

Letter to The SMH July 2007

Dear Sirs,

Ross Gittins article "Its New Ideas not old ones that we need", SMH Weekend Edition July 28 29 Page 43, reflects illogical thinking and ideas inside the square. He claims that we can't be an innovative and clever country or the knowledge nation and also say that you want to be big on making things."

Ross Gittins is so badly informed that I hesitated in preparing a reply. Where do you begin when he claims "Trying to prop up declining industries -such as manufacturing-is hardly fresh thinking".

Einstein once said that " Logic takes you from A to B and imagination takes you everywhere" Well we can now add to this, lack of logic will lead you no where. The problem is that Mr Gittins has not understood the new economy or what system integration is. He has also not clearly understood the meaning of a service industry or how adding value is related to the total supply chain.

He keeps talking about growth rates but there is no mention of the effect of many of the large number of variables on our economy which are all related to the wealth of nations. I think he should re-read Adam Smith's tome.

I would like to ask Mr Gittins why is it that Australia, despite the best terms of trade we have experienced in the last 50 years, continues to add to a massive private company debt? Why doesn't the loss of control of our assets matter? Why, even though we as a nation are well placed to exploit innovative products such as photo-voltaics and wind power devices and high value added aerospace and auto components which will be huge demand in the future, these industries are not supported readily by economists. Since our trade deficit, particularly our balance of trade is greatly negative in manufacturing but finely balanced in the so called service industries, why is it not important to develop a viable manufacturing sector and integrating this into the global economy in areas where we have a distinct competitive advantage?

I would also like to point out to Mr Gittins, that in 1900 Australians enjoyed the highest relative standard of living in the world. At that time we had a positive trade balance. As the trade balance in value-added goods declined then our relative standard of living has declined to 20th in the world and it is still falling. At the same time the manufacturing giants like Japan have a standard of living that is continuing to rise. Mr Gittins, the Japanese make things.

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