THE steel industry has fallen on hard times. In 1981-82 imports substantially eroded market share. In 1982-83 a declining market will further erode BHP's sales and share of the market.

Structural adjustment is belatedly being forced upon the company.

Value added by BHP's steel division is 1.4 per cent of Australia's gross product. Australia cannot afford a "big Australian", which is merely a "big blob."

Although high sea freight give steel considerable natural protection, before the recent import quota decision the basic iron and steel making process itself was artificially protected by 5 per cent tariff only.

"However, the downstream processes cold rolled flat products, pipes and tubes and high alloy steel receive effective rates of protection of 2 to 25 per cent.

Australia ships iron ore and coal 4,000 miles from Western Australia and Queensland to Japan and Korea, where it is turned into steel, but Japanese mills produce about 250 tonnes per employee per year while BHP can manage only 190 tonnes.

It is this steel that sent the big Australian, cap in hand, to the government.

Hard times should be mother to efficiency. My family grows wheat. The 1960s were wet and profits came easily. We lived well and thought we were efficient.

On the other hand the 1970s were a running battle with drought and yields were abysmal in most years below our break even yield at the end of the 1960s.

Yet, without drought assistance, we made a little money. Even though the farm is clearly more efficient now than then our complacency is less. During the 70s our mistakes hurt but the lessons were not lost on us.

If the Government were now to insulate BHP's management from the wrath of its shareholders I fear the lessons to be gained from their bad decisions will not be learned.

The Government's steel decision is a landmark, not so much because the decision is more economically responsible than some recent trade decisions but because, on this occasion, the government used the right arguments in justification of its position.

The Minister said that the government recognised "the effect of additional protection and of any mandatory steel price increases on costs within the community generally, and in particular on the competitiveness of steel industries."

The government sees that high protection costs jobs, even if it is not quite clear to them that quotas enable protected companies to raise prices.

BHP's steel division employs 36,000 people and the steel users employ far more. The government saw that if steel imports were restricted then BHP's inefficiency would be passed on to those who turn steel into water tanks, motor cars, lawn mowers, etc.

The position adopted by General Motors either shows GM's desperate need of cheap steel or how little honour there is among protected companies.

General Motors, which has just successfully screwed out of the government high...