



## **A MODEST MEMBER**

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### **Economists are queer about money**

Old Eccles has had a whole week to concentrate on the one simple subject of spending \$100 million in ways that would help the wool industry and not hurt it.

That is the kind of task I would love, but no one asked me to engage in any popular exercise of that sort. But spending taxpayers' money is evidently something that economists don't view with the same enthusiasm that politicians do. Queer people!

Eccles' first suggestion was so surprising that I feel uncertain whether to put it down.

He has a suspicion that an important reason why the Government was not able to do a deal with the U.S. about the abolition of their devastating duty against our wool was our anxiety to protect the Australian tobacco industry.

He has calculated that the assistance that the tobacco industry gets in one form or another works out at about \$10 million a year, or \$400 for every acre of tobacco grown.

His suggestion is to pay the tobacco grower \$400 an acre not to grow tobacco. This would cost \$10 million of Government money, but if by doing this we could get our wool into the U.S. duty free and so avoid the duty of 26.25 U.S. cents a lb, then surely great benefits would flow to the wool industry.

Last year we sold the U.S. over 80.5 million lb of wool which paid a total duty of over \$21.5 million. This is a very grave impost which we may well be able to get rid of, if we were more realistic about tobacco.

The next thing Eccles suggested was that we should have another look at the death duties on primary producing land.

We only get about 1 per cent of our total Commonwealth revenue from probate. If we removed probate from all rural properties and did a deal with the States to do likewise, then great good would be done to the wool industry as well as to other rural industries.

And it would assist the aggregation of holdings which Eccles thinks is vital to the health of the industry — politically unpopular though it may be.

He said he was pleased with the start the Government made in this matter during the last Budget, but says it could very well go further yet.

He then said it would be a very useful thing to use some of this \$100 million to set aside credit specifically for land aggregation and for improvements in properties to make them more efficient.

Then he went on to speak about local government rates which have spiralled alarmingly.

According to Eccles, they have increased by over 10 per cent every year in the last 20 years. Farmers are well aware that these rates are a heavy burden to bear. The Commonwealth Government could do a deal with the States in this area.

On the same line of argument, Eccles pointed out that the interest burden for the N.S.W. Railways works out at \$34.5 million a year.

Doing a deal with States to write off their interest burden on railways on condition that they removed road restrictions, which they would be able to do because rail freights would then be more competitive, would have a dramatic result on wool freights.

Eccles then went on to say that woolgrowers were incurring very high costs in wool handling all along the line. As labour becomes more expensive there is a great need to substitute capital for labour.

Shearing, for instance. A lot of research goes into packing more wool on to a sheep, but practically none to getting it off. So shearing costs are becoming devastatingly high.

Generous Government backing (financial and otherwise) for research into mechanical and chemical shearing methods would be a step in the right direction.

The wool industry is also heavily burdened with unnecessary handling costs from shed to ship.

A start has been made to streamline these by establishing wool villages, but generous credit at low interest to expedite modernising of wool handling would really help. This would include core testing, of course, but also providing efficient rail and ship connection.

Eccles says that, if provoked, he could add to this list, and I have no doubt he will if I don't stop him as I had to today.

But he asked me to particularly note that all the things he suggested today would add to the health of the industry, and make it better equipped to meet the challenges of the world around it, and would not insulate it from these pressures as wool subsidy would.