



A MODEST MEMBER

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Why farmers resent tariff protection for motor makers

Last week I reluctantly put a tentative toe in the hot tariff water. Since then I have found myself getting surprisingly interested in the subject. It won't be long before I am a self-confessed expert.

One of the tariffs most bitterly resented by my farmers is that on motor vehicles. The average effective rate for these is 62 per cent.

As my farmers have to use cars and utilities, this protection, which increases the cost of their motor vehicles, is a grievous burden to bear, particularly now when their backs are almost bent double with other burdens.

And what makes them even madder is that they know that a lot of the protection for motor vehicles is to prevent Japanese cars competing with ours.

They know that Japan buys more of our wool than any other country and they think that this a funny way to encourage them.

And, as a last straw, they know that most of the companies that make cars are overseas owned, and repatriate their considerable profits.

So altogether they are not at all happy about paying over 50 per cent extra for their vehicles.

Fred says I ought to get off my tail and do something about it. So I took the whole knotty problem around to Eccles.

Eccles says the vehicle industry has three fundamental problems, all of which could be solved, and so would allow Australian cars to be produced much more cheaply and thus cease to be a burden for Australia to bear.

First, we force our car manufacturers to buy too many Australian-made parts.

According to Eccles, the car industry would need almost no protection at all if it could import more components without duty.

Evidently, some components, such as car bodies, are more economically made here than imported at high freight costs.

This makes sense, because car bodies are bulky and take up a lot of room in a ship.

But there are a lot of other car components that we can make here competitively.

These are the ones that are made in large volume where the high tooling costs can be spread over a large number of parts. But we insist on almost all components being made here.

This makes our cars unnecessarily dear.

The second problem is that we have too many car manufacturers. If we had less, each factory would have a greater through-put so the economies of scale would follow.

And because more components would be required, more of these could economically be made in component factories in Australia.

The third reason why cars are unnecessarily dear is that our car manufacturers change their models so frequently. This imposes unnecessarily high tooling costs on the industry.

We all know that the difference between one year's model and the next is marginal, and most of us would gladly settle for cheaper cars even if the model was not absolutely the latest available.

Yet we find in South Australia that the unions are making a fuss because some car manufacturers are evidently considering the very sensible step of not changing their models so often.

The union case seems to be that if models did not change so often, then there would not be so many toolmakers and other expert artisans required.

These are the skilled people that are so eagerly sought after everywhere.

It seems a very short-sighted view to insist on frequent model changes which have the inevitable effect of making cars dearer, not only for themselves but for all Australians.

Evidently the protection the car industry receives will need to be even higher if the unions are successful in forcing frequent model changes and would be even higher still if they are successful in their campaign for a 35-hour week.

Eccles says that the largest Australian car manufacturer has never asked for protection and would do quite well without it, providing it was free to arrange its own model and buying program.

So a lot of the high extra cost which my farmers are forced to pay for their cars is a result of either government or union action. They won't like this when I tell them.

And Eccles adds the grim warning that the Government is being urged to do the same thing with motor trucks. This would be the last straw — I must see that Fred doesn't get to hear of it.