially sanctioned expert inquiry. As one historian observes of his remit:

He was also to disclose confidences of the private or public lives of servants of the Crown and leading citizens and officials "however exalted in rank or sacred in character". He thus left England in the dual guise of public commissioner of the Crown and of private inquisitor for the government.<sup>19</sup>

One hostile historian suggests Bigge "deliberately refrained from administering the oath to witnesses, since that might impose some restraint on them".<sup>20</sup> Even a less aggressive appraisal avers that Bigge's report was based on "unsworn statements of a large body of persons, to most of whom lying was not even a peccadillo".<sup>21</sup>

A final point: Bigge lacked vision. He had much less of this grace than such men of executive action as the governors, Arthur Phillip and Lachlan Macquarie. The recommendations of his report were

many, precise and mostly minor. An unsympathetic critic deems that his “mountain of labour brought forth, not one mouse, but a whole swarm of mice”.<sup>22</sup> A sympathetic student of Bigge’s life allows that “He had not been endowed with imaginative gifts . . .”.<sup>23</sup> Is expertise bound up with an analytical “left hand brain”?

### **H. C. Pearson and the report on the state of public education in Victoria, 1874-1876**

There was no lack of vision in H. C. Pearson; or sensitivity or seeming candour; or an ability to perceive several sides of a question, and yet take an emphatic position. In all these attributes there was something of John Henry Newman about Pearson. It is hardly surprising that Pearson was an idol of the youthful Alfred Deakin. Or that Edmund Barton’s own biases were encouraged by the racial antipathies – articulated by Pearson at some length<sup>24</sup> – in someone so apparently elevated.

The occasion that saw Pearson materialise as an outside expert was the same as that which brought forth Bigge: an executive government seeking to get a grip on new, expensive and seemingly out of control bureaucratic structure.

Victoria’s *Education Act 1872* had effected the de facto nationalisation of schools in Victoria. Free (to user) state schools had put hundreds of fee-charging schools out of business. To the same effect, Pearson noted, “The state makes it practically impossible for private persons to establish primary schools”,<sup>25</sup> since government aid to church schools was now abolished. A new Department of Education was instituted. Regrettably, “The Department was plagued by seemingly insurmountable difficulties”,<sup>26</sup> that included a burgeoning of bureaucracy, requiring the employment of a host of clerks (including a youthful J. F. Archibald); acute allocational problems; disaffection at its “arbitrary acts”; exploding costs per pupil (from £3-0-5d in 1871-72 to £5-4-0d in 1884-85); and an “orgy” of school construction which left, as in NSW, many handsome school buildings, but also excited the misgiving that a needless expense was being incurred for the benefit of building contractors.

Pearson could be described as expert for this problem: he had

briefly been Headmaster of a prominent fee-charging secondary school in Melbourne; and had been a professor at King's College, London. He had attended Rugby School as freshly remade by Thomas Arnold, and he possessed an abiding interest in education, manifested by his inquiry into education in Ontario, and his later appointment as Minister of Education of Victoria. And he was independent, even if "there was no hiding the political character of the appointment" in 1878 to report on "the state of public education in Victoria".<sup>27</sup>

For all these apparent merits, Pearson's report is vulnerable to market success critique. He was tasked to deal with the frustrations and burdens brought by a great bureaucracy. But he proposed to deal with the ills of bureaucratic control with more bureaucratic control. He wished to remove parents' right to choose school; he wanted to eliminate merely "licensed" teachers; he believed there was an "overwhelming case in favour of absolute and universal compulsion"<sup>28</sup>; and he recommended instituting, by my reckoning, 202 pay classifications. Moving in the other direction, he favoured schools having more control of the hiring and firing of teachers.

His report also manifests a certain kind of "expert failure", as it is suffused with unacknowledged normative presumption. Pearson was essentially a secularised Anglican divine. He was the grandson of one founder of the Bible Society; the son of John Norman Pearson, a chaplain to an older brother of the Duke of Wellington; and a nephew of Reverend Richard Puller, who, as "Piercy Ravenstone", had breathed fire against the liberalism of political economy. He was a student at King's College, London, "a home of Anglicanism", and an undergraduate in the Oriel College of Tractarian John Henry Newman and "the Noetics". He maintained a public antipathy to (in his words) "Catholics, Jews, publicans and Scots clergy".<sup>29</sup> In adulthood he lost a Christian theology, but he acquired a "secular theism", in which God was replaced by Reason, the Church by the State, and the priesthood by a Millian clerisy, composed of such as himself. Under such a vision it was logical enough that children would be in tutelage to those who were, in his own words, under "infinite obligation" to the State; it was Pearson's view that "Much of

the progress of Civilisation consists of limitation of parental right”<sup>30</sup> Until the early 1840s the Church of England had fought to maintain a preeminent place in education in Australia: to Pearson, a generation later, a secularised state system would assume that mantle. This yearning was not the fruit of his knowledge, but of his own peculiar – and alarming – religion of the state.

### **Brigden and *The Australian Tariff: an Economic Enquiry*, 1929**

Unlike the reports of Bigge or Pearson, the “Brigden Report” of 1929 was not occasioned by a political executive seeking an antidote to bureaucracy’s monopolisation of information; but as a means to rationalise unforeseen but unceasing profusion of one species of legislation: tariffs.

From the *Tariff Act* of 1902, Australia’s tariff barriers had burgeoned. And the years following the Great War saw no halt. The average tariff rate rose from about 10 per cent in 1918 to about 20 per cent by 1927.<sup>31</sup> The Prime Minister, Stanley Melbourne Bruce, neither a free trader nor a protectionist, put some trust in the expert to tame this inexorable profusion. Shortly before, Bruce had brought to fruition a council of scientists and industrialists in the form of the Council for Scientific and Industrial Research. A council of economic scientists might promise to be equally useful. In this spirit, in 1927, he asked L. F. Giblin; C. H. Wickens (the Commonwealth Statistician); the “businessman-ideologue” E. C. Dyason; J. B. Brigden; and D. B. Copland to undertake an investigation of the effects and success of tariff policy.<sup>32</sup>

The inquiry was independent: unlike the Tariff Board, which, by law, was presided over by the head of the Trade and Customs department, the Comptroller-General of Customs and Excise. And it was expert: Brigden had studied economics under F. Y. Edgeworth; Giblin was taught statistics by Karl Pearson; Copland was a professor of economics; and Wickens lectured on monetary economics at the University of Melbourne. They had the benefit of 150 years of theorising on tariffs; torrents of data; and the Tariff Board’s quasi-legal inquiries.

But the proceedings of the Inquiry exposed any pretension that these experts were possessed of objective knowledge sufficient for their purposes, as they were significantly split between a free trade “Melbourne group” (Copland, Wickens and Dyason) and a more protectionist “Hobart group” (Brigden and Giblin). True; it managed to secure a common proposition that could be seen to give something to both sides – free trade would increase mean income but decrease median income. But other “experts” could dispute both: Leslie Melville<sup>33</sup> dismissed the model of the inquiry as “ingenious fantasy”. And other experts could also contend against both mean income and median income as a superficial metric of welfare.<sup>34</sup>

The report did prove an important, perhaps key, stimulus to the development in the 1940s and ’50s of the theory of the distributional implications of international trade<sup>35</sup>; but this stimulus was only possible on account of that theory being so underdeveloped in 1929 when the authors encountered the questions the report dealt with. They experienced the predicament endemic to economists: their knowledge was partial. They knew the road south was wrong; but between east and north they differed amongst themselves, inconclusively. Such expertise is valuable – the south road is wrong! – but far from decisive. And here lies perhaps the key inadequacy of characterising the expert as the custodian of complex, and therefore recondite, objective knowledge; it is not that they do not possess any, but what they possess is often not decisive to the question in hand, and, in consequence, “experts” diverge according to their “point of view”.

### **Niemeyer and his *Review*, 1930**

Sir Otto Niemeyer’s *Review* was something of a repeat of Bigge’s report; the antipodean portion of the Empire was again in financial crisis; and Niemeyer, representing the Bank of England, was to “observe” the economic situation in Australia. As a Bank of England official, he was independent of the Prime Minister of Australia who had (ostensibly) tasked him. And he was expert in international finance: he had advised Churchill on restoration of the gold standard, was a director of the Bank of International

Settlements (1931-65), and was, in the 1930s, to make reports on Argentina, Brazil, China and India.

But Niemeyer could not be said to be very expert on Australian particulars: "It would be ridiculous for him to say anything about Australian conditions", he wrote in *The Advertiser* on 19 July 1930, on account of his "present limited knowledge of Australia". And Niemeyer hardly had the conscientiousness of Bigge. During his four-month junket of port drinking and golfing, he floated a series of astringent judgments about his host country that were at best dubious. Productivity per head in Australia had fallen six percent in 20 years; Australia was "overpopulated"; Australia was a "poor" country. Finally, the Commonwealth Bank's own suggestion that Britain would soon leave the gold standard was "staggering".

Overall, Niemeyer seems in the grip of "City" prejudices about Australia. Consonant with this, during his lengthy stay Sir Otto did not so much observe as decree. His advice was stark, peremptory and commanding: the Premiers were to balance their budgets immediately.

There is a temptation to judge, in retrospect, how right or wrong was this advice; and from such a judgment to infer how valuable or harmful his "expert" inquiry was. But Niemeyer's case threatens the very notion of the expert as custodian of objective knowledge. True: taking Niemeyer's advice was probably for the best of Australia in 1930. But what made Niemeyer's advice good advice for Australia was simply the fact that British investors thought it so. Since Niemeyer had their confidence, to do anything other than what he favoured would be to starve Australia of capital inflow. So if Niemeyer recommended balancing budgets, that becomes advice worth following. If Niemeyer, however, had favoured a looser fiscal policy, then that would have been appropriate. Niemeyer thus illustrates what is not infrequently encountered in capital markets: that truth is not one, and there are plural "belief equilibria", each belief making for events that justify it. Experts "knowing" contrary propositions might both be granted a useful credence.

### **Sydney and the *Planning Scheme of the County of Cumberland, 1948.***

The period following the Second World War provides an example of the expert report being invoked, not as a response to an asymmetry between bureaucracy and executive, but in an attempt to give, or impose, a rationale to a previously spontaneous growth: the cityscape of Sydney.

Since Governor Phillip's time, Sydney's fretwork of bays and dimpling hills have impeded implementation of rectilinear visions of the city. Various governors had effected some straightening out, but the first concerted attempt to "remodel Sydney on an intelligent plan" came with the 1909 *Royal Commission for the Improvement of the City and Sydney and Its Suburbs*.

The commission was independent. And it was expert, if only in the etymological sense of "skilled through experience", being largely composed of public sector practitioners; the Lord Mayor, a former lord mayor, a former police chief, a former public works chief, two members of parliament, an architect, a civil engineer, and a councillor. Yet it was not all practice: notions of town planning by then hung thick in the air; and the Commission's favourite architect, Sir John Sulman, was to found Australia's planning association in 1913.

The Commission did some useful work. It mooted the King's Cross underpass; it recommended the City Circle schema of railways and, above all, it settled the site of the Sydney Harbour Bridge.

But the Commission can be criticised for aspiring to impose its own aesthetic values across the city, as Eric Irvin observed.<sup>36</sup> A critic might deem these values to be those of the lid of a Quality Street chocolate box. A defender might instead invoke Sydney's Central Railway Station. Whatever value in the Commission's aesthetics, it was heavy in presumption for it to recommend, in effect, that the city of Sydney be remade in "Federation Classical Academic" style.

But the Commission was only the prologue to the hay day of

experts in planning of Sydney. This was ushered in by *The Local Government (Town and Country Planning) Amendment Act 1945*. This created the Cumberland County Council, an assembly of delegates of the local councils of the Sydney area. Its remit included preparation of a plan for Sydney that they could recommend to the NSW Government. The Council duly appointed a Chief County Planner, S. L. Luker, of the Town and Country Planning Institute, and his team got to work. The resulting *Scheme* of 1948 was given some heed and many genuflections by Labor governments, before it was euthanised by a Liberal government late in the 1960s. By that date the *Scheme* had become a relic, totally overwhelmed by the post-war boom.

The *Scheme* had been hopelessly wrong in its population forecasts of the post-war period, upon which the plan was predicated.

#### **Australia's Population in the Post-War Period (millions)**

	<i>Scheme</i> estimates and forecasts	Actual
1947	7.58 e	7.64
1972	8.91 f	13.09
1980	9.19 f	14.07
1990	circa 9.0 f	17.17

Sources: *Scheme*, 50; ABS, Australian Population Statistics, 310.5.65.001

The *Scheme* supposed Australia's population would increase by 18 percent between 1947 and 1990; and would be in actual decline by the latter date. In the event, Australia's population increased by 125 percent between 1947 and 1990, and would increase another 11 percent in the following decade. Thus the *Scheme* of 1948 assumed that the stagnation of the preceding 20 years would endure. Here we have one of the great historical ironies of the age of "town planning": gazing out from the balcony of 1948 towards the blue horizon of the post-war world, they resolutely planned for a 1930s Sydney.

The *Scheme's* population predictions were not arrived at in a cavalier way. On the contrary, they were built on the 1944 projections of the National Health and Medical Research Council overseen

by two mandarins, H. C. Coombs (Department of Post-War Reconstruction) and Roland Wilson (Department of Labour and National Service). Neither did the *Scheme* unthinkingly adopt these. The *Scheme* deemed the fertility rate of 0.925 children per woman assumed by the 1944 projections to be a touch “conservative”; so it allowed for the possibility it would recover to 1.0 by 1970. The 1944 projections ignored immigration; the *Scheme* allowed for what it described as a “liberal allowance” for migration, 30,000 per annum. In the event these careful prognostications were quickly exploded: in the ten years, 1948-49 to 1958-59, permanent and long-term arrivals averaged 125,300 per annum; the fertility rate leapt and, in 1970, still stood at 1.415.

As with so much expert failure, the *Scheme*, in making these projections, ignored the Socratic lesson: “The only thing I know is that I know nothing”.<sup>37</sup>

Further, a market success critique may be applied to the *Scheme*’s hapless attempts to predict population. Put simply, any given household may have been as clueless as the *Scheme* regarding Australia’s population 30 years hence, but they probably had a better sense than the *Scheme* of their own future fertility. And that better sense would be reflected in the pricing by capital markets of future consumption relative to current consumption. Bureaucrats cannot know the productive uses of capital in future relative to today. Each household, with its own hunch of its future size, would have a better estimate of what they could do with the capital in the future . . . and the capital market will respond with higher rates of return on saving, and a resources flow into long investment.

Beyond its lack of success in its positive contentions, the *Scheme* can be criticised for insinuating its values in the guise of expertise. Perhaps the pre-eminent value of the *Scheme* is planning itself. Planning is not a means to an end, but is an end in itself; the alternative is dismissed by pejoratives – “piecemeal”, “chaotic”, “promiscuous”, and, worst of all – “unplanned”.

But the values of the *Scheme* extend to what are best described as “aesthetic”; it does not shy away from invoking the “aesthetic

point of view". A leading strand of its aesthetics is orderliness. This value can be detected in its concern to segregate townscapes and countrysides carefully into a kind of TV dinner landscape; where each activity was neatly assigned to a certain regular portion of the terrain. You can also see it in a kind of Classicism that it adopts with respect to the Country part of "Town and Country" planning: the nature it takes pleasure in is what it refers to as "picturesque" and "sylvan"; the countryside it favours is a quilt of farm houses, silos, and orchards.

With respect to the Town part, the value of orderliness predisposed it to a Modernism of straight lines and simplicity. The Parliament House, the Mint, and Sydney Hospital are consequently deemed "obsolete"; and yet are to be preserved as relics. It is with respect to vernacular architecture that the Plan reveals not only a lack of imagination, but the planner's belief that all progress must be planned, and, if necessary, uncompromisingly so. The housing of inner Sydney is judged "obsolete". And the "slum clearance" that had been taking place since the 1880s is deemed inadequately piecemeal. It therefore advocates "clearance" (that is, demolition) of 47,000 dwellings, covering 3,000 acres. The *Scheme* does not flinch at recommending this horrifying vision be put into "immediate" effect with respect to Paddington, Redfern, Balmain and Surry Hills. With the housing "cleared", the street pattern would be laid down anew. Thus Paddington, Redfern, Balmain and Surry Hills were to be razed. In accordance with this enjoiner, within a few years the City of Sydney had prepared specific plans for the levelling of Paddington and Woolloomooloo, and the construction, over the shards, of a complex of freeways, "open spaces" (that is, empty spaces) and blocks of state housing.

That this appalling act of mass destruction never came to pass was partly due to the City of Sydney's lack of finance. And partly due to "the contradictions of *dirigisme*". In the same year as the *Scheme* was delivered, the *Landlord and Tenant Act 1948* established rent maxima for the post-war period. An upshot of the consequent below-market rents was that owner-occupation of any property now realised a greater property value than ownership by landlords;

and the ownership of inner-city suburbs consequently shifted from landlords to owner-occupiers. Thus was created a population of owners in the inner city so numerous that resumption of their property for “clearance”, *Scheme* style, was to be both logistically and politically forbidding.

## **The decline of the expert report?**

This essay amounts to a warning regarding the potential pathologies of the independent expert report. Clearly the significance of such a caution will decline to extinction if the “expert review” dies. Is the outside and expert report an endangered species?

The Rudd Labor Government was busy commissioning expert inquiries. And the decision of the subsequent Liberal-National Government, amid a crisis in electricity prices, to commission an “Independent Review into the Future Security of the National Electricity Market”, presided over by the Chief Scientist, Alan Finkel, might suggest the “independent expert report” is as lively as ever in Australia.

But other indications are that the independent and expert report is in some decline.

I refer to the *Review of Funding for Schooling*, universally known by the moniker, “Gonski”, presided over by a person without any pretence to expertise in the subject-matter, but which, for all that, has acquired a peculiar power of fetish. This document cleaves tightly to the seemingly unalterable formula for Australian education since the Acts of the 1870s – more centralisation and more “funding” – in spite of the evidence of failure of this formula, and in the face of ever more drastic applications of it. Thus a UNICEF report in 2017 on performance of 15-year-olds in reading, maths and science, in 41 European Union and OECD countries, measured Australia to be third worst. UNICEF’s Australian director of policy and advocacy – an “expert” presumably – stated: “There’s certainly a decline in real terms in the education space in Australia, partly because we have yet to see education reform that goes beyond funding-model debates”. “Gonski” is no more than another funding-model

scheme to increase “funding” substantially. For all that, the *Review* promptly won a pledge of support from all major parties.

Any decline of the “expert review” would be part and parcel of the well-known emptying out of expertise of the Australian public service; and the burgeoning perception of a more general decay of depth, acumen and scholarship. Perhaps a future age will yet rue that the vices of the (genuinely) expert were moderate relative to those of the oracular amateur.

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## Endnotes

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