



## A MODEST MEMBER

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### **Would Fred fleece the wool subsidy?**

When I saw Fred over the weekend, I expected his face to be wreathed in happy smiles because of the wool subsidy.

After all, he grows about 120 bales of wool, and my rough arithmetic shows that he could expect to get about \$2,000 from the taxpayer. I don't think he should regard this treatment as lousy.

But he quickly pointed out that he had been subsidising the Australian economy for years by being forced to carry the high costs of tariff protection and he regards this subsidy as an opportunity for getting a little of his own back.

I couldn't argue with him about the equity of his case, but I am rather more doubtful as to whether the subsidy is going to be good for him in the end.

I then asked for his opinion as to whether the subsidy should only be paid to the small woolgrower.

As you know, about 15 per cent of the growers produce about 60 per cent of the wool and these will get about 60 per cent of the subsidy. So if the big man gets the subsidy there would be less left for the small man.

"Do you think this is the right way to do it, Fred?" I asked. "Is it fair?"

I had been coached by Eccles to ask Fred this question. Eccles is not very much interested in whether things are fair; he is more interested in the economic result. The political result he says is my responsibility.

Eccles says that to limit the subsidy to the small grower would be to encourage him to be small just at the time when, through rural reconstruction schemes and so on, we are encouraging him to be big. So Eccles thought that the economic effect of limiting the subsidy to the small growers would be wrong.

But I know Fred wouldn't care a hoot about the economic effect. I wanted his reaction as a woolgrower. I got it.

First, he pointed out that if the subsidy was to be only paid to the owner of the small clip, then he would quickly divide his clip into (say) three. This would not be hard. After all, it is easy to put a different brand name on a third of a clip. And brand stencils are cheap.

So if it were the size of the clip that decided whether a clip was subsidised or not, he guaranteed that he would be found lined up at the trough, whatever was the size of clip required.

As I have often said before Fred may look simple but I have never under-rated him for cunning, particularly if he has time to concentrate on a problem. And he has enough progeny around the place to make the subdivision of his clip credible.

He then pointed out what would happen if we limited the subsidy in this way. The chap who had a lot of cattle and a few sheep, and who was really making money, would get full subsidy on his wool; while the man who had a lot of wool and no cattle and so was losing a lot of money, would get a limited subsidy. That didn't seem awfully sensible.

He then said that surely I must have learnt from last years "emergency for woolgrowers' payment," how dangerous it was for the Government to draw lines. I went quite pale.

I have got into even more trouble about last year's scheme than putting up my salary.

Some claim that the money should be paid only to the deserving poor, that there should be a means test. Cripes, what are we coming to?

The man who is a real expert at his job and pays a high rate of tax gets no subsidy! The farmers who is poor because he is lazy (and there are such people, though not of course in my electorate) gets paid in full.

Or does the Government go round deciding between the deserving poor and the undeserving?

I don't think I would like that; there would not be many votes in that kind of process.

Then there is the quaint idea that it is silly to pay the subsidy if the banks and the big pastoral houses are going to be allowed to latch on to the money because the grower is in their debt.

But even Fred admits that when he borrows money from the bank, he promises to repay it. And he still adheres to the old-fashioned principle that you honour your promises if and when you can, even if the promises are made to banks and pastoral houses.

And indeed, if the Government were to encourage these debts not to be repaid, then there would be an immediate contraction of credit to the industry just when credit was most needed.

Mavis has been in tears for over a week now.

"Not even an Assistant Minister, dear," she sobbed. "We will have to do something heroic soon, with the election getting closer each day."

She is right, of course. I wish I could find a good big popular rabbit to pull out of my politician's bowler hat. I admit there may be a few extra votes in advocating only subsidising the small man. But there are limits to which a chap can go.