Commerce Review

1869-1969 CENTENNIAL OF THE UNIVERSITY OF OTAOGO
THE COMMERCE REVIEW

Produced By:

The Otago Commerce Students’ Association

To Commemorate the Centennial of The University of Otago 1869-1969

Editor: R. A. Sinclair.
PREFACE

The Otago Commerce Students' Association is pleased to present this magazine, The "COMMERC REVIEW," in the Centennial Year of the University of Otago, as a record of the development and progress since its inception in 1912, of the Faculty of Commerce. It is perhaps important as a precedent for there is to date, no similar documentation.

From an editor's standpoint it is difficult but necessary to acknowledge and offer thanks for the efforts of a great many people who have helped to publish this booklet. To the following people we are indebted:

Mr S. J. R. Chatten, who delivered the Centennial Open Lecture and allowed us to adapt from it a feature article for this magazine.

Professor T. K. Cowan, Messrs W. S. Gilkinson, J. A. Valentine, R. A. Strang, W. H. Dawson, for written contributions, sources of information and ready co-operation and assistance.

Messrs J. W. Hayward, James Hogg, W. J. McEldowney and A. J. Reid, for material, interviews and assistance.


Miss Claire Drake, Messrs J. A. T. Dawson and E. D. B. Cummins, members of the Centennial Sub-committee, for their support, hard work and contributions of material.

I wish to acknowledge the assistance gained from the following institutions; the Hocken Library, the University Library, the Otago Daily Times, and the Otago Branch of the New Zealand Society of Accountants.

I have used also, for the History of the Faculty, material from Mr G. E. Thompson's book, "History of the Otago University, 1869-1919," Mr W. P. Morrell's book "The University of Otago --A Centennial History," annual reports of the Faculty deans to University Council, letters, scripts of speeches, and notes from personal interviews.

R. A. SINCLAIR,
Editor.
FROM THE PRESIDENT

This magazine, the brainchild of the 1968 Association Committee, is published this year as our contribution to the University Centennial celebrations. Depending upon popular demand, an annual publication may be produced in the future, as a year-book of light-hearted vein.

This opportunity, in Centennial Year, gives considerable relief to the Commerce Students' Association programme which is typically overburdened with social functions. The Ball still remains the highlight of the year, but numerous satellite activities tend to cloud the objectives which the Association holds to. A faculty students' association is principally a representative body in university administration, both in affairs of Student Council and O.U.S.A. generally. This year sees the appointment of two student representatives at faculty level (a move the merits of which will need to be observed).

More of a secondary function are those activities of organising social and sporting events for members of the faculty. Both the rugby and basketball teams are well supported. As with many clubs and societies, a nucleus group in the main attend and share most of the functions, the result being that the objectives of initiating new contacts and furthering fellowship within the Faculty are inevitably lost. The future success of the Association may depend upon an intelligent pruning of the current calendar to allow more concentrated effort on a lesser number of more valued events, thus relieving pressure and improving standards.

Had the world been flat, Columbus would have had no difficulty, from the hills of Panama, viewing what lay beyond and behind. We have taken advantage of the landmark offered in this Centennial Year of the University of Otago. The horizon is for only a few to speculate on, while the past is learned from those who witnessed it. The log-books available are at least as limited as were Columbus' records of progress, but patient research has produced the history of the following pages. Alec Sinclair deserves praise for every dusty page turned and perused, every interview made and all the copy gained in order to present the "COMMERCE REVIEW."

J. A. T. DAWSON.
President, Otago Commerce Students' Association, 1969.
THE FACULTY OF COMMERCE

—A History and A Tribute

By R. A. Sinclair

History is marked in moments, and for the sake of indulgent readers, I have accorded emphasis on significant periods rather than providing yearly surveys of all the happenings. For those omissions, some inadvertent, some of necessity, I express my regrets. There are three parts: the foundations, the middle years, and the boom period in which we find ourselves now.

Part One

Since approximately 1940, the people of New Zealand have been acknowledging in a continuous spate, the history, growth, and development of their country in various spheres, activities, and localities, from the vantage point of one hundred years. This year the University of Otago celebrates its own Centenary and so turns attention to reviewing, re-enacting and recording the particular formula that has from the seedling days, produced a university of very high esteem.

Although the Faculty of Commerce did not originate in 1869, but much later in 1912, it has a long record of service to a very extensive section of the community, including the university itself, such that it is apt to bear witness to the progress and achievements made in the period to 1969, and to pay tribute to the perseverance and tenacity of its founders and promoters.

University education in commerce had its beginnings in the early days of this century. The University of New Zealand in 1905 passed a statute instituting the degree of Bachelor of Commerce. Teaching began in Auckland in 1906 and Canterbury in that year instituted a Faculty of Commerce with Mr (afterwards Professor Sir James) Hight as Director of Studies. The other colleges lagged behind. In Dunedin the impetus was felt when in December 1911, after some preliminary enquiries, the New Zealand Society of Accountants wrote to each of the four colleges offering £100 a year for five years for the establishment of lectures in Accountancy, and enclosed a scheme of lectures. This donation qualified for a Government subsidy of equal amount. Mr Peter Barr of Dunedin, who had been president of the Society at the time the decision was made, made the following reference to this new branch of university education in his retiring address at the annual meeting in 1913:

In the July issue of THE REVIEW OF REVIEWS (English Edition) there is a very significant article by H. S. Morgan on "The Universities and a Business Diploma," in which the writer asserts that England's two principal universities have utterly ignored the necessity for any special commercial training for the young men under their charge. Happily, in New Zealand we are free from the prejudice that would separate the businessmen from the university, which Mr Morgan describes as a "surviving sentiment of feudalism"; and our university authorities have already shown an appreciation of the necessity for assisting in the special training which a businessman requires—as is evidenced by the establishment of the Bachelor of Commerce degree. It is with a sense of satisfaction that I realise that the Society has assisted in making the course for that degree possible; and now I desire that the connection between the commercial student and the University should become still more real, until it is universally recognised that a student will not be weaned from, but rather encouraged in, and made the more fit for success in his chosen vocation, through the culture and breadth of outlook, added to the special knowledge acquired during a university course. When this comes, as it will come, it will be for the lasting benefit both of the University and the world of business. Incidentally, one result will be the further advancement of our profession of accountancy; for there will be more clearly recognised the importance of the part which the accountant has to play in the general scheme and working of business life.

In the light of events that followed, Mr Barr's prophecy was to prove accurate.

The annual donation, in addition to the Government subsidy, was applied to the creation of two lectureships: one on Book-keeping and Auditing, and a second on Commercial Law. To the former, Mr G. W. Reid, B.Com., A.P.A., A.I.A.(N.Z.) was appointed; to the latter, Mr H. D. Bedford, M.A., LL.M. The new courses were opened in 1912 with a roll of 42 students, of whom 25 took the classes in Accounting and Auditing. In a letter to the University Council in 1913, Mr Reid said:

"The lectures should appeal to all persons engaged in commercial pursuits...a large percentage have no desire to sit for professional examinations in higher accountancy, but they and their employers would derive obvious benefits from a course in, say, Accounting, Business Practice, and Mercantile Law at the University."
As a result a committee was set up to examine the position and it recommended a diploma of "Associate in Commerce," to cater for those "not taking the full accountancy course, and who found the B.Com. course too exacting." This proposal was not taken further at that stage but now may well become a reality in the newly established "Certificate in Commerce."

In December 1913, on the Professorial Board's initiative, the University Council organised the whole University into six faculties—Arts and Science, Medicine, Dentistry, Mines, Home Science, and Law and Commerce, each with its own Dean. Mr H. D. Bedford was the first Dean of the Combined Faculty of Law and Commerce.

Towards the end of 1914 the Professorial Board forwarded a report to the Council emphasising the necessity for providing further teaching in various subjects of the degree of B.Com. With £50 p.a. secured from the Accountants' Society in addition to the original grant, and with the additional Government subsidy, Mr Reid was engaged to give further lectures in Currency and Banking.

In 1916, on the appointment of Dr Bedford to the Chair of History at the University, Mr J. M. Paterson was appointed to succeed him as lecturer in Accountancy Law; during the latter's absence on active service the work was carried on for a time by Mr J. Lang, lecturer on Constitutional History.

The imagination and purpose displayed by these leaders in the profession nearly sixty years ago did much to lay sound foundations for the Faculty of Commerce; they would have been delighted to see the developments that have taken place in recent years.

Part Two

Until 1922 Law and Commerce were shown in the Calendar as a combined faculty, but in that year Commerce achieved independent faculty status with Mr G. W. Reid as Dean. After ten years of persistent toil the stage was set, a pattern was formed, and over the following decades the Faculty experienced steady growth and consolidation. There is very little documentation of this period available, but it is fair to say that the Faculty served as a most efficient night-school, run under most stringent economic conditions. All lectures were delivered before and after business hours by part-time lecturers, and it required dedication on the part of both staff and students to maintain the turn-over and output of educated professionals and businessmen. Courses may not have been as advanced or demanding then, as today, but conditions were difficult. The economic slump of the 1930's served as an inducement for the attainment of qualifications. During the Second War the Commerce roll declined to half its pre-war numbers. Accordingly, after the war there was a large influx of students, boosted by the return of servicemen from overseas; added to the normal curriculum were several seminars designed to cope with this special condition, and lecturers undertook to supplement the shortage of textbooks with temporary texts of their own compilation.

Mr G. W. Reid served as Dean of the Faculty until 1932 when Mr J. M. Paterson was appointed in his place; the latter remained as Dean until his retirement in 1952. In a letter to Mr J. A. Valentine in 1962, Mr J. S. Little described the early discouragements and disappointments of Mr Reid, and expressed the pity that he did not live to see the lecturership he started and devoted so much of his life to, become a full-time Professorship in the University. Personalities are dealt with more fully in this magazine under another heading, but an appropriate mention can be made here with an adaptation from a tribute paid to Messrs Reid and Paterson by Mr J. W. Hayward at the 50th Jubilee of the Faculty in 1962, when he said:

I am reminded of Old Adam in "As You Like It," of whom Orlando says—

"How well in thee appears the constant service of the antique world when service sweat for duty, not for meed."

For them, their meed in the form of university salary was small beside what their professional talents could have earned elsewhere, but I hope their meed in the form of a job well done has been more satisfying.

The Professor of Economics, Dr G. C. Billing, succeeded Mr Paterson as Dean. The appointment of a full-time professor as dean can be seen in perspective as a move towards a full-time staff in Accountancy subjects also, but that still lay some years ahead. During 1952 the Council created the position of lecturer in Cost Accounting. Mr H. S. Tilly joined the staff in this capacity in 1953, and lectures were given for the first time; this was an advanced subject and the first roll in this class was seven, of whom four were exempted students.
In 1954 Mr L. D. McIver found it necessary, for health reasons, to resign his position, after 25 years, as lecturer in Auditing and Mr W. S. Gilkison was appointed in his place. There were now seven part-time lecturers in the professional subjects for B.Com. and Accountancy. During the 1954 session an important change in the membership of the Faculty was made in that the Otago Branch of the New Zealand Society of Accountants was invited to nominate two members; the Council appointed Messrs R. C. Burgess and L. M. Satterthwaite. At this time the Senate approved the establishment of internal examining at Stage I and II of Accounting and Commercial Law, a forward step in their development as university subjects, and arrangements were made for the introduction of the new system in 1955.

In 1955 Professor Billing departed on a trip overseas during which he undertook to investigate Commerce courses in overseas universities. Mr T. K. Cowan was appointed Acting-Dean in his place. Courses of study and prescription for the degrees of B.Com. and M.Com. were re-drafted by the Faculty in 1956, and finally approved by the Professorial Board and Curriculum committee for publication in the 1957 University of Otago Calendar. From the report by Professor Billing on organisation of commerce courses overseas, a proposal in the 1957 session to establish a Department of Accountancy was approved in principle. Details were worked out and submitted during 1958 and 1959.

Professor Billing died suddenly on October 7, 1959. The Council and Faculty, in paying tribute to his personal worth, noted his services as Dean of the Faculty where his administration was both wise and tolerant, and also in establishing closer contact with the business community. He did a lot of work towards introducing an Otago Business Diploma, but at that time the business community did not indicate sufficient support.
In the Dean's 1959 report to Council, the following comment was made—"A major step forward is to be made in 1960 with the establishment of a Department of Accountancy, with a head who will be a full-time teacher with limited rights of private practice." Mr T. K. Cowan, M.Com., the senior part-time lecturer, was appointed full-time as Senior Lecturer in Charge; on October 1, 1961, he became Professor of Accounting. Another important innovation was noted from the 1959 report. The Faculty recommended appointment of a full-time lecturer in a new subject, "Business Organisation and Management."

And so the Faculty entered the sixties and into a major period of development and change. This was a turning point; with gathering momentum, the Faculty swelled, in student numbers, staff appointments and in the size of the working day. In fact, one of the early improvements of this decade was the introduction of day lectures in Accounting subjects. First mooted in 1960, a timetable was proposed for 1962, bringing to an end 50 years of "out of hours" lectures. In 1960 the Dean stated in his report—"Staff/student ratios in the department have been well out of line with normal university standards . . . day lectures will require more staff."

Two important recruitments of 1962 were Dr A. Diegel, of Management fame, and Mr J. M. Freeman, now Senior Lecturer in Cost Accounting. Further achievements of this time included the obtaining of grants for building up an appropriate collection of books and periodicals in the University Library, and secondly, the holding of one-day seminars in Invercargill for extra-mural students. The latter continue to be held annually, 1969's seminar attracting fifty-two students; a very worthwhile service to the profession.

The Fiftieth Jubilee of the Faculty was celebrated in 1962 during the weekend of August 24 to 26. Well organised and attended, activities included a Ball, a Formal Dinner, and a Church Service.

In 1963 Professor Cowan went to Alabama, U.S.A., for a four-month term as a Visiting Lecturer. This year saw the establishment of several management units in the degree course, an innovation which was to have the effect of attracting Commerce students to Otago from all over New Zealand and from overseas. A successful Study Conference held in 1963, on the theme "Accounting in a Changing World," was shared by over eighty practising accountants and forty senior students.

In the 1965 report to Council was a most interesting study of trends which I have included here en bloc:

TRENDS. A study of the statistics for the last five to ten years reveals some important trends.

1. In 1965 we had eight students engaged in post-graduate study and research. In 1962 we had none. Since a thesis is compulsory, some very useful research work is being done within the Faculty.

2. Numbers of full-time students have expanded: 1956 : 9; 1960 : 19; 1963 : 43; 1965 : 94. Due partly to changed times and day lectures, but mainly to rising standards.

3. The number of internal B.Com. students has risen from 274 in 1964, to 309 in 1965, an increase of 13%. In fact, however, the rate of increase in the teaching load was almost twice this figure. In terms of student/units, the increase in 1965 over 1964 was 23.3%. (This trend continued into 1966. The increase in student/units in 1966 over 1965 was 25.5% so that the effective growth over the two years exceeded 50%.)

4. Studies in organisation theory and in the mathematical aspects of managerial decision-making attracted considerable numbers of students:

<table>
<thead>
<tr>
<th>Mathematics and Statistics</th>
<th>1964</th>
<th>1965</th>
<th>1966</th>
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<tbody>
<tr>
<td>Concepts in Management</td>
<td>20</td>
<td>27</td>
<td>54</td>
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<tr>
<td></td>
<td>44</td>
<td>62</td>
<td>81</td>
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The rate of growth has by no means decreased since the above study was made. Student roll figures for the last four years have been:

<table>
<thead>
<tr>
<th>Full-time Students</th>
<th>1965</th>
<th>1966</th>
<th>1967</th>
<th>1968</th>
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<tbody>
<tr>
<td>Part-time Internal Students</td>
<td>94</td>
<td>142</td>
<td>222</td>
<td>277</td>
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<td></td>
<td>215</td>
<td>230</td>
<td>197</td>
<td>206</td>
</tr>
<tr>
<td></td>
<td>309</td>
<td>372</td>
<td>419</td>
<td>483</td>
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</tbody>
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Of the 1968 figure, fifty-eight were overseas students. By 1967, the cumulative increases over two years had been: Student numbers, 36%; Units taken, 57%; Full-time students, 63%.
Another interesting statistic has been on the numbers of degrees conferred over the years:

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<tbody>
<tr>
<td>1958-</td>
<td>1</td>
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<tr>
<td>1960-</td>
<td>7</td>
<td>1</td>
<td>13</td>
<td>2</td>
</tr>
<tr>
<td>1962-</td>
<td>22</td>
<td></td>
<td>31</td>
<td>2</td>
</tr>
</tbody>
</table>

In 1965 two advanced courses in management were offered for the first time: Quantitative Analysis and Human Organisation. This background enabled the introduction of Marketing Management in 1966, a unique development in New Zealand education.

As might have been expected, development at this rate involved major problems for staff and students alike. These problems were not eased by a state of general financial stringency within the university in the 1965/69 quinquennium. Administration of the growing enterprise became a major task, and accommodation a "headache."

Full-time students cannot easily subsist on shared accommodation as Law and Commerce had done from the first, Law at the Supreme Court and Commerce in the old Arts Building. Commerce moved in 1963 into the ground floor of the old Dental School in Great King Street, but the space proved to be grossly inadequate for our growth. Full-time students also require full-time staff, at least for the major part of their work. Recruitment has been difficult, especially in Management, which has become one of the options, with Accounting and Economics, as a major subject area for the B.Com. degree. These are the most urgent problems of the present day—accommodation and staffing. Accommodation at present is both inadequate and inconvenient. With staffing, the University has had great difficulty in attracting suitably qualified applicants for teaching in management studies. Courses are heavily dependent on a few senior teachers. Inadequate staffing has prevented the Faculty from meeting the demand, actual and potential for:

1. Post-graduate courses designed to meet the needs of graduates from other faculties.
2. Short-term specialised courses of the executive development type for people from industry.
3. Refresher courses for accountants in practice.
4. Courses at undergraduate level in production management and business policy.

In 1968, after six years of pioneer effort in management teaching, Dr Diegel despaired at the lack of tangible recognition of the status of management studies in the University and resigned his position.

A staffing crisis developed which led to a request for the setting up of a special committee of Council to consider Commerce Faculty staffing, and in particular the request of the Faculty for the immediate establishment of a chair in Management Studies.

As yet no second Chair has been established, but there are definite signs of an improving environment within the university for the developments in Commerce which staff, students, and the community need.

In the University, the Commerce Faculty is experiencing the most rapid rate of growth; commerce students represent 10% of the student population. With increasing "full-time" numbers, commerce students are playing a more active part in student life. A new student body, the Otago Commerce Students' Association, was successfully launched in 1965, from a merger of the Commerce Students' Association and the Accountant Students' Association. Ample coverage of student association affairs is made under another heading in this magazine.

That the Faculty of Commerce has made great progress is undeniable: The progress of the last decade particularly is quite a success story, the more so because it has never been easy. That the Faculty will continue to flourish and serve well is predictable beyond doubt; to presume that the future presents few problems would define Optimism beautifully. We can say, however, that in sixty years the Faculty of Commerce has reached full-stride. To attribute the achievements of the past decade to the leadership of Professor Cowan and to his staff is obviously due. As reputed, our Dean is single-minded in his purpose, intrepid in his demands, oft-times a voice in the wilderness (but nevertheless, more often a winner). He could well be nick-named (a student prerogative) the "Dauntless Dean."

The Otago Commerce Students' Association is proud of its Faculty and it is proud to belong to the University of Otago, an institution that can in 1969, look back on its first one hundred years service with the satisfaction that, thanks to the contributions of so many individuals, much has been achieved from modest beginnings.
OTAGO COMMERCE STUDENTS' ASSOCIATION EXECUTIVE COMMITTEE 1969


Insert: B. R. Jago.
THE STUDENTS' ASSOCIATION

By R. A. Strang and E. S. Edgar

Founding to World War II

The Otago University Commerce Faculty Students' Association was founded shortly after classes in commercial subjects began at the University in 1912. The first president was Mr Owen Wilkinson and the students were immediately involved in the sporting and other affairs of the University.

Athletics was popular throughout this period and the Inter-faculty contest was one of the highlights of the year. In 1915 the Faculty was represented by a team of two who competed in eight events between them and managed to take Commerce into third place behind Medicine and Arts. Later the team was combined with the Law Faculty and their most successful year came in 1932 when, led by R. O. Johnson who won the Barnett Cup for most points, they carried off the Thomson Shield as the champion team.

Inter-faculty rugby was more irregular but the Commerce team usually managed an annual match with the Law Faculty. Members were active in the University rugby teams as in other sports.

Debating was very popular and in 1913 James Hogg won the University Debating Cup to begin a number of successes for the Commerce students. The Commerce Faculty Debating Society was formed in 1926 and competed against teams from Canterbury College, the Commerce Ex-Students' Association local societies and later, the Invercargill students as well as other Faculties within the University. It is interesting to note that one of the first topics debated was "It Pays to Advertise," but later choices were perhaps less immediately relevant. Professor Cowan recalls attending his first debate on the topic, "Communism is the Answer to Our Needs." When this was followed by the subject, "God is a Myth," he decided not to stay for the third.

On the social side there were a number of annual events during this period. The year usually began with a "freshers" welcome which initially took the form of a Conversazione and which was often held at the Savoy. Later this was changed to a smoke concert with the lady members being catered for by a picture party.

The success of the annual ball and dinner varied somewhat from year to year. One high point for the ball was the early 1930's when it was transferred from Allen Hall to the Concert Chamber to cope with increasing numbers. The Otago Daily Times noted that at the 1931 ball in the Concert Chamber, "the 120 couples present pursued their pleasure with a zest which made the dance go with the swing always noticeable at University functions." The description would be equally applicable to the 1969 function.

The twenty-first anniversary of the Association was marked in 1933 with cricket matches between present and former students. With "players and spectators alike thoroughly entering into the spirit of the occasion," it is little wonder that the Annual Report should also record that the result of one of the games was still in dispute. A dinner was held in the evening as was a similar function in 1937 to mark the twenty-fifth jubilee.

Another social function begun during this period was the post-exam party usually held in the Gardens Tea Kiosk. This tended to reflect the student attitudes toward the more serious part of the year in being described as a "Depression," or a "Recovery" party with fancy-dress themes of "back to childhood," "hard up," and "flannels."

While the students were mostly concerned with sporting and social activities, they did concern themselves with more serious matters. The Minutes of the 1938 Annual Meeting record that, "discussion of the merits of military training was inaugurated . . . and particular stress was laid upon the possibility of getting soft jobs in the event of another argument with Herr Hitler or others." In any event when the time came, volunteers quickly came forward and served with distinction as they had done in the 1914-18 conflict.

Another important subject raised at this time was that of the lecture system and the curriculum. Members pressed for more cyclostyled notes and the use of set texts as well as suggesting the abolition of Commercial French. This would be replaced by the requirement of a reading knowledge of two foreign languages! Examinations also came in for strong criticism and a list of suggestions put forward in 1940 included the comment:

"That examiners be asked to recollect that the questions are to be answered by students after one year's study of the subject, and not by professional men who have made a life-long study of the subject."
THE COMMERCE BALL—UNIVERSITY UNION, 1969
World War II to 1964

For most of this period Commerce had little success at the Inter-Faculty Athletic contest and it was not until 1963, thanks in particular to some fine performances by R. O. Johnson's son, Roger, that the students were again placed in the Thomson Shield competition.

However, the rugby team was established on a regular basis and competed in the local third grade competition. Transport was no problem while Bill Dawson was around as he was able to provide his 1924 model car with its 15-seat capacity. By 1963 the nature of the competition had changed and the Commerce team joined the hostels in the "social" grade competition. At this time the annual contest with Christchurch students was established.

In 1944 an attempt was made to revive the Faculty Debating Society which had lapsed in 1936. This was unsuccessful and in 1949, in common with other Faculty Societies, it was dissolved and its assets transferred to the University Union Society. A rather impromptu team is still organised for the annual contest with Christchurch and perhaps a new dimension of expediency in this field was added by an Otago man in one such contest who found himself at a loss for words and proceeded to sing "O God Our Help." He was unanimously adjudged best speaker.

Social activity was centred on the ball which was held annually for most of this period. Venues for this included Brown House, the Savoy, the Manhattan and finally the Union where it has remained ever since. The annual dinner was also revived for a few years in the 1950's. Barbecues were introduced in place of the freshers welcome and the post-exam party.

The University Capping festivities were certainly not ignored by the students. In the 1930's they were noted for their stunts but during this period they acquired a certain reputation for their procession float. Some of the themes were, "A pub with too much beer," "Inn of the sex happiness," "Capping Queen," and "The Selling of the Royal Tour Rolls-Royces." The 1960 float was a skit on a royal wedding and was the occasion of some unfavourable comments from spectators and the university. At one meeting of the executive it was found impossible to select a theme so it was moved that this be decided in the pub the following Saturday after the rugby game. It must have worked because the theme was "A Birthday Cake for William Shakespeare," and the float continued a run of success by being judged first equal in the inter-faculty contest.

During 1964 discussions were held with the Accountancy Students Society regarding the possibility of amalgamation. By this time most of the Accountancy students in the city were attending the University and so both organisations were catering to the same people. So in March 1965 the Otago University Commerce Faculty Students' Association was formally wound up and the new combined body, the Otago Commerce Students' Association was formed.

1965 to 1969

One of the principal sponsors of the amalgamation was Brian McCloy and he was elected first President of the Otago Commerce Students' Association. The existing range of activities was widened and modified to meet the needs of the increasing proportion of full-time student members.

On the sporting scene the rugby team continued its effervescent form and a certain glitter was assured with the adoption of new gold jerseys with a dollar-sign monogram. A new feature was the entry of an Indoor Basketball team in the local competition, where success and promotion quickly followed. Friendly contests with Oamaru students were also conducted.

The social side was busier than ever with an annual car trial beginning in 1965. The ball grew steadily bigger and now occupies both the Union Hall and the Main Common Room with the "Throb" replacing "Scafields New Collegian Players" and "Beaths Orpheans" of gender years. The trend to increasing full-time study was reflected in the decreasing patronage of the monthly luncheons and these were dropped in favour of occasional Friday "Bar Evenings." The barbecue has become "pyrotechnic" and is held after the professional exams in November. The social net was spread wider to include regular sportive contacts with the Home Science and Physio girls.
A formal course in public speaking, conducted by Mr W. Dawson, has taken the place of the Debating Society, and a regular newsletter has been provided to keep members informed. A major contribution on the educational side has been the organizing of a Symposium, in alternate years to that run by the University. The two held to date have been very successful and have provided a valuable contribution to both students and local businessmen.

The Accountancy Students Society had been affiliated to the New Zealand Federation of Accountancy Students and the combined body retained this link. This organization conducts trial exams, arranges an annual competition, has recently sponsored a qualified accountant under the V.S.A. scheme and provides a forum for the exchange of views and ideas among the different student groups. Otago was the first really university-orientated organisation to join this body and it has been followed by Canterbury and Victoria. This has reflected the modern trend to a broader-based education at the University for both the Chartered Accountant and the newer discipline of Management Studies.

Over the past fifty-seven years the students association has played an important part, not only in the affairs of the Faculty and the University, but also in the activities of the local business community. Like most student groups its success has varied, depending on the quality and enthusiasm of the members, but it is safe to assert that it will long continue to carry out its valuable role.

EDUCATION FOR ACCOUNTANCY

By J. A. Valentine, B.Com., F.C.A.

The Commerce Faculty at the University of Otago has played an important role in accountancy education in New Zealand. In Dunedin, a higher proportion of students entering the accountancy profession attend University and complete a Commerce Degree than in any other city in the country. The main reason for this situation is that the accountancy courses and teaching at the University have developed to meet the changing requirements of this modern age.

Education has had to concentrate more on developing the ability of the student to learn and less on teaching specific tasks. One might say that we have to educate deliberately for change and produce an ability to cope with a changing environment. For example, many university professors believe that the knowledge they have gained during their period of education and research will be useful to them in teaching for a period of ten years, after which it will be necessary for them to re-educate themselves.

"Horizons for a Profession," a United States study by R. H. Roy and J. H. MacNeil, stated the objective of accountancy education as follows:

"To perform the services which are within grasp and which the public will come to expect requires the efforts of a professional. The beginning C.P.A. must therefore have a conceptual grasp of accounting, its interdisciplinary aspects, the environment in which it functions, and those bodies of knowledge which are ancillary to its central purpose. Finally, he must be prepared to grow with changing conditions and ideas."

As a background to the educational requirements in accountancy we must understand the services required of and provided by accountants and the developing environment in which he works.

The functional fields of activity of the profession may be summarized as:
(a) The Attest Function (the most common being in Auditing).
(b) Taxation and Estate Planning.
(c) Management Services.

The Commerce Faculty at the University of Otago has played an important role in accountancy education in New Zealand. In Dunedin, a higher proportion of students entering the accountancy profession attend University and complete a Commerce Degree than in any other city in the country. The main reason for this situation is that the accountancy courses and teaching at the University have developed to meet the changing requirements of this modern age.

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(a) The Attest Function (the most common being in Auditing).
(b) Taxation and Estate Planning.
(c) Management Services.
All of these activities are being undertaken in the commercial and industrial world which we must recognise as changing rapidly in this modern age. As a result of mergers and take-overs and expansion generally, businesses are becoming larger and more international in ownership and organisation. Technological developments are accelerating and the rate of change is increasing, as a result of which the relatively static environment which existed some few decades ago is now a thing of the past. Specialisation is increasing and the need for highly trained technical staff is growing rapidly. Management is becoming much more systematic in its methods and procedures, is using more sophisticated capital equipment, and, following the introduction of the computer, is obtaining considerably more information on which to base decisions.

In this developing business environment it is important that the accountant has an ability to understand the economic and social framework within which business activity works, and the place of accountancy as a service function to business. It is also important for him to have an understanding of the objectives of business. He must be familiar with the organisation of a modern business entity and be able to speak on equal terms when discussing with management such matters as long-term policy, cash flow, marketing and production functions.

We must also recognise the distinction between education and training, both of which are important and necessary to provide a qualified and well-equipped accountant. The Americans have provided a distinction by saying that education seeks to achieve conceptual understanding and training teaches procedural skills.

Mr B. J. B. Galvin in a paper "Accountancy Education and Training In Canada" presented at the Fifth C.A.P.A. said:

"At the outset, it is important to draw a distinction between education and training. For economy of space and simplicity it seems useful to define each of these in relation to their goals. We may define the goal of education as the preparation of an individual for his lifetime, and the goal of training as the preparation of an individual for a specific task which may or may not extend into his lifetime. The former is concerned with developing an individual to the point where he is a primary mover, a self-starter and has learnt to learn by himself. The latter is concerned primarily with the imparting of specific skills or expertise which will probably need periodic updating."

I think it is fair to say that the relative importance of education and training has changed over the years. Because our environment has changed and is changing so rapidly, so education, which seeks to give an understanding of underlying principles, has become relatively more important than training, which teaches how to do practical work. But I do not wish to underestimate the importance of training. No business operation can work effectively and efficiently unless adequate job training is provided.

It has also been necessary to consider the specific knowledge we seek to impart to students. During the last 20 years this has been undergoing rapid change and there is no doubt that this changing trend will continue into the future.

The recommendations contained in reports presented overseas have indicated that, in providing education for future members of the profession, there should be:

(a) A greater knowledge in depth of the function of accounting and of accountancy principles.
(b) A greater concentration on mathematics and statistics.
(c) An adequate understanding of economics.
(d) Increased emphasis on business management techniques and functions such as finance, production, marketing and personnel relations.
(e) More knowledge of behavioural science.

The various reports emphasise the position of accountancy as a service area to the business and the commercial community. This relationship, of course, is more evident in the United States where accountancy is usually a department in a business school. Here in New Zealand, unusually accountancy education is dealt with separately and, as a result, its relationship to business operations is under-emphasised. At Otago University we have the good fortune to be closely linked with the Management Department and to have the choice of management subjects as part of the degree.
If we accept the view that conceptual understanding is important, then I am sure we must also agree that personal contact between the teacher and student is desirable and necessary. We should also accept as a consequence that there must be adequate time available to the student for reading a wide range of opinion on the subject matter and for discussion on the points of view expressed. Education is the task for the specialist.

May I quote an extract from the submissions to the Martin Committee on Tertiary Education by the Institute of Chartered Accountants in Australia.

"The university type of study programme enables students to see accounting in the setting of broad economic and social issues, to apprehend its intimate association with the problems of choice at personal, business and national levels, and to acquire this wide understanding in a more rigorous and systematic manner than by years of experience. On the other hand, the close association with other disciplines within the university environment obliges students and teachers to be as rigorous in thought and method as the students and teachers in other subjects are."

In some subjects of the course it would be most desirable for teaching and experience to run concurrently. This approach is common in other professions such as the medical, dental and engineering professions. However, for this to be effective the main concentration and time must be on teaching, with experience used to develop and apply the understanding and principles conveyed by education. This procedure is followed in medical and dental education but has not been attempted in accountancy or in most other professions.

From the profession's point of view it seems desirable to have teaching concentrated in a relatively small number of institutions. Such an approach is much more likely to result in better use of available resources, better teachers of higher quality and an improvement in other facilities.

During the last year there has been considerable comment in this country about various aspects of the universities and reference has been made, among other matters, to standards of entry, failure rates and the substantial Government expenditure required for their support. It is fair to say that entrance to the universities in New Zealand is possible at a lower academic level than in most overseas countries and that the availability of bursaries and of vacation and other employment makes it financially possible for all those passing the University Entrance examination to attend.

Recently the Hon. Mr Muldoon, Minister of Finance, has criticised failure rates of students at the university and commented on the high cost of these institutions to the country. He has also referred to the lower cost per student at technical institutes and polytechnics. It seems possible that, in the future, we may find Government encouraging the development of technical institutes and polytechnics at the expense of development of the universities.

It has also been suggested that within the next few years Auckland University may not be able to accept all students applying for entrance and may have to set a higher standard for entry than the University Entrance examination.

It has been a tradition in New Zealand for the universities to be open to all those reasonably qualified to attend—a tradition which I support. I see no reason why a country with a standard of living such as ours cannot continue to finance such a policy. Education is the basis on which mankind can develop its potential.

Educational requirements for the profession have changed over the years and will change again in the future. What changes become necessary will depend on developments in business activity, on how the structure and practice of the profession changes as a consequence, and on developments in the educational institutions themselves.
This was the first to come to fruition of the three projects commemorating the Centennial of the University of Otago, undertaken by the Otago Commerce Students' Association.

Mr S. J. R. Chatten, Manager for New Zealand of the Australian Mutual Provident Society, delivered the lecture on the topic, "The Role of Financial Institutions in the Development of New Zealand."

An Englishman, Mr Chatten joined the A.M.P. Society in London in 1928, graduated as an Actuary in 1937 in London, went to Australia in 1938, and has been in New Zealand in his present capacity for the past six years. He returns to Australia at the end of 1969.

In the relatively short time he has spent in New Zealand, Mr Chatten has made a sizable contribution in his field at national level. He was Deputy-Chairman of the Steering Committee of the National Development Conference and is now a member of the National Development Council.

His address to our Association was of a very high standard; the many hours of preparation culminated in a treatise of depth and lucidity. The article which follows is adapted from the lecture by one of our senior students, Mr R. L. Davis.

Copies of the full lecture are available at the Faculty of Commerce.
THE ROLE OF FINANCIAL INSTITUTIONS IN THE DEVELOPMENT OF NEW ZEALAND


Many of the large financial institutions in N.Z. are celebrating their centenaries at about this time and it seems appropriate to address a gathering of commerce students at a lecture to mark the Centenary of the University of Otago, on the role of the financial institutions in the development of New Zealand.

My dictionary tells me that the word "development" means—"Gradual unfolding; fuller working out; growth; state of advancement."

This seems to be a good description of what has been happening in N.Z. over the past century—something which looks like a gradual unfolding; a fuller working out of N.Z.'s economy, to a state of advancement.

During the course of the National Development Conference, emphasis was laid on the need in planning for the development of N.Z. to have a proper regard for factors other than the economy. I agree, but do not attempt in this paper to cover the many vital social or political issues, but to concern myself solely with the probable direction of economic progress in N.Z. and the role which the financial institutions may be expected to play in bringing it about.

One of the most valuable sources of information on this subject is the Report No. 10 of the Monetary and Economic Council entitled "The N.Z. Financial System." Although this publication is somewhat outdated as a result of the last budget, it gives a good overall picture of the way in which our financial system has developed over the years.

The report lists as the more important of the financial institutions the following:

"Trading Banks; Savings Banks; Life Insurance Coys; General Insurance Coys; Building, Friendly and Investment Societies; Finance Companies; The Short Term Money Market; and the Stock firms."

The influence of Government over the financial institutions is very great indeed. The Government actually owns and controls institutions such as The Reserve Bank; B.N.Z.; Government Life Insurance Office; P.O.S.B.; State Advances Corporation; and National Provident Fund, which account for approximately 55% of the assets of the financial institutions.

The investment strategies of others (i.e., Co-operative enterprises including Mutual Life Insurance Offices 28%; private overseas ownership 15%; and private N.Z. ownership 2%) are subject to a large extent on Government control by regulations and agreements.

The time allowed me for preparation of this lecture has not been sufficient to enable the updating of the statistics in 1966 Report No. 10 of the Monetary and Economic Council, but there is no reason to think that the relationships are different now.

ASSETS OF FINANCIAL INSTITUTIONS—1965

<table>
<thead>
<tr>
<th>Total Asset</th>
<th>$ Million</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Life Offices</td>
<td>772</td>
<td>24</td>
</tr>
<tr>
<td>Savings Banks</td>
<td>1,074</td>
<td>34</td>
</tr>
<tr>
<td>Trading Banks</td>
<td>574</td>
<td>18</td>
</tr>
<tr>
<td>National Provident Fund</td>
<td>170</td>
<td>5</td>
</tr>
<tr>
<td>Building and other Societies</td>
<td>220</td>
<td>5</td>
</tr>
<tr>
<td>Stock Firms</td>
<td>102</td>
<td>3</td>
</tr>
<tr>
<td>Finance Houses</td>
<td>40</td>
<td>2</td>
</tr>
<tr>
<td>Government Superannuation Fund</td>
<td>94</td>
<td>3</td>
</tr>
<tr>
<td>Earthquake and War Damage Commission</td>
<td>62</td>
<td>2</td>
</tr>
<tr>
<td>All other</td>
<td>158</td>
<td>4</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>3,266</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>
The ability of the institutions to play a direct part in the development of New Zealand is not related to size as to other factors such as their freedom of choice in investment policy, the force of tradition, and the actual needs of their business, e.g., Savings Banks are required to invest almost 90% of total deposits in Government Securities; Life Insurance Offices—approximately 30%—while the Trading Banks are restricted severely by having to maintain substantial deposits with the Reserve Bank.

Connection between Financial Institutions and Development:

In an economically self-sufficient community, in the absence of overseas borrowing, capital investments can be created only at the same rate that savings are made. Savings involving the sacrifice of immediate pleasure for future benefits are the indispensable prerequisite for capital investment and of economic progress. With the increasing diversification from our basically agricultural economy, progress is to a large extent dependent on the rate at which we can add to our capital equipment by the investment in new and more up-to-date plant and machinery and other productive assets.

In practice it is seldom possible for those desiring to develop, to create all the required capital from their own savings. Conversely there are others who have effected savings but who do not desire to utilise their accumulations in capital development. In addition there is a problem of timing and clearly some facilities are needed whereby a firm can acquire capital equipment now and pay for it later. The problem is solved if those persons with cash surpluses and those in need at any point of time could be brought together and assisted to engage in a series of loan transactions. This operation satisfies the condition that savings and investment must be equal. However, it is very difficult to achieve the desired balance and it is inevitable that in the end there would be persons with unused savings and others with unsatisfied needs for capital.

It is seen that most of personal savings have taken the form of increases in equities in homes and farms and in deposits in Savings Banks, Life Insurance policies, Building Societies' investments and contributions to superannuation funds. These institutions therefore serve as a channel into which most personal savings pass, and out of which capital for development and home building is met.

Finance for Development in the Public Sector:

The greatest proportion of new capital involved in development is required in the Public rather than the private sector. The majority of such funds are required for development of what is known as the "infra-structure" of economic growth—the essential expenditure for development in the fields of Health, Education and other services. A lesser amount is required for commercial undertakings such as power stations, harbour development and transport services.

Most of the expenditure within the public sector is the function of central government, however, a significant proportion comes under the administration of the numerous local authorities in New Zealand. The increase in borrowing by central government during the decade of 1956-65 was $808 million whereas the increase in local authority loans was $300 million.

Loan money from the public sector tends to come mainly from the institutions, particularly those which are subject to the control or influence of Government. However, local authorities have shown a much smaller dependence on these institutions, receiving approximately 26% from this source compared with approximately 52% for Government Loans. Since that time (largely I think because of the growing disparity between interest rates payable on local body loans and those available on mortgages and other investments within the private sector) private sources of supply for local authority loans have fallen off, and there has been a constant pressure by Government upon institutions to make good the shortage. It is appropriate to comment that underwriting of local body loans may be regarded as dependent upon the Life Offices and the National Provident Fund. The Government, however, enjoys a favoured position and can call upon the many powerful financial institutions which it controls.

I read in an article by Prof. Eli Ginzberg the following comment:

"The needs of an increasingly affluent, increasingly urbanised population fall to an increasing degree on the public rather than the private sector."

I do not think there is any gainsaying this assessment. It is all the more important then, that financial policy—particularly in the field of interest rates—should not be conducted on principles which make investments in the private sector unattractive to the private investor; and
thus thrust more of the demand for local authority finance upon institutions whose specialised skills can be used to a greater advantage in financing developments in industry, commerce and agriculture.

**Finance for Development in the Private Sector:**

Cash flow is a very important source of funds for development and an analysis of the accounts of selected N.Z. companies disclosed that in the year 1964-65 48% of all new cash was obtained from retained profits and depreciation. Short-term finance, e.g., creditors, stock firms and bank overdrafts, totalled 23%, the latter taking only 3%. Long-term finance provided 21%. The remaining 8% was represented by new share capital.

The relative importance of various sources of finance in the agricultural industry differ considerably and it has been estimated that only 25% of the net farm investment arose from external borrowing. This external borrowing was contributed in more or less equal shares by:

1. Banks and Stock firms.
2. Life Offices.
4. Other institutions and private investors.

The main providers of capital within the private sector are undoubtedly the State Advances Corporation, Life Insurance Offices and a few of the large pension funds. As little is known of the investment policy of the latter, I propose to deal mainly with the operations of the State Advances Corporation and the Life Offices.

**State Advances Corporation:**

The Corporation lends on terms which are materially more favourable to the borrower than those available from any other source, and it is not surprising that its aid is most eagerly sought. In recent years the lending activities have been limited by the amount of money appropriated by Government, which makes the Corporation unique as an institutional investor. The Corporation is by far the largest single lender of mortgage money in New Zealand having in 1965 mortgages of $586 million compared with $332 million for all of the Life Insurance Offices combined. The impact of the Corporation's lending policy on agricultural development is substantial, e.g., in 1966-67 it lent almost $25 million on farms for development purposes. Out of a total of $105 million in loans, industry attracted only 6% whereas housing took up over 50% of the total loan programme.

**Life Insurance Offices:**

The aim of Life Insurance Offices is to cover the whole population as providers of an organised means by which people can be encouraged to enter into savings programmes. Generally Life Insurance represents the marginal saving of the economy and it can be taken that more money spent on Life Insurance, usually means more real saving. Superannuation plans have also become an increasing source of funds for the Life Offices.

In order to protect policy holders from the effects of depreciation, Life Offices have, since World War II, invested an increasing volume of funds in real estate. Substantial investments on an ownership or contributory basis have been made in various development projects. Investments in equity shares and in leaseback arrangements have protected the purchasing power of Life Insurance funds. Institutions are invariably better placed than individual investors to take part in these major development projects. The trend evident overseas for the institutional investor to be deeply and directly involved with development projects is likely to be more evident in New Zealand in the future.

**Efficiency of the Financial System as an Aid to Development:**

It may be asked how the system succeeds in the two objectives of:

(a) Encouraging a flow of savings sufficient to enable the country to carry out the capital investment necessary to promote healthy growth.

(b) Directing the flow of net investment into those areas which are most significant for the economical development of New Zealand.

It is noted that the Targets Committee of the National Development Council reported that in 1966-67 the ratio of investment to the Gross National Product was 24.9%—a figure which is by international standards quite high, and that as a base for the attainment of the production
targets adopted by the Conference, it would be desirable for this percentage to be increased to 26.7% during the eleven-year period to 1978-79. I think that it can be deduced that the system has worked reasonably well and it is hoped that some of the measures adopted in this year’s budget will be effective towards achieving this Development Conference objective.

One subject to which I would like to refer under this heading is inflation. One can distinguish here between banks and institutions which serve as a repository for unused savings and those such as Life Offices and Building Societies which look to long-term investment. Inflation not only creates extra costs for those engaged in the work of encouraging contractual savings, but also causes people to doubt the wisdom of making long-term savings in terms of money.

If inflation does continue it will be found here as elsewhere that interest will have to rise to considerably higher levels to attract savings into the fixed interest pool. In this context it is significant to note that in the United Kingdom within the past few days, we have witnessed the flotation of a British Government loan yielding interest at 9 1/2%. Such a rate, though it may be hard for us to accept, does little more than provide a reasonable return to the investor if allowance is made for the depreciation in the value of the asset which will occur during the currency of the loan if inflation is not checked.

Conservative traditions—not necessarily a bad thing for institutions that hold their funds in a quasi trust for other people—political and social pressures, the fact that many institutional investors have obligations to their customers in their own line of business, are all important influences on the direction of institutional investment. On the other side of the fence, taxation incentives or disincentives, licensing provision, such restraints as quantitative import controls and other non-financial influences taken in the aggregate have infinitely more effect on the direction of new investment than the availability of loan money.

For many years the view was put forward that the financial system had a defect described as a credit gap; that there were worthy borrowers who were willing and able to create new industries or expand existing ones with benefit to the economy but who were prevented from doing so simply because finance was not available on reasonable terms to get them started.

To bridge this gap the Development Finance Corporation was established in 1964 to supplement but not compete with other financial institutions. Although the main limitation has been the paucity of acceptable applications, loans of $3 million have been granted in the first five years of operations. The corporation has played a significant role in the development of Aerial Topdressing and fisheries, for example.

Conclusion:

I hope that this rather sketchy picture of the relationship between the financial institutions and the problems of development in New Zealand will have helped you to grasp one or two basic facts about the system.

First, that the longer term lenders, notably the life offices, play a significant part in facilitating development sufficiently so to make it important that their ability to attract funds should not fall away at a time when increased savings are needed for development. Therein lies the importance of curbing inflationary pressures in the economy, because inflation acts as a serious deterrent to long-term contractual savings programmes.

Secondly, the institutions do not exert—as is sometimes said—an influence on the economy so great as to enable them virtually to dictate which industries shall progress and which shall not. As we have seen, long-term lending accounts for only about 20% of the capital requirements of both industry and agriculture.

Finally, so that they may retain their attractiveness as investment media for individuals and because they are, in any case, fairly skilled at sorting out those ventures which are likely to be most successful and contribute most to the progress of the economy, it is desirable that they should not be subjected to undue constraints by Government in their choice of an investment policy and that interest rates on their investment should not be kept down to unremunerative levels by arbitrary controls.

Given these conditions, there is no doubt in my mind that N.Z. possesses the financial institutions it requires to enable it to pursue its developmental objectives in the nineteen-seventies and beyond.
THE COMMERCE COURSE—RETROSPECT AND PROSPECT

By T. K. Cowan, M.Com., F.C.A.

The Commerce Faculty owes its beginnings to the initiative and vigour of some Otago men such as Mr Peter Barr who played a leading role in the sound establishment of the New Zealand Society of Accountants. Until quite recently, its main role was to provide education in professional subjects for those desiring admission to the accountancy profession. It did this very economically indeed through evening and early morning classes taught by part-time staff drawn from the accountancy and legal professions. The final examinations set by the University of New Zealand were really professional examinations set and marked by practising accountants and lawyers. Some 80-90% of the students were interested in attaining admission to the New Zealand Society of Accountants rather than in completing a degree in Commerce.

The few who went on to fulfil the requirements for the Commerce degree of the 1930's had to complete fifteen subjects, including such single paper units as Economic Geography, Economic History, Commercial French, and Currency and Banking. The very few who carried their studies to post-graduate level did so in Economics.

Many students who shivered through law lectures in the early mornings and who at the end of the day returned to their desks in the Lower Oliver classroom to study accounting have gone on to the top of their profession, in the State Services, and in business.

The 1950's saw an increasing pressure for independence from the constrictions imposed by the University of New Zealand on individual university colleges and on the University of Otago. The mood of the time was reflected in the desire to be free from the constrictions of uniform external examinations in uniform Commerce subjects. The New Zealand Society of Accountants adopted a far-sighted policy. As the Universities achieved relative independence, so the Society was prepared to take a very liberal view about the design and content of courses at each university and about its freedom to examine its own Commerce students in "professional" subjects.

The Commerce degree structure at Otago was changed by the elimination of several minor subjects to provide for a ten-unit degree; but still it was only a minority of the students who had the degree as their objective.

From the years of depression of the 1930's to the late 1950's, there was in the data processing field, a period of rapid and indeed exciting change. The technology of accounting progressed from manually kept records to the use of increasingly sophisticated accounting machines, and was poised on the brink of the computer age. Management accounting emerged as a new contribution to an age of increasing industrialisation. There was an increasing recognition of the need to develop new skills to assist in the planning and control of business and other organisations.

At the University of Otago, there was a desire to develop the Commerce area to meet the challenges and opportunities of the future. Educational courses at the University should lead rather than follow. To achieve this, full-time staff were necessary. More of the University's resources would have to be devoted to Commerce.

As one of the part-time staff I was greatly attracted by the possibilities of this situation. I was privileged to be appointed late in 1960 as the first full-time head of the newly established Department of Accountancy, and in 1961 I became its first Professor. With the aid and encouragement of the staff and of many persons inside and outside the University, who were sympathetic to our development, it has been possible to create here at Otago a situation more in keeping with the University environment and better able to meet the assessed needs of those who will take a part in the accounting profession and in business administration in the years ahead. Our "Department of Accountancy" has broadened its scope to include studies in organisation theory and practice, in systems, in the use of mathematical and statistical tools, and in marketing as well as modern versions of the more traditional studies in accounting,
auditing, and business law. One quickly forgets the difficulties and frustrations of the years of progress, since the real interest is in the present and future. It is a source of no small satisfaction to the staff here to have had the opportunity both to plan new developments and to help bring them about.

In this Centennial year, the Commerce Faculty can stand alongside the other important faculties in the University as a full member of the University family. Our under-graduate courses, covering a broad range of topics relevant to accountancy, business and management, are of a high academic standard, and attract many students from other parts of New Zealand and from overseas. Most of our students are studying full-time. Almost all lectures are held during the day. Some useful contributions are being made to the community through study conferences, research projects, and in other ways. The beginnings of a useful flow of research are evident. Our students are playing an active role in student affairs.

The present Otago Bachelor of Commerce degree is based on the belief that there should be breadth and flexibility as well as depth in the educational course of the modern Commerce student. A rigid professionally orientated course is unsuited to a world of such rapid change.

As the B.Com. course now stands, a student may major in either Accountancy, Economics, or Management Studies. Included in the nine units selected by each student will be units from all of these areas, but students will have considerable freedom to follow their particular interests. The typical first-year course for a 1970 entrant of above average ability will be:

Accounting I—a broad study in basic accounting, cost analysis and finance.
Economics I—an introduction to economics.
Analytical Methods I—a study in statistical analysis and the use of mathematics in decision-making.
A half-unit—Mathematical methods.
A half-unit—Concepts of Management.

From such a beginning, the student may proceed to second stage units such as Accounting II (or the terminal unit, Financial Management), Economics II, Business Law, Analytical Methods II (an interesting combination of Logic, Computer Systems and applications, and more work on the use of mathematics in decision making), and the half-unit, Human Relations (a micro-approach to the study of the human factor in organisations).

The final stage units of Accounting III, Economics III, and Marketing Management provide ample challenge to the able student through their emphasis, particularly in Accounting and Marketing on the application of knowledge and theory to cases. There is also a half-unit in Human Organisation, backed by a course of case studies and seminars.

While there has been only a small enrolment for post-graduate study so far, and an even smaller achievement of completed M.Com. degrees, the introduction in 1969 of a four-year B.Com. Honours degree will increase student interest in carrying studies beyond the B.Com. level. The future will see a growing emphasis on post-graduate studies in business administration. A great deal of the planning for this development has been carried out already; and should lead to a major step forward in 1971. Post-graduate students provide a great stimulus for research, and this will be a feature of the next decade.

The economic well-being of New Zealand in this age of increasing industrialisation, is very dependent on the calibre of the output from our Commerce faculties. As in the past, so shall the future see an important contribution to University and Community by the Commerce Faculty of the University of Otago.

No doubt history will mark our mistakes, our weaknesses, our lost opportunities; but for us, the last decade has been an exciting time to have been around, and the next decade promises to lie just as interesting.
PROFESSOR H. D. BEDFORD

One of the first two lecturers to be appointed in Commerce in 1912, Mr Bedford at that time held the degrees of M.A., LL.M. He was appointed Lecturer on Commercial Law. He was also Lecturer on Political Economy; he afterwards became Professor of Economics and History and Dean of the combined faculty of Law and Commerce. He was well known as an orator. Dr G. E. Thompson wrote in his book, "History of Otago University -1869-1919 "—" His tragic death by drowning at Whangarei in 1918, brought to an end a career of exceptional brilliance and promise, in which success had been achieved by grit, energy, and sheer intellectual ability."

MR G. W. REID

Appointed the first lecturer of the Faculty in 1912, in Book-keeping and Auditing, Mr Reid was responsible in a large way for the foundation and early development of the Faculty. In 1922 he was appointed Dean of the Faculty, a post he held until 1932. He lectured Book-keeping from 1912 to 1931 and Auditing from 1912 to 1928; he was a capable lecturer and an efficient administrator. He suffered the fate of many lecturers who have been plagued with late arrivals; one night he was particularly outspoken on the subject and threatened that "next Thursday that door will be locked at 6.20 and those not in can stay out"—by some mischance the following week he was late! The rest can be imagined.

A leading public accountant, he was at one time President of the New Zealand Society of Accountants, President of the New Zealand Manufacturers Association, and a director of several important companies.

Possessed of a pleasing singing voice, he was always in demand at Commerce Faculty dinners, his rendering of "When Timothy Played the Violin and Flaherty Played the Flute" being in the way of a tradition.

MR J. M. PATERSON

Appointed Lecturer in Accountancy Law subjects in 1916, succeeding Dr Bedford, Mr Paterson had been Senior Scholar in English in 1907, Jas. Clark prize-winner in English in 1908, M.A. with First Class Honours in English Language and Literature, LL.B., and Assistant to the Professor of English in this University. He appeared on the Roll of Honour list for the First World War as Captain J. M. Paterson, M.C.

He was the ever-popular lecturer in the various subjects of Commercial Law, which then consisted of Mercantile Law I and II, Bankruptcy, Company Law and Trustee Law. As a leading law practitioner in the city, he was an acknowledged expert in each of these specialised sections. For over twenty-five years he took law classes six days a week at 7.45 a.m.; he always walked
down from his home in Tennyson Street, and was known to be late only once, at which time he handsomely apologised, with his bland smile. After the lectures he walked home for breakfast.

At a dinner in his honour, when he retired in 1951, members of the staff and students paid high tribute to his work for the university and students over so many years.

PROFESSOR G. C. BILLING

As Dean of the Faculty of Commerce from 1951 to 1959, Professor Billing was known to many Commerce students for his competence and understanding as a lecturer in Economics. Many steps were made by the Faculty in the time of his administration. He went to considerable pains in instigating the setting up of a Department of Accountancy and the appointment of full-time staff. He investigated thoroughly, the possibility of establishing an Otago Business Diploma: this progressive idea did not come to fruition because it was as yet in advance of the times and the teaching potential of the commerce staff available. He would have been pleased with the development in planning of a postgraduate course in Business Administration, which will assist graduates from other faculties and provide a close link between Commerce and other faculties.

His untimely death in 1959 was a serious blow to the Faculty.

PROFESSOR T. K. COWAN

Professor Cowan was appointed lecturer in Accounting III in 1947. On the death of Professor Billing in 1959 he was appointed Dean of the Faculty, and in 1961 he was appointed Professor of Accountancy—the first professor to be appointed to the Faculty of Commerce at Otago.

The period since Professor Cowan’s appointment to the Faculty has been one of continuing development and expansion, much of which has been the direct result of his enthusiasm and dedication. In 1960 the Faculty roll was 238; in the 1969, it exceeds 500. His contribution to the Faculty and the profession has obviously been great—just how great is difficult to assess at this point of time. But we may safely say that by 1987, the 75th anniversary of the founding of the Faculty, his work will well be able to be seen in proper perspective, and it will then be clear that the true development of the Faculty can be traced to the appointment of the first full-time lecturer. It is from this time that the Faculty has moved in a new dimension. It has already developed from being an efficiently operated night school in accounting, to its present status of a home of studies in commercial subjects—with specialisations in accounting, economics and management—and we can confidently say that the stage is set for further far-reaching developments.

Some of this development was probably inevitable. But to a large extent it reflects the vision, the far-sighted planning and the persistent endeavour of our Professor. He has taken many hard knocks; he has been turned down time after time in his efforts to gain greater recognition from the academics who could see no good in any course which taught useful, practical subjects. By persistence and unrelenting endeavour he has won many good points, and in the years immediately ahead we are confident that he will see the Faculty grow and develop not only in roll and in staff establishment, but also in the number and quality of graduates turned out, and in the exciting field of research.
SOME PROMINENT LECTURERS

L. D. McIVER was for a time in business in Dunedin, but gave this up to undertake commercial teaching duties at the Technical College. He lectured in Auditing at the University from 1928 to 1953, and during this time many of his students successfully passed the national examination. In his own quiet way he was an enthusiastic for his subject; he was sincere as a lecturer and always ready to help students in their problems.

A. THOMAS was lecturer in Accounting III from 1932 until his retirement in 1947. He had earlier completed his M.Com., a rare performance in those days, after scoring 82 and 88 in his final Book-keeping. Being himself disabled from the first World War, he took a direct and personal interest in the rehabilitation of returned men after 1945; his enthusiasm for this work led him into conflict with various authorities, and led indirectly to the end of both his University work and the important business appointment which he held.

"Freddie" was an enthusiast for accounting lecturing and many of his students will still acknowledge the debt they owed him.

W. G. HILLIKER had been President of the Commerce Students' Association in 1927. In 1929 he took up the duties of tutor in Book-keeping, and was engaged as part-time tutor and lecturer until December 1947. He has since been President of both the Dunedin Chamber of Commerce and Associated Chambers of Commerce of New Zealand, and is at present General Manager of the Otago Savings Bank.

W. S. GILKISON began his University career as a law student but quickly saw the light and transferred to Commerce. He was secretary and vice-president of the Commerce Faculty Debating Society in the years 1931-1933 and a member of the faculty executive in 1933.

He began lecturing in Auditing in 1954 and is still going strong. Students will remember him for his enthusiasm for his subject and the uncanny knack he had of asking a question of someone who was just about to drop off to sleep. In addition to his 16 years of Auditing lectures, he has served several terms as an examiner in Auditing and Accounting III and is joint author of the text book on "Auditing" by Rodger and Gilkison.

His activity for the N.Z. Society of Accountants includes chairmanship of the Otago Branch in 1951-1953, and service as a member of the Council from 1963 to the present time. He has been editor of the students section of the Accountants Journal since 1955 and has served on convention and summer school committees.

J. A. VALENTINE had his studies at Otago University interrupted by the war. He began lecturing in 1948 immediately after completing his examinations and has carried a considerable teaching burden ever since. His clarity of thought and expression, coupled with care of preparation and presentation made him an ideal person to lay the foundations of a discipline which requires these qualities to a high degree. He has been an examiner in Accounting II and III and in Auditing and has published lecture notes and accounting exercises in various forms in order to supplement text books which were inadequate in the immediate post-war years.

He has been a member of the council of the New Zealand Society of Accountants since 1959 and was national president in 1968. His contributions to the Society in the fields of standards of practice and education for accounting have been outstanding.

As chairman of the Education Committee of the Society he was responsible for a major revision of the syllabus and the introduction of practical experience requirements as well as preparing a case for the introduction of a degree as a pre-requisite to accounting study.

DR ADOLF DIEGEL

Dr Diegel, a graduate in Business Administration from the University of Oregon, a German by birth, was appointed in 1962 as our first lecturer in Management. During the years 1962-68 he made an important contribution to the broad design of management studies within a redeveloped Commerce degree programme.

Dr Diegel was above all a "character". His flourishing beard, his establishment in an isolated farmlet on Mount Cargill with his growing family, his goats, donkeys, fowls, cattle, bees and beer...
—these gave evidence of Diegel the individualist, the unconventional, the lively subject for the critics. He was notorious for his inconsistencies. From time to time the propounder of the most impractical ideas, he yet demonstrated a very practical streak. He was intelligent and stimulating as a teacher and colleague, with a quite unusual mixture of the philosophical and the practical. In spite of his teaching and research interest, he was an isolationist from the world of business, but certainly not an isolationist from his students, who in general really appreciated him. He was a valuable critic, an innovator, at times supportive, at other times rude, an irritant, a purveyor of the unusual, a source of no little difficulty with many academic colleagues and with the administration. It was both a privilege and a problem to have him here during a vital six years of Commerce Faculty development.

### COMMERCE FACULTY STAFF—1912-1969

<table>
<thead>
<tr>
<th>Name</th>
<th>Degree, Institution</th>
<th>Years</th>
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<tbody>
<tr>
<td>G. W. Reid</td>
<td>B.Com., F.P.A.</td>
<td>1912 to 1931</td>
</tr>
<tr>
<td>A. I.A.(N.Z.)</td>
<td></td>
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<tr>
<td>H. D. Bedford</td>
<td>M.A., LL.M. (N.Z.)</td>
<td>1912 to 1915</td>
</tr>
<tr>
<td>J. M. Paterson</td>
<td>M.C., M.A., LL.B.</td>
<td>1916 to 1951</td>
</tr>
<tr>
<td>J. Lang</td>
<td>M.A., LL.B.</td>
<td>1917</td>
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<tr>
<td>C. T. Lee, Regd. Accot.</td>
<td></td>
<td>1917 to 1921</td>
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<tr>
<td>R. J. McLaren</td>
<td>Regd. Accot.</td>
<td>1917 &amp; 1919</td>
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<tr>
<td>J. G. Brickell</td>
<td>A.I.A.(N.Z.) 1919, 1924 to 1930</td>
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<tr>
<td>*Ven. Ambrosecom Woodtherpe, M.A.</td>
<td></td>
<td>1920</td>
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<tr>
<td>J. Hogg, Regd. Accot.</td>
<td></td>
<td>1920 to 1922</td>
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<tr>
<td>Prof. Fringle, Regd. Accot.</td>
<td></td>
<td>1921 to 1923</td>
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<tr>
<td>A. Williamson</td>
<td>A.P.A.(N.Z.)</td>
<td>1921 to 1928</td>
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<tr>
<td>*Prof. Woodtherpe, M.A.</td>
<td></td>
<td>1924</td>
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<tr>
<td>Prof. Fisher</td>
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<td>1925 to 1935</td>
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<tr>
<td>L. M. Satterthwaite, A.R.A. (N.Z.)</td>
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<td>1929 to 1931</td>
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<tr>
<td>G. C. Billing</td>
<td>Ph.D., B.A. (Columbia)</td>
<td>1933 to 1947</td>
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<tr>
<td>Prof. Souter</td>
<td>M.A., Ph.D. (Columbia)</td>
<td>1936 to 1946</td>
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<tr>
<td>F. M. Hanan</td>
<td>LL.B.</td>
<td>1939 to 1951</td>
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<tr>
<td>W. F. Titchener</td>
<td>B.Com., F.P.A.(N.Z.)</td>
<td>1942 to 1947</td>
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<tr>
<td>F. C. Cowan</td>
<td>LL.B., B.Com.</td>
<td>1949 to 1961</td>
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<tr>
<td>W. M. Griffiths</td>
<td>B.Com., A.R.A.N.Z.</td>
<td>1948 to 1961</td>
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<tr>
<td>T. P. Cook</td>
<td>LL.B.</td>
<td>1952 to 1959</td>
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<tr>
<td>H. S. Tilly</td>
<td>F.P.A.N.Z.</td>
<td>1953 to 1969</td>
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<tr>
<td>W. S. Gillison</td>
<td>B.Com.(N.Z.)</td>
<td>1954 to 1969</td>
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<td>F.P.A.N.Z.</td>
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<tr>
<td>J. S. Gowan</td>
<td>LL.B.</td>
<td>1960 to 1965</td>
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<tr>
<td>H. J. Ross</td>
<td>LL.B.</td>
<td>1960 to 1963</td>
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<tr>
<td>B. W. McCloy</td>
<td>B.Com.(Otago), A.R.A.N.Z.</td>
<td>1963 to 1965</td>
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<tr>
<td>A. Anderson</td>
<td>A.P.A.N.Z.</td>
<td>1963 to 1969</td>
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<tr>
<td>N. S. Marquet</td>
<td>LL.B.(N.Z.)</td>
<td>1962 to 1969</td>
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<tr>
<td>A. Diegel</td>
<td>M.S.D., B.A. (Oregon)</td>
<td>1962 to 1968</td>
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<tr>
<td>R. Carson</td>
<td>B.Com.(Otago)</td>
<td>1964 to 1966</td>
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<tr>
<td>R. L. M. Dunbar</td>
<td>B.Com.(Otago)</td>
<td>1964 to 1966</td>
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<tr>
<td>W. R. McNeffan</td>
<td>M.A. (Auck.)</td>
<td>1964 to 1966</td>
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<tr>
<td>B. Popoff</td>
<td>B.Com.(Otago)</td>
<td>1966 to 1969</td>
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<tr>
<td>J. B. Hamel</td>
<td>LL.B.(N.Z.)</td>
<td>1966 to 1969</td>
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<tr>
<td>K. E. Kendall</td>
<td>LL.B.(N.Z.)</td>
<td>1966 to 1969</td>
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<tr>
<td>D. C. Mosley</td>
<td>B.S. (Mississippi), M.S. (Tennessee), Ph.D. (Alabama)</td>
<td>1969</td>
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<tr>
<td>D. E. Myley</td>
<td>B.S. (Mississippi), M.S. (Tennessee), Ph.D. (Alabama)</td>
<td>1969</td>
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<tr>
<td>G. Holmes</td>
<td>M.A.(Lanc.)</td>
<td>1968 &amp; 1969</td>
</tr>
<tr>
<td>R. C. Skinner</td>
<td>M.A.(Oxon)</td>
<td>1969</td>
</tr>
<tr>
<td>R. J. Butler</td>
<td>B.Sc.(Eng.,S'ton.)</td>
<td>1969</td>
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<tr>
<td>D. F. Symon</td>
<td>B.E.(N.Z.)</td>
<td>1969</td>
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</tbody>
</table>
F underworld STAFF 1969

Professor T. K. Cowan, M.Com., F.C.A., Professor of Accounting and Dean of the Faculty. Accounting theory in Accounting 1 and 3; financial accounting in Accounting 3; Accounting Honours; Administration for Diploma in Public Health.

Professor D. C. Mosley, M.S., Ph.D., Visiting Professor in Management Studies. Human Organisation.


B. R. Dixon, B.Com., A.C.I.S., Assistant Lecturer in Accounting. Accounting 1 and 2; financial accounting in Accounting 3.


PART-TIME STAFF 1969


J. B. Hamel, LL.B., Business Law. Legal system in Business Law; Trustee Law.


COMMERCE STUDENTS WHO HAVE SERVED ON OTAGO UNIVERSITY ASSOCIATION EXECUTIVE

1922-3 C. B. Barrowclough (Fin. Rep.)

1924-5 R. G. Penseler (Fin. Rep.)

1925-6 L. M. Satterthwaite (Fin. Rep.)

1926-7 L. M. Satterthwaite (Fin. Rep.)

1927-8 R. Free (Fin. Rep.)

1929 —

1930-1 J. H. Gilkison (Fin. Rep.)

1931-2 G. H. Cunningham (Fin. Rep.)

1933 A. K. Ibbotson (Fin. Rep.)

1934 B. A. Mathewson (Fin. Rep.)

1935 W. R. Chapman (Fin. Rep.)

1936 W. Thompson (Fin. Rep.)

R. Chapman (Sec.)

1936-7 H. M. Manning (Fin. Rep.)

W. Thompson (Sec.)

1937-8 H. M. Manning (Fin. Rep.)

W. Thompson (Sec.)

1939 —

1940 N. S. McIvor (Fin. Rep.)

1941 T. E. Davis (Fin. Rep.)

1942 J. A. M. Boyd (Fin. Rep.)

1943 J. A. M. Boyd (Pres.)

1944 D. H. Abbott (Fin. Rep.)

1944-5 I. E. Thompson (Fin. Rep.)

1945-6 I. E. Thompson (Fin. Rep.)

1947 I. E. Thompson (Fin. Rep.)

1948 G. N. Valentine (Fin. Rep.)

1949 I. G. Ellis (Fin. Rep.)

1950 I. G. Ellis (Fin. Rep.)

R. S. Milne (Bus. Mgr.)

1950-1 I. G. Ellis (Fin. Rep.)

T. A. Scoular (Bus. Mgr.)

1951-2 A. J. Perry (Fin. Rep.)

1952-3 I. A. Tunnage (Fin. Rep.)

1953-5 R. M. Hannon (Fin. Rep.)

1954-5 G. J. Marsh (Fin. Rep.)

1955-6 I. J. Lang (Fin. Rep.)

1956-7 W. H. Dawson (Fin. Rep.)

1957-8 W. H. Dawson (Pres.)

N. M. Dineen (Fin. Rep.)

1958-9 N. J. Tompkins (Fin. Rep.)

F. J. Boddy (Publications)

1959 P. J. Boddy (Fin. Rep.)

E. B. Allison (Publications)

W. J. Tompkins (Fin. Rep.)

1960 F. J. Boddy (Fin. Rep.)

1961 B. W. McClay (Fin. Rep.)

1962 J. S. Taylor (Fin. Rep.)

1963 R. J. Solomon (Fin. Rep.)

J. S. Taylor (V. Pres.)

1964 I. W. Spence (Fin. Rep.)

1965 G. H. Stewart (Fin. Rep.)

1966 E. Edgar (Fin. Rep.)

I. Kearney (Social)

1967 W. A. Hastie (Fin. Rep.)

1968 G. M. Cook (Fin. Rep.)

R. C. Medland (Soc. Ch. Rep.)

1969 L. E. Millar (Fin. Rep.)

R. D. Macalister (Educ.)
FIFTIETH JUBILEE, 1912-1962
PARIS—1967

By T. K. Cowan

It was quite an occasion to stand on the platform of the Salle Pleyel in front of the flags of the fifty-seven nations participating in the Ninth International Congress of Accountants, a very ordinary man from a very small country, to address an audience of some fifteen hundred accountants from places as widely separated as Finland and Peru, on the significant theme, "The International Harmonisation of Accounting Principles." Nor will I forget that small but impressive ceremony in a Paris hotel when some of us were presented with the Bronze Medal of the City of Paris in recognition of our contribution as "international rapporteurs"—an occasion when one longed for a greater fluency in the foreign language of one's school days. Then there was the Delegates' Dinner in the Palace of Versailles, with thoughts of the magnificence (and sins) of Louis XIV and of the domineering reign of Napoleon; the reception amidst the gilt and glitter of the Louvre; the view from as far up as I could afford on the Eiffel Tower; the beauty of river and of boulevard; and the ruthless rush of French traffic which nearly resulted in an advertisement for a new professor for the Commerce Faculty.

How interesting it was to talk with an accountant from Czechoslovakia about the problems of management accounting in a Communist society, with a past president of the Israeli Institute of Accountants about devaluation, with a very intelligent though slightly inebriated American about some aspects of my paper, with an old Dutch professor on replacement cost theory and Dutch art, with a well-favoured Conservative M.P. of the old school, about Britain, New Zealand, and the Common Market, and with a most attractive young French girl in a shop who solved most of my gift problems!

It was a generous gesture of the organisers of the Congress to invite me to be one of their international rapporteurs, with responsibility for one of the more important of the fourteen topics discussed at the Congress. I found it a marvellous experience to participate in the Congress. As for Paris, I'll be back! It is a wonderful city.