



A MODEST FARMER

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Successful government intervention can occur

Some people think that Eccles' dislike for government intervention in industry springs from philosophical or political prejudices, but he tells me that this is not so.

He says that he would be quite happy to have the Government interfering all over the place if only the Government was good at it.

But Eccles says that the history of government intervention has been a sad saga of failure after failure.

Eccles admits that the governments that make such a mess of things always mean to do well but the sad fact is that they almost always end of doing badly.

To back up this assertion, Eccles then usually proceeds to give endless examples of the failure of government intervention.

The last time we had one of these discussions, Eccles went far back into the past and reminded me how, in 1930, the Government urged farmers to grow more wheat to save the country from financial collapse.

I had no difficulty in remembering what happened then because I had just left school and was very idealistic and shiny-eyed about doing my duty and that kind of thing.

So our family rallied around in fine fashion and grew more wheat and then we watched the market collapse.

Indeed, I remember having to sell wheat at under two shillings a bushel in order to get enough money to get married to Mavis.

I often wonder (in private) if she was worth it.

Then Eccles went on to remind me of the mess made of the dairy industry by continuing the butter bounty, and by so doing, encouraging dairy farmers to produce more butter when the world needed less of it.

The Government would have been far kinder to dairy farmers if it had used the butter bounty money to case dairy farmers out of dairying instead of encouraging them to stay in it.

Once Eccles gets going on this subject he takes some heading off. Indeed, he has sung his song so often that I almost know it by heart.

He says that the failure of government stands out above all the rest.

We have lavishly protected the production of cars in Australia at a frightening cost to the economy and car consumers with the result that we now have so many car manufacturing plants that it is quite impossible for any of them to operate economically because the throughput of cars is too low.

Eccles was then about to pursue the textile industry with his usual ferocity when I could stand it no longer.

I stood in front of him waving a red flag and claimed that I knew of one case where government intervention had been successful.

This startled Eccles because he is not used to me having the hardihood to argue with him on his own ground and out loud too.

It is true that I have been known to mutter my disagreement to myself once or twice, but making sure that Eccles did not hear.

However, on this occasion I took my courage in my hands and said that the cotton industry was an example of successful government intervention.

The Government encouraged cotton growing by paying a cotton bounty for many years but then had the courage to phase out the bounty and most people expected the industry to go into a gradual decline.

But to everyone's surprise cotton growing was not only able to survive but even to expand into a healthy and valuable export industry.

One of the reasons why the Government took the vital step of gradually scaling down the cotton bounty was the support it received from some of the growers, particularly from a chap called Paul Kahl.

Kahl was a cotton grower in California but the Government prevented the expansion of cotton growing in the arid irrigated cotton areas in California in order to force expansion of cotton growing in the deep South, the traditional cotton growing area, where there were a lot of unhappy unemployed cotton growers.

So a frustrated Paul Kahl came out to Australia and started growing cotton at Wee Waa in NSW, using tried and successful American methods.

Then there was a Tariff Board inquiry into whether the cotton bounty should be continued and Paul Kahl startled everyone by asking that the bounty should be phased out.

Bitter experience in America had taught Paul that if government intervention continued, it would hurt the industry it was supposed to help.

So the Government, encouraged by the good sense and resolution of Paul Kahl, and other growers, phased out the cotton bounty and now the industry stands proudly on its own feet and not ours.

So here is an example of government intervention being successful, of an infant industry that was encouraged to grow in its early stages and then weaned, instead of being like so many of

our highly protected industries who are still sucking away at mother's milk when they are about 50 years old.

Even BHP, always cited as the shining example of the infant industry argument, still wants to be nurtured at the breast of the economy.

Eccles was startled that I should have the temerity to argue with him on his own ground and he went off muttering angrily about lack of respect for one's teachers and how I would live to regret my rashness in questioning his statements which he has come to regard almost as pronouncements from On High.

But, dash it all, a fellow has to stand up for himself sometimes.