



A MODEST FARMER

The Australian Financial Review, 6 April 1979

Should we take Japan as a model for control?

In my first essay on the Crawford report I said how much Eccles appreciated the committee's endorsement of his frequently expressed opinion that we would all be better off if tariffs were gradually reduced.

Last week I expressed the concern of both Fred and I that, though the recognition was very nice, we were anxious to see some action in this matter and would not be content with more motherhood statements.

This week I want to write about the too ready acceptance by the committee of the place that government intervention is expected to play in industry restructuring.

When you look at the membership of the committee, it is not surprising to find a bias towards government intervention.

One of the committee members was Bob Hawke and intervention fits perfectly with his political philosophy because the Labor Party has always had government intervention as a prominent plank in its platform.

Mr Hawke expanded on this aspect of the report later at a Press Club luncheon in Canberra.

I understand that he claimed that he would adopt an even more interventionist attitude and suggested that we should follow Japan's example and control business decisions quite ruthlessly.

I have never been to Japan but I have been told that the Japanese Government and big business do indeed run their economy quite effectively and strictly.

But they also control their labour unions with an iron hand, though the hand may well be a velvet glove.

We too could make government intervention work if the unions would do what they were told and also were not dedicated to changing the system so as to bring about the socialisation of the means of production.

Mr Hawke then may well be right when he suggests that we should take the Japanese as our model and have the Government intervene massively in the economy.

But if this is to be successful, the control of management and men must be really tough, even ruthless.

How would this be accepted in Australia?

And while the unions openly advocate socialism, we cannot hope to get the working partnership between management, men and the government that makes the Japanese economy so efficient.

I wish we could.

Another member of the Crawford committee who could be expected to be in favour of government intervention is Sir Brian Inglis.

Some people may think that Sir Brian, who is head of the Ford Motor Company in Australia, would carry the banner for free enterprise on the committee.

And I guess, if you cornered him after a Chamber of Commerce meeting he would indeed give you that impression.

But the plain fact is that the Ford Motor Company depends on tariff and quota handouts from the Government.

It is hard to estimate accurately the subsidy equivalent of the protection given to Ford but it must be in the range of \$100 million a year, paid in the main by exporters.

So it would be surprising indeed not to find Sir Brian dedicated to the cause of government intervention, unless of course, knights are above temptation.

No economy which depends on the Government for tariffs or other handouts can properly preen itself in its belief in free enterprise.

Earlier this year I said that CEDA — that very prestigious group which proudly proclaims its belief in free enterprise — contained too many dependents on government bounty to be able to hold the free enterprise banner high enough for it to be seen above the dust of battle.

I admit that, being of a nervous Nellie nature, I was afraid that I would get clobbered by the good and great.

But instead I got congratulations.

My classical education is scanty, but I understand that, when Horatius defended his bridge to Rome, with his two gallant friends on either hand, they fought so fiercely their enemies from Tuscany were moved to admiration. Following the CEDA criticism, I got this little note of thanks, ending with:

“Even the ranks of Tuscany
Could scarce forbear to cheer.”

Then followed the writer’s signature with “CEDA trustee” in brackets.

The time is approaching when all of us, even knights, will have to demonstrate our belief in free enterprise.

We can’t run with the hares and hunt with the hounds forever.