



ONE MORE NAIL

Chapter Eight

More About Tariffs

I have told the beginning of my tariff battles in Parliament and of how hard was the going then. But a gradual change was coming over the tariff scene. The most important influence to this end was the publishing of the Vernon Committee report. It is true that the Government brushed the report aside, but it was clearly a document of great substance written by important and responsible leaders of the Australian scene. So when they said the kind of things that I had been saying for so long and so alone, then I started to become almost respectable.

Another reason for the change in attitude was that we were no longer plagued by a balance of payments problem. Before it was comparatively easy to justify almost any degree of protection for almost anything on the grounds that it was stopping the drain of our currency. But with the increase in mineral exports and with fair prices and mostly good seasons to help the farmers, the balance of payments problem was receding somewhat.

But I suppose the chief reason for the changed attitude to tariffs was the greatly improved standard of work done by the Tariff Board. They were gradually disciplining themselves to measure the effect of their recommendations. This also made my task much easier because I used to try to do this myself. In short, the Tariff Board was becoming a powerful influence in the Tariff war and they were on my side or I was on theirs, and this helped in no mean manner.

During this period, the new chairman of the Board, Mr Alf Rattigan, was finding his feet. When I heard that the government had appointed Rattigan from the Customs Department which is notoriously high protectionist, I was full of foreboding. I rang my father to give him the sad news. "Who is it?" he asked. "Rattigan," I replied. "He will be all right," he said comfortingly, "he takes a long while to catch on but when he does he does not easily let go." My father knew this because Rattigan had worked in the Tariff Board when my father was a member. Time was to show how spot on was my father's assessment.

But the battle still went on but on a somewhat higher plane. I knew more what I was talking about and this was a help. It may be true that ignorance is no barrier to eloquence in Parliament, but on a technical subject like tariffs and with so many manufacturers waiting hopefully for you to stumble, it was a great comfort to know that I knew more about the subject than others in Parliament. And the academics began coming out of their ivory towers to help. And because people began to know of me and that I was interested in tariffs and would respect what they told me in confidence, I used to be increasingly fed with information which, in the past, I had to dig out for myself. In general then, the going was easier than it used to be.

There was however plenty of ground to cover. I suppose the biggest mistake that we made in those days was to so cosset the motor car and component industries as to encourage its fragmentation into small units or production so that there was no hope of the industry ever being economic. Indeed, it is now hung like a great albatross around the neck of the economy, and forcing the community to pay excessive prices for the kind of cars they don't want, with a subsidy component measured in hundreds of millions of dollars paid in the end by exporters. I take some pride from the fact that in 1966 I pointed out the inevitable result of handing around

protection so carelessly. Now everyone knows, even our high protectionist government, that the industry will remain in a mess until it restructures itself. And the industry knows that too, because they are not fools. But as soon as the industry appears about to take the necessary but painful steps towards reconstruction, they complain to the government which foolishly steps in and gives the industry some more help, so the necessary reconstruction is put off yet again. And, while this process is going on and in spite of the cost of such foolishness to the community, employment in the car industry continues to fall.

There are many foolish people who advocate that the government should have more influence in the way industry is arranged, which industries should be encouraged to expand and which should contract. To such people I give the Australian car industry as a glaring example of government intervention. One day the inevitable and painful reconstruction steps will have to be taken, and the longer they are left the more painful will they be.

There is another aspect of industry's view of tariff protection that should be mentioned here. Whenever I attend a meeting of secondary industry leaders they spend most of the first part of the programme extolling the virtues of free enterprise and how they hate government intervention. Then they fill in the rest of the time growling at the government because it isn't giving them enough tariff protection. Yet isn't the awarding of tariff protection a government intervention of a most definite kind? And even secondary leaders now admit that tariff protection is not costless and has to be paid for by other sectors. Yet some of them still polish their free enterprise halos as they sit in the government waiting room to get another helping of protection.

And if there is a big Liberal Party rally the Prime Minister will probably open proceedings by worshipping for a while at the private enterprise shrine and there will be a few rousing paragraphs about how the cargo cult has now been abolished and from now on people must not expect something for nothing and so on. But later on in his stirring he will proudly proclaim that so long as he is Prime Minister every secondary industry is going to get the amount of protection it needs. This is a queer kind of logic.

There is another most unfortunate result of the way we have protected our secondary industries. The rural sector now knows, or if it doesn't know, it is suspicious, that it has been and is still being, clobbered by the cost of tariff protection. So they feel that they too are justified at lining up at the government hand-out trough. And when you also have about 30% of the work force employed by the government, you realise that we have turned ourselves into the greatest mob of leaners on the government imaginable. Yet all the time we are sprouting lies about our belief in free enterprise. A queer mob indeed.

There is a general comment about the tariff debates in Parliament that should be made here. Although I was a constant and sometimes a somewhat testy critic of the government's tariff policy, there was never any attempt to gag me and this says a good deal for the traditions of the Liberal Party. The fact that many of the Ministers agreed with me in private may have been some help in this regard though I doubt it. The pressure to conform would have been far stronger if I had been a member of the Country Party and irresistible had I been a member of the Labor Party. So I was lucky in that regard.