



A MODEST MEMBER

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Eccles keep his cool with \$100m cheque

Last week, Eccles promised me that he would do his best to spell out how to help the rural industries in general, and the wool industry in particular, in ways that were not hurtful, as he felt the wool subsidy plan would be in the long run.

I told him that he could use the projected \$100m annual subsidy for wool to splash around, if he wanted it.

Economists are funny people. I would have thought that he would have rushed out with the \$100 million in his hot little hand to make a good fellow of himself, by giving away a bit here and a bit there.

But not old Eccles!

According to him, the important things would cost no money at all and would leave the lovely \$100 million untouched.

For instance, he said that the Government, if it wanted to help the economy as a whole, the rural industries as a whole, and the wool industry in particular, it would do something effective about combating inflation.

When I first became a Member of Parliament I used to think inflation was something to do with tyres. But I have gradually learnt that inflation means that money becomes worth less.

This didn't worry me much until I realised that inflation makes the position of the exporters worse because Australian costs go up, so the exporter pays for inflation in the end.

So I knew what Eccles was talking about when he said that inflation was a real problem.

He said that the Government ought to risk unpopularity by being prepared to dampen down the economy when it was flaring into a boom.

He also said that any deficit financing to pay for any social service (however desirable) added to the inflationary pressure and so added to the exporters' problems in the end.

I suppose this is all very well in theory but, as I pointed out to Eccles, we now have two elections every three years and people seem to love us more if we give away more and more of their money.

So I know that clamping down on inflation isn't going to be popular and popularity is what I like most.

And then Eccles said that an important component in the rising cost was the high protection given to some industries. I knew the wretched man would get going on tariffs if he got the chance.

I have doggedly refused to rush off after the tariff hare, mainly because it would be awful hard work to catch up with it and when I had caught it I wouldn't know what to do with it.

So I told Eccles that I had been told that tariffs didn't increase costs much — indeed I had seen some figures which showed that the tariff had only increased woolgrowers' costs by 85c a lb of wool.

I thought old Eccles would have a seizure when I gave him this figure.

He said it was completely wrong because, even if it did include all the tariff included direct costs to the woolgrower (which he very much doubted), it ignored the impact of the tariff on wages and on indirect costs that the woolgrower incurred.

His informed guess would be closer to 10c a lb, certainly not 85c. [sic?]

So evidently tariffs are important.

Eccles says that he is not a free trader but he doesn't want to see protection handed out with a shovel as it has been in the past.

He says that a more realistic attitude to tariffs would be of great benefit to the economy as a whole, and to woolgrowers in particular.

Then he went on to talk about wages. He objected to wages going up faster than productivity. If this happens, then prices go up and this makes the exporters' situation more difficult.

Then he mentioned restrictive trade practices legislation which he didn't think was working very well. He was bubbling over with examples but these will have to wait.

I stopped him there and told him all these things, though imminently sensible, would only be helpful in the long term.

“What I want is something that will help me now,” I grizzled, not in 10 years.

“Instant popularity is what I want, not long term solutions. And you haven't touched that \$100 million pile yet.”

But he said that would have to wait until next week.

Economists are, as I said, funny people.

They are also awful long winded.