



A MODEST FARMER

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Consumers find feather beds a bit hard!

One of the most insidious feather beds is the arrangements made by the Government to allocate quotas to import clothing, footwear and textiles.

A civil servant can give to one importer the right to import a certain amount (a quota) of a particular article while denying the same right to his competitor.

So by a stroke of a bureaucrat's pen, particular people can be advantaged while others can be damaged, yet there is little public exposure of who is being helped and who is being hurt.

Foolish people have contended goods that came in under quota and which did not attract customs duty could be sold cheaper than goods on which customs duty had to be paid.

They could, indeed, but they aren't!

The quota holder pushes up his prices to what the market will bear, which is generally alongside the local manufacturers price. He knows that he cannot import any more of those goods, so why should he cut his prices?

And the traditional way of raising prices is to limit supply, and that is exactly what a quota is designed to do.

If the traditional way of protecting Australian industry were used, the goods that came in over the tariff wall would attract customs duty, so at least the general revenue would benefit.

But, under the quota system, the windfall gains are given to the quota holder. He is given, by bureaucratic action, the present of a quota worth a lot of money.

Some quotas have been sold for high prices, yet they cost the quota holder nothing except perhaps some assiduous attention to civil servants in Canberra.

In any other walk of life, if we heard of civil servants handing out gifts to particular people while denying them to others, there would be a public outcry, but no one seems to worry with quotas.

The consumer's watchdog, AFCO, does what it can, but no one worries about the consumers these days. I would have expected the Council of Civil Liberties to be interested, but it evidently breathes a purer air, and is not concerned with mundane matters.

So the quota feather bed is left undisturbed. In the second article in this feather bed series, I said that feather beds are loved not only by those who lie on them, but also by those that service them.

There are about 50 civil servants servicing the quota feather bed in Canberra, and more are called in at peak times. Then there are the people working for customs agents and many others in importing firms, all busily servicing the bed, and with little public exposure of what is going on.

You would have expected that the big department stores would have been angry about the damage that the quota system was doing to them and their customers.

Some of them indeed do speak up bravely, but others have quotas of their own, and so are naturally anxious to leave the feather bed undisturbed.

Others tell me that they are frightened to speak out, lest their supplies be cut off.

So the whole quota business is a mess, difficult to understand because of its complexity, clouded by the self-interest of some groups and the cowardice of others.

So the wretched feather bed drifts on, greatly benefiting the few people on it, serviced by subservient camp followers, but damaging the economy in general and hurting others in particular.

The quota allocated to an importer usually depends on the amount of a particular good that he imported in the base year.

This may be the fairest way the wretched business can be done, but it builds a frightening rigidity into the system because it inhibits the entry of new blood into the business which is left in the hands of people who were successful in times past.

We had the same problem with wheat quotas years ago. These were allocated on the basis of past production, which meant that the young battler who was clearing new land that might very well be more suitable for wheat growing than old wheat growing land, could not get a quota.

Fortunately, in this case, the wretched wheat quotas did not stay in force long enough to do great permanent damage to the wheat industry, although they grievously hurt many young farmers.

But these quotas for clothing, footwear and textiles have been in operation for years now, with particular people getting particular benefits, while other poor sods who do not know how to operate the system get clobbered.

In other words, those who have their trotters in the trough, are happy and so are those who look after them. But the consumers and a lot of other people get hurt and no one worries about them.