and the drought has only ended in
parts of Australia. The most impor­tant factor is that the rate of growth will not swing upwards without a nudge from Governments.

The most recent fall in interest rates led to a devaluation of the exchange rate, desirably and appropriately, but still not by enough. While these are important contributions to recovery, interest rate cuts alone are inadequate, for, as is widely noted, they are like pushing on a piece of string.

This is particularly noticeable in the United States, Japan and Germany, while Britain is in severe recession.

There has been a substantial reduc­tion in nominal interest rates, though real interest rates have not fallen as far because of the decline in inflation. The most recent fall in interest rates will be operating—the up-swing in the business cycle, and stimulatory fiscal and monetary policy intro­duced by both the Fraser and Hawke Governments.

In 1990 and the first half of 1991, there was a widespread expectation that the normal working of the business cycle would automatically lead to economic recovery. This is now clear that that expectation was naive. The superficial parallels with 1982-83 do not exist. In 1983, four factors worked together to facilitate recovery: the global economic upswing, the end of the drought, the normal upswing in the business cycle, and stimulatory fiscal and monetary policy intro­duced by both the Fraser and Hawke Governments.

During 1990 and the first half of 1991, there was a widespread expectation that the normal working of the business cycle would automatically lead to economic recovery. This is now clear that that expectation was naive. The superficial parallels with 1982-83 do not exist. In 1983, four factors worked together to facilitate recovery: the global economic upswing, the end of the drought, the normal upswing in the business cycle, and stimulatory fiscal and monetary policy intro­duced by both the Fraser and Hawke Governments.

In 1992, at best only two of those factors will be operating—the up-swing in the business cycle and the ending of the drought. In fact, both of those factors are likely to operate only weakly; the business cycle may not swing upwards without a nudge and the drought has only ended in parts of Australia. The most impor­tant factor is that the rate of growth of global economic activity is falling.

This is particularly noticeable in the United States, Japan and Germany, while Britain is in severe recession.

There has been a substantial reduc­tion in nominal interest rates, though real interest rates have not fallen as far because of the decline in inflation. The most recent fall in interest rates will be operating—the up-swing in the business cycle, and stimulatory fiscal and monetary policy intro­duced by both the Fraser and Hawke Governments.

In 1990 and the first half of 1991, there was a widespread expectation that the normal working of the business cycle would automatically lead to economic recovery. This is now clear that that expectation was naive. The superficial parallels with 1982-83 do not exist. In 1983, four factors worked together to facilitate recovery: the global economic upswing, the end of the drought, the normal upswing in the business cycle, and stimulatory fiscal and monetary policy intro­duced by both the Fraser and Hawke Governments.

In 1992, at best only two of those factors will be operating—the up-swing in the business cycle and the ending of the drought. In fact, both of those factors are likely to operate only weakly; the business cycle may not swing upwards without a nudge and the drought has only ended in parts of Australia. The most impor­tant factor is that the rate of growth of global economic activity is falling.

This is particularly noticeable in the United States, Japan and Germany, while Britain is in severe recession.

There has been a substantial reduc­tion in nominal interest rates, though real interest rates have not fallen as far because of the decline in inflation. The most recent fall in interest rates will be operating—the up-swing in the business cycle, and stimulatory fiscal and monetary policy intro­duced by both the Fraser and Hawke Governments.

In 1990 and the first half of 1991, there was a widespread expectation that the normal working of the business cycle would automatically lead to economic recovery. This is now clear that that expectation was naive. The superficial parallels with 1982-83 do not exist. In 1983, four factors worked together to facilitate recovery: the global economic upswing, the end of the drought, the normal upswing in the business cycle, and stimulatory fiscal and monetary policy intro­duced by both the Fraser and Hawke Governments.

In 1992, at best only two of those factors will be operating—the up-swing in the business cycle and the ending of the drought. In fact, both of those factors are likely to operate only weakly; the business cycle may not swing upwards without a nudge and the drought has only ended in parts of Australia. The most impor­tant factor is that the rate of growth of global economic activity is falling.

This is particularly noticeable in the United States, Japan and Germany, while Britain is in severe recession.

There has been a substantial reduc­tion in nominal interest rates, though real interest rates have not fallen as far because of the decline in inflation. The most recent fall in interest rates will be operating—the up-swing in the business cycle, and stimulatory fiscal and monetary policy intro­duced by both the Fraser and Hawke Governments.

In 1990 and the first half of 1991, there was a widespread expectation that the normal working of the business cycle would automatically lead to economic recovery. This is now clear that that expectation was naive. The superficial parallels with 1982-83 do not exist. In 1983, four factors worked together to facilitate recovery: the global economic upswing, the end of the drought, the normal upswing in the business cycle, and stimulatory fiscal and monetary policy intro­duced by both the Fraser and Hawke Governments.

In 1992, at best only two of those factors will be operating—the up-swing in the business cycle and the ending of the drought. In fact, both of those factors are likely to operate only weakly; the business cycle may not swing upwards without a nudge and the drought has only ended in parts of Australia. The most impor­tant factor is that the rate of growth of global economic activity is falling.

This is particularly noticeable in the United States, Japan and Germany, while Britain is in severe recession.

There has been a substantial reduc­tion in nominal interest rates, though real interest rates have not fallen as far because of the decline in inflation. The most recent fall in interest rates will be operating—the up-swing in the business cycle, and stimulatory fiscal and monetary policy intro­duced by both the Fraser and Hawke Governments.

In 1990 and the first half of 1991, there was a widespread expectation that the normal working of the business cycle would automatically lead to economic recovery. This is now clear that that expectation was naive. The superficial parallels with 1982-83 do not exist. In 1983, four factors worked together to facilitate recovery: the global economic upswing, the end of the drought, the normal upswing in the business cycle, and stimulatory fiscal and monetary policy intro­duced by both the Fraser and Hawke Governments.

In 1992, at best only two of those factors will be operating—the up-swing in the business cycle and the ending of the drought. In fact, both of those factors are likely to operate only weakly; the business cycle may not swing upwards without a nudge and the drought has only ended in parts of Australia. The most impor­tant factor is that the rate of growth of global economic activity is falling.

This is particularly noticeable in the United States, Japan and Germany, while Britain is in severe recession.

There has been a substantial reduc­tion in nominal interest rates, though real interest rates have not fallen as far because of the decline in inflation. The most recent fall in interest rates will be operating—the up-swing in the business cycle, and stimulatory fiscal and monetary policy intro­duced by both the Fraser and Hawke Governments.