



ONE MORE NAIL

Chapter Thirteen **Rural Problems**

Wakefield is a rural electorate, bristling with the usual rural problems, so in my 19 years I had plenty of awkward and sometimes unpopular decisions to make. But I always found that my farmers appreciated my telling them honestly what I thought. Early in my political experience there was a big meeting in the richest part of my electorate, and the farmers had a solid grizzle session about the cost of production, the cost of spare parts and all the things that farmers, including this one, had been complaining about ever since I could remember. When they had finished, the chairman said:

Now Mr Kelly, you have heard our complaints and we want to know what you are going to do about it. You are no longer on the Advisory Board of Agriculture or the Soil Conservation Committee, but you are now our Member and we expect some sympathy and some helpful suggestion to help us weather the storms.

As I knew that they were doing well then and were really making money, I took a big breath, had a look behind me to make sure the door into the supper room was open, and then told them that the only helpful suggestion I had was that they should get on their bikes and go home. There was a gasp of surprise and then, to my relief, and after a long pause, a loud laugh, and eventually they got into their Bentleys and went home. But not before I had told them that it was no good talking like that to me and that a man didn't automatically go soft in the head just because he had been elected to parliament, and then I said that, if they wanted someone who always agreed with them, they should look around for another Member.

One thing I had to learn early was that the farmer organisations did not always speak for the majority of farmers. On one occasion, the wheat growers held a meeting in the middle of my electorate and they were pressing for an increase in the amount of export wheat covered by the then comparatively high guaranteed price. I was sitting in the body of the hall and heard the very pugnacious secretary, Tommy Stott, say that he had heard on the grapevine that there was one M.H.R. that was not warmly supporting their cause. He knew that this was me as I had told him so only a few days before. Then he added the open threat that he couldn't find the member's name but if he could, he would have his guts for garters. At that I got to my feet and told him not to get in a sweat because the chap he was looking for was me. I went on to point out that, if they got what they wanted, they would encourage the production of wheat in areas that had never grown wheat, such as in the west of N.S.W. And then I added the grim warning that then they would have to face the problems of limiting production:

Once you blanket the signals that tell farmers to curtail production you must have some other method of discouraging them from growing more wheat when the world needs less wheat. So the next step will be to limit production by passing laws to stop farmers growing wheat. And if this is what you want, I will not support you.

The meeting got very cross with me, and as we left that hall some of my supporters warned me that this was no way for a member of parliament to behave. I again told them that if they wanted a member to agree with them, then they should get someone else.

A member should be able to tell his people that he will not do things that he knows they want, but which he thinks will be bad for them. Having my farm to go home to was always a great comfort. And knowing farming as I did was also helpful because my farmers knew that I knew what I was talking about. But this knowledge makes me more respectful to those members who do not have another source of income yet who still are prepared to stand their people up. On one such occasion a colleague of mine, Dr Jim Forbes, was critical of Parliament of the tariff protection being received by a big company in his electorate. He received a stern letter from the company concerned, saying that they were used to statements such as that being made by mavericks like Mr Kelly, but they took a poor view of them being made by the local Member. Then they said they wanted Dr Forbes to know that the company had been generous contributors to the Liberal Party campaign funds and they hoped that there would not be any repetition of this kind of behaviour. Forbes, who had no income outside his Parliamentary salary and five children under eight years, wrote back to say that he was surprised and disappointed at the company's attitude and unless he received a written apology within a week he would publish the correspondence in the paper. The apology was quickly forthcoming, but such behaviour is much easier if you have a farm or a profession to which you can retreat. I strongly urge would-be politicians to keep their lines of retreat open so that they are not beholden to anybody.

A few months after this episode between the Company and Dr Forbes, Forbes and I were told that a representative of the company accompanied by a Q.C. would come to Canberra to discuss matters with us. We raised our parliamentary eyebrows at this legal representation business but we agreed to see them. We all met in King's Hall and as we walked to the meeting room the legal eagle asked me, "What's your colleague's name?" "Dr Forbes," I replied. "Not Dr Forbes, M.C.?" he asked. "Yes," I said, "that's him." There was a long pause. I had once asked Forbes how he won his decoration and according to him, his commanding officer had been the worse for drink so asked Forbes to write out some commendations, so that was how he got his M.C. So I explained this to the legal eagle, who said:

I knew I had seen him before, and now I remember. We were in a very nasty situation in New Guinea and were making a rather hasty retreat when we met a small body of men going resolutely the other way towards the enemy. And they were led by that man Forbes. I don't think I want to go on with this confrontation.

So the whole business was fixed up in the friendliest fashion.

I have continually warned my farmers against their too frequent expectation that the government has a large and deep well of wisdom into which it only has to drop the administrative bucket in order to be able to tell farmers what to produce. Governments are mostly on their guard against this temptation but too many farmers are always hoping that the government will be silly enough to do so. If it does, the farmers will hold it responsible if the market does not behave as expected and it seldom does. We should always remember that if the government has the competence to correctly foretell the supply and demand situation for any product for even one year ahead, then the government servants from whom it gets its advice would not for long be working for the government, they would be sitting in the south of France with their feet in a bucket of champagne! And even if the government's advice is correct, as it must be sometimes, the third of farmers who are not good at farming and who would consequently lose money growing the crop that the government told them to grow, would hold the government responsible and would demand the costs of production.

I had an old and wise farmer friend who had noticed that I was always inclined to chase after each new idea that government or other experts put up. "My advice to you, Bert," he said wisely, "is that when everybody runs you walk. And when they walk, you run like blazes." So

now if the government were to tell me to grow less or more of a crop I would almost certainly do the opposite. I am very keen that the government give the farmers all the supply and demand figures they can assemble but they should never go a stage further and tell farmers what they should produce.

Secondary industry leaders also ask that either the government or the Industries Assistance Commission should tell them what to make if the government reduces duty on a product. "The government must tell us what to make instead," they say pathetically, forgetting all their eloquent protestations about their belief in free enterprise and their detestation of government intervention.

I fear that farmers are far too tolerant about the dangers inherent in government intervention and particularly of government limitation of production. It is a desperately serious step for any government to take when it tells particular farmers that they are not allowed to grow what other farmers are allowed to grow. With the best will in the world this must mean that great damage will be done to particular people, and though these may only be a minority, one of the prime tasks of a government is to look after the welfare of minorities.

Besides the harm done to minorities by government action to limit production, it is rightly regarded as a very serious step by our customer countries. These are inclined to hear with scepticism our eloquent protestations about our burning desire to feed the starving people in the world, half of whom go to bed hungry, when in the next breath we are asking the government to limit production.

Farmers should be careful about the way they talk about the cost of production for their products. It is true that secondary industry is always demanding, and getting, extra tariff protection to cover their costs of production. But in their case, because the product may only be produced in new factories, the cost of production is more easily arrived at than with a crop grown across Australia, with the cost of production varying between neighbouring farms, let alone the variation that occurs between districts and States. So though it may be popular to worship loudly and with ostentation at the cost of production altar, we should recognise that we are mostly talking nonsense when we do so. There are a lot of farmers who have made a lot of money growing crops and selling them below the reputed cost of production. And though we may be able to justifiably claim that equity demands that if secondary industry can demand, and get, subsidies because they are needed to recover their costs of production, farmers should be given the same privilege, we should realise that if we do get what we want and our assured of our costs of production, it will probably do us more harm in the end by encouraging us to disregard the market signals. Remember the story of the chap being rushed to the hospital after a car accident and saying to the ambulance officer through his muffled bandages, "Well, I was in the right, anyway." But he is still going to the hospital.

One of the great but hidden dangers in our system of tariff protection is that farmers can rightly demand compensation for the damage that the tariff has done to them. But in many cases the compensation which the farmers ask would be bad for them in the end.

When I was the Member for Wakefield I used to claim that though my farmers were pillars of rectitude, farmers in other districts were experts at beating the government. Now I no longer represent them, I must admit that even Wakefield farmers were no fools in this regard. I remember telling one of Canberra's dedicated civil servants that farmers would do him like a dinner if he tried to stop them growing something they wanted to grow. There is time to do a lot of thinking when mooching along behind a mob of sheep or when working a tractor in the

middle of the night, particularly if you are sowing a crop that government has told you you must not sell.

Because so many farmers become such experts at beating the government, I am always suspicious about marketing schemes that depend on the government passing laws forcing farmers to only sell to a Board. And this is why I would not now be in favour of an amendment to the Constitution that would allow the government to prevent the free passage of goods across state boundaries. I used to be in favour of this once, but not now, not after I have seen so many sorry examples of government intervention. My general advice to farmers would be to keep the government as far away as possible from decisions about what to grow and how to sell it.

When I came back from Britain in 1961 there was considerable argument about the dairy industry. We were then subsidising the dairy industry quite heavily and this was encouraging the production of increasing amounts of dairy products which we were having increasing difficulty in selling. And most of the subsidy money was going to the big and better dairy farmers. So if the bounty was being paid on social grounds, so as to equalise incomes between dairy farmers and the rest of the community, then it was clearly the wrong way to tackle the problem. The dairy industry committee of enquiry, under the chairmanship of a previous chairman of the Tariff Board, Sir Mortimer McCarthy, with typical and natural good sense, had pointed out these obvious facts and suggested that the dairy subsidy be gradually phased out, and the subsidy money used to ease people out of the industry instead of encouraging them to stay in to produce more dairy products that were increasingly hard to sell. But the government would not bite on the bullet, so the subsidy was continued, so the necessary adjustments were discouraged and delayed, to the great detriment of the long term interests of the dairy farmers. But poor simple Kelly could see the sense in the Committee's argument, and was foolish enough to say so. So all the members who represented dairy constituencies got stuck into me and sent copies of their speeches demolishing me to all the papers in the constituencies. So I learnt the hard way that right did not always triumph, nor did economic logic. But by doing what we knew to be wrong, though popular, we did dairy farmers a lot of harm. I always now look with grave suspicion on any popular government measure affecting agriculture because it is likely to be wrong and bad for farmers in the end.

The fact that most of the subsidy money goes to big farmers who need it least is illustrated by this true story. A friend who farms a big farm in Britain comes out to Australia every few years. He keeps an excellent set of farm books and we compare our performances. One year he had, in one column, about £20,000 which were the subsidies that he had received from the grateful British government. When I queried him as to how he could justify such generosity from the government he replied that, as long as there were enough poor struggling farmers around him, he would be all right, he would be able to travel around the world every other year, putting all his travelling expenses down as a deduction from his income. So remember that, if you want to equalise between farmers, or between farmers and other sections of the community, if you do it by subsidising farmers on the basis of how much they produce, most of the money will go to those who need it least. There may be many reasons for subsidising farmers, but if the object of the exercise is to equalise incomes, it is the wrong way to go about it.

Another fallacy that dogs the rural community is the embargo on Merino rams. This is a measure of how silly we can be when the moon is full. The justification for the embargo is that it is supposed to deny access to Australian fine wool blood lines. But this is being done when much of the textile world are changing their machines over to synthetics just because they cannot obtain enough wool to keep their spindles busy. And all the time we have been stopping Merino rams going out of Australia, we have been allowing the export of Polwarth rams, and I am prepared to bet that most of the people so vociferous about preventing the export of Merino

rams couldn't tell the difference between a Merino and a fine woolled Polwarth. The sordid reason why we prevent the export of Merino rams is that, by so doing, people hope to prevent the price of Merino flock rams rising too much. Yet I can think of nothing that would give a bigger shot in the arm to the Australian wool industry than a short lived boom in the price of Merino flock rams. And it would only be a short lived boom because, if there was a greater demand for Merino flock rams, it would be very quickly satisfied. The essential difference between a flock ram and a wether is not a matter of great mystery although the stud breeders would like you to think it was; it would simply mean leaving more well bred wethers as rams. And I think that it is disgraceful that we should allow such a matter to be decided by a vote or woolgrowers who are not engaged in producing Merino rams. There is no more justification for this than having a referendum to ask meat growers if they were in favour of the export of live sheep to the Middle East.

There are many other things we do that we know are silly. For instance, we will not allow the export of live kangaroos though we are allowed to shoot kangaroos in large numbers if they are reaching troublesome proportions. We have more kangaroos in Australia than when the white man came because we have been supplying our sheep in the arid areas with water which the kangaroos have also been drinking and so increasing in numbers. And we forbid the export of galahs and budgies though we are allowed to destroy them in hundreds if they are eating our crops. Some galahs talk quite well. If you were to ask such a bird which he would prefer, being shot by Fred the farmer because he was eating Fred's crops, or being exported on a padded perch in a gilded cage so that he could propagate his kind in ease and luxury, then his reply would be worth recording. But because we have been making these birds artificially dear by forbidding their export, we have encouraged the establishment of a black market in budgies which makes it profitable for people to run the risk of carrying them drugged in suitcases. We really are a queer mob.

There are other farming fallacies we foster. We are continually told that the soils of the inland are fertile, because, when it rains in the inland, there is quite an exciting response, so it is assumed that the inland soils must be wonderfully fertile. But the fact is that the response after rain is so good, not because the soils are naturally fertile, but because they have mostly lain fallow for so long during the long dry periods that generally separate the wet seasons in the arid inland. And one of the queer results of the remarkable recent run of wet seasons that the inland has recently experienced is that it has shown up the basic infertility in these soils that most people would have proudly claimed as wonderfully fertile.

There is another example of sloppy thinking in the rural scene that must be mentioned. There was a time that farmers felt they were entitled to a particular place in heaven because we were producing the export income that was so urgently required. But now we only produce about 45% of our income. And, even more important, now that we have a flexible exchange rate, if we produce even more exports, we will encourage the exchange rate to move to correct the balance. Fred the farmer and I used to kid other people, and even sometimes ourselves, that we were only farming for the country's good, not for our own profit. And after we had said this a few times we almost believed it ourselves. But now, with a flexible exchange rate and rising mineral exports, rural exports are not as essential as they once were. We can no longer justifiably claim a special place in heaven because we are exporters.