



## ONE MORE NAIL

### *Chapter Seven*

## **Tariffs Introduced**

I returned to Australia in April, 1961, having been a Member of Parliament since November 1958 without having struck a real blow for tariff reform as my father was quick to point out. I pleaded that the other things I was doing were useful as well as more exciting, and much more in keeping with my past experience. After all, I knew a lot about farming and all too little about tariffs, and I also had an uneasy feeling that learning about tariffs was not only going to be hard work but it was going to be dull too.

In 1961 only a few odd people worried about tariffs. Although the farmers would not admit it, there was a lot of fat in farming so we were able to carry the extra burden that the tariff imposed on us as exporters. And secondary industry had the protection of import licencing which had been necessary to protect our currency position which had been so serious. And secondary industry people were usually confident that, if they could make it, there wouldn't really be much difficulty in selling it. So with competition so limited and the domestic opportunities so easy, it is not surprising that there was not much interest in the cause of tariff reform. "Why worry?" was the natural reaction — "Things are going along O.K., and there is nothing to worry about. If any industry is in trouble we can afford to give it some more protection, so what are the theorists worrying about with their moaning about the cost of protection? If there is a cost, which we deny, the export industry can afford to carry it."

So it was not surprising that there were only a few academics who were interested in having a lower tariff system. The most authoritative of these was Dr Max Corden of A.N.U. And most of the journalists had long put tariffs into the too uninteresting baskets. A shining exception was Alan Wood who wrote for the *Australian Financial Review*, and to a lesser extent Max Newton, who was for a time a power in the newspaper world.

And there was then almost no political interest in tariff reform. I had expected that the Country Party would have been interested but they were completely under the domination of the Minister for Trade, Mr McEwen who had been and still was, the main architect of our policy of protection at almost any price. And if the Liberals, the other part of the coalition government, had any ideas of their own, they were careful not to speak about them. And the Labor Party had not had a thought about tariffs for years, except to think that if fairly high tariffs were helpful, even higher tariffs would, no doubt, be even more helpful. In short, there was no political interest in lower tariffs.

It was into this pleasant pool of apathy, that the new Member for Wakefield, with the clover burrs still in his hair, was about to launch himself, pushed from behind by his father and the ghost of Charles Hawker. It is true that I had a somewhat hazy idea that the tariff was hurting my farmers and as farming was the only aspect of the economy I really understood, I had an uneasy feeling that something should be done about reducing tariffs. But I must admit now that I didn't really understand the problem, nor was I quite certain why I was as worried as I appeared to be.

But one thing I did know and that was it wasn't sensible to get into the tariff battle unless I knew far more about the subject than I did, so for the next few years I immersed myself in the wretched subject. Now, when we have the services of a research assistant as well as a secretary, and when Members are also serviced by the research section of the Parliamentary Library, the work we then got through would have been creditable. But to do it as we did, almost alone, seems almost impossible. I was very fortunate in having a wonderful secretary, Mrs Heley who was not only hard working and competent, but she had also been reared as a single taxer, so had a fanatical belief in the rightness of our cause.

It is true that my understanding of the damage done by high tariffs was rather limited. I understood, of course, that the farmer had to pay the price for a tariff on headers of weedicides or something that the farmer used. And I had taken the next step in understanding the problems; I knew that the farmer, if he was an exporter, eventually paid the price for a tariff on something he didn't use. For instance, the farmer would eventually have to pay the cost of a tariff imposed on brassieres, even though neither he nor his wife used brassieres. The increased cost of these garments would eventually get built into the cost of living and then into wages. Other sections of the economy would pass on the increased costs to other sections until the burden came to the chap at the end of the line, the exporter who had no one on whom he could unload his burden. He could, of course, rightly claim that his costs too had been increased, but his overseas client who was buying his wheat would be unmoved by this plea. "How very sad," he would say, "but I can get my wheat at the old price from Canada."

Although the fact that the exporter pays the price for tariff protection in the end is recognised by economists, farmers and their organisations seem to have more difficulty in understanding that they are being raped. This must be the explanation for their apathy, which, in turn, would explain the indifference of their representatives in Parliament about the weight of the tariff burden. The fact that I, at least, understood that simple economic fact, set me to some extent apart from my colleagues, and made me more impatient with them than I should have been.

Still, I admit my knowing that the exporter paid the price for tariff protection was a very narrow view of the problem. But my horizons widened gradually. The first change came when I began to get a reputation for being interested in the subject and manufacturers whose position had been damaged by high duties imposed on their raw materials began coming to me asking for help in getting these duties reduced. Mostly they were careful to ring me up rather than write because they didn't want to get into trouble with their industry organisations or with their fellow manufacturers. It would have been more helpful if they had been prepared to say in public what they said in private. But at least I began to learn what every student of economics knew, that tariff duties impose burdens on user industries as well as exporters, though in most cases these user industries can pass their burden along to some other sector in the end.

However, the way the tariff issue developed must wait awhile. In 1961-2 I was first trying to understand the problem and then trying to get Parliament to take some interest, and this wasn't easy. To say that my message was received with indifference would be an understatement of immense proportions. I used to be able to empty the House quicker than any other Member, and believe me, the competition was not negligible. Lorna, bless her heart, used to be so sorry for me that she used to come over to Canberra if she knew I had a series of tariff speeches looming. She would then sit doggedly in the Speaker's Gallery (there was never a great demand for seats while I was speaking) and it was some comfort to know that she was there. On one such occasion she was sitting there alone when the then Member for Lawson, Mr Failes, a member of the Country Party, came wandering into the House accompanied by one of his constituents who was a real bushie of the old school who had been brought up to know that tariffs really mattered. They sat down by Lorna and Mr Failes immediately lapsed into his usual

somnulent state. But his constituent, sitting next to Lorna, started to listen to what I was saying. I was quite excited to have someone besides Lorna actually listen to my message so I put a bit of beef into it. Suddenly the bushie could stand it no longer as he dug Failes in the ribs and said "Listen to this bloke, Laurie, he's actually talking sense." But Laurie Failes, unhappy at being woken in this way, grunted and then said so that Lorna could hear all too clearly, "Perhaps he is but we do get awful sick of him."

So it wasn't easy to get the House interested in tariffs. One of the reasons for this was that I was, and am, a dull speaker about any subject, but on a dull subject like tariffs I was unsurpassed. I used to try desperately to improve my performance and here again, Lorna used to help as well as she could. On one of her visits to Canberra, after I had performed particularly badly, she suggested that it would be a good idea if we put in a bit of time practising. So that night, in our modest room at the Kurrajong Hotel, we arranged that I would read over a speech that I had to make the next day and she would listen to it, time me and criticise me. So she got in to her cot and I read my speech through with more than usual feeling. When I had finished I asked, "How long, dear?" There was no answer, she was fast asleep already!

But I did have some lucky breaks. One was that the Minister for Trade, Mr McEwen couldn't help losing his temper with me. I could understand this because he had been getting his own way about tariffs for years and it must have been irritating to have this almost incoherent farmer taking him on in rather an irreverent way. He used to get very cross with me in the Party Meetings but this was in private. But on one occasion he lost his temper with me in the House, and his help did me no end. In November 1962 I asked him a loaded but innocent looking question about the independence of the Tariff Board which I thought was under challenge by the way the Government was treating it. The Hansard record only gives the text of Mr McEwen's reply, but there was no mistaking the venom of his tone when he almost lost control of himself towards the end of the answer. I tried to look greatly hurt but I was well content because I knew that Mr McEwen had drawn attention to my cause in a way I could not have done.

I followed this question with another. It again dealt with the vital question of the independence of the Tariff Board. But, remembering Mr McEwen's bitter attack on me the last time, I began by saying that this question was without notice but with trepidation. As Mr McEwen stood up to answer, Charlie Adermann sitting alongside him, pulled him by the coat tails, and whispered, "Steady, Jack, steady." This did not pass unnoticed in the press gallery, so I found that tariffs were gradually getting in the public eye.

Then Mr Anderson, the secretary of the Association Chamber of Manufacturers, which then as now was the leader of the protection at any price lobby, used to attack me and this was a great help, particularly as there was sometimes a personal bite to what he said. I was very grateful for his assistance because he was keeping my cause and me before the public eye in a way I could not have done on my own. I rang him up on his retirement and thanked him for all his help. I still don't know if he thought I was in earnest.

But shortly an event occurred that put tariffs on the front page of every paper in the country. The Chairman of the Tariff Board at that time was Sir Leslie Melville, a very distinguished economist. I have mentioned previously that I had been concerned because I felt that the true independence of the Board was under threat by the treatment meted out to it by the Government. Evidently Sir Leslie Melville was concerned also.

We must pause here and see why it was important that the Tariff Board of those days, and the Industries Assistance Commission (I.A.C.) of today should not only be, but also should appear

to be, truly independent. I have the same anxiety about the independence of the I.A.C. now as I had about the Tariff Board then. Both bodies should be seen to be independent because, once tariffs are thought to be a pawn in the political process, once factories located in particular electorates can be seen to be getting particular tariff advantages by leaning on particular politicians, particularly Ministers, then all objectivity in tariff making would be lost. This was the reason that Mr Bruce appointed the Tariff Board in the 1920's. If it were expertise only that was required, the Government could have built up the Department of Trade to supply it. But then the tariff making process would be clearly seen to be under the direction of the Minister, with endless opportunities for "pork-barrelling". This is why I was so concerned when Mr McEwen said that the Tariff Board was expected to keep within its sights statements as made from time to time by Ministers. What kind of independence would they have then?

In November 1962 Sir Leslie Melville announced that he was resigning but he did not say why though some of us had a pretty good idea. I raised the matter briefly in the Party meeting on November 7th but there was not enough time to discuss the matter properly but I was told by Sir Robert Menzies that I could continue the discussion at the Party meeting next week. I knew then that I had a real battle on my hands and that it would be wise if I stayed in Canberra for the weekend and did some homework, knowing as I did that bearding Mr McEwen in his den was likely to be a rather messy business, with a lot of blood splattered on the walls.

So I staying in Canberra and on Friday I rang Alan Carmody, later the head of the Prime Minister's Department, but then one of the top men in Trade. The matter we were discussing was not related to the Melville affair but after we had disposed of the first subject Carmody volunteered the information that Sir Leslie Melville was going to make a statement over the weekend saying when he was resigning. When I asked what was the reason Carmody replied that Sir Leslie evidently felt that the independence of the Board was in jeopardy so he must resign. I thanked Carmody for his information and retired to my sister's home in Canberra to gird my loins for battle and to be handy to a radio so that I could catch the full text of Sir Leslie's press statement.

However, there was no such statement, so on Monday I rang Carmody and expressed my disappointment that Sir Leslie's statement had not appeared. He said that he too was surprised and could not understand why. But he knew, and I knew that he knew, that very strong pressure had been brought to bear on Sir Leslie to prevent him saying what I had been told was in his press release. I then told Carmody that at least I had the satisfaction of knowing why Sir Leslie had resigned. Then I added the rider that when the matter was resumed in the Party meeting on Wednesday and when Mr McEwen said that no one knew why Sir Leslie resigned I would be able to pipe up from the back of the room, "I know and I can tell you who told me." "You wouldn't do it, Bert, you would not be such a sod surely." I replied that I feared I would find the temptation to get McEwen and him with the one barrel was almost irresistible. Then I left him to sweat it out.

One the Tuesday I showed the then Member for Deakin, Frank Davis, what I had prepared for Wednesday's Party meeting. Frank was a wise old bird who had come through the mangle with Menzies in the days of the U.A.P. I do not usually write out what I was going to say at Party meetings, but in this case I felt that the occasion was justified. Frank read what I had written with obvious distaste and then advised me not to go on with it. "Now look here, Frank," I protested, "I didn't show it to you to find out whether I should go on with it or not. I showed it to you seeking your help to strengthen it, not cutting its plurry throat." "Well, I still say, don't go on with it, not when we only have a majority of one as we have now." But I insisted on my right to continue and we parted on that basis.

The Party meeting the next day was a queer mixed up affair. I opened up and then was getting a surprising amount of support from all around the room when Menzies got to his feet and fell on me from his Olympian height. This was quite unusual, because he always used to let the Ministers fight their own battles, particularly those as good with their fists as McEwen. Having demolished me he invited McEwen to finish me off. McEwen started off by saying in a challenging way that no one knew why Sir Leslie Melville resigned, and I bit back my answer. Perhaps I was wrong, perhaps I should have been more ruthless and not so much of a gentleman.

As we went out of the Party meeting that day I said to Frank Davis that I thought that Menzies had been a bit rough intervening as and when he did. "I reckon I had enough support in the room to really worry McEwen until the Old Man got into the act. I wonder why he did it?" I said. "Ask me that question in six months time," Davis muttered out of the side of his mouth. (He mostly spoke out of the side of his mouth. I think it was a relic of his stockbuying days.)

So six months to the day I bailed Davis up and he told me the story. Because of their past close associations and because he was a wise old bird, there was a very close relationship between Davis and Menzies, so Davis always had easy access to the Old Man. So when he had read what I had prepared for the Party meeting and when I had declined to accept his advice to withdraw from the fray, he had gone to see the Prime Minister, told him what I was up to and what I was going to say and advised the P.M. to get me early. I suppose he was justified in behaving that way because we then only had a majority of one and the great big rock I was about to give the boat would have been a bit awkward. I guess it was a case of the game being more than the player of the game and the ship being more than the crew.

Learning from experience, the next time I had an awkward problem such as this to handle, I took it round to Menzies to get his advice. I had in my possession a newspaper cutting which was a report of an election meeting at Wangaratta which fair city contains the textile factory of Bruck Mills. Mr McEwen was supporting Mr Holten, the Country Party candidate and in the course of his remarks was reported as saying, "As long as I am Minister for Trade, Brucks will be all right." This was an example of how tariff matters should not be handled and why it was so important to have a truly independent Tariff Board. I left this quotation with the Prime Minister, making sure that I had a spare copy for myself. You can see that I was learning. The P.M. read it, grunted and then told me to leave it with him. Three weeks later I was summoned into the presence. He was seated at his big desk, looking very grumpy. He handed the cutting back and said, "Use it when and how you like, my boy, I am sick of the sod."

I did not wait to find out how McEwen had got under his skin. I just grabbed the cutting and left before he changed his mind. Then we had a debate on the subject and everyone thought I was awful rocking the boat by quoting the paragraph, and I couldn't tell that I had the P.M.'s blessing, but I did tell Davis.

Some people say that Menzies was intolerant and impatient of lesser people who disagreed with him. I certainly did not find him so; I found him both helpful and understanding though of course he would clobber you properly if necessary. And the Leader of the Opposition, Arthur Caldwell, was helpful also. During one tariff debate, after almost every one on both sides of the House had had a piece of me, Arthur called me over and said, "I don't agree with what you are saying, Bert, but I will defend your right to say it. Don't let them frighten you."

There were other people who were helpful. Ministers would pass me in the corridors and after a quick look around to see that no one was watching, they would urge me to keep going even if it killed me because I was doing more good than I knew. And on one occasion after I was

extra sorry for myself because I felt I was getting nowhere, a Minister called me into his office and showed me two Cabinet papers, one written before and one after a Party room debate on tariffs. There was certainly a great difference between the two documents. So perhaps it was worthwhile, but it was awful hard work, kicking uphill and against the wind all the time.