

The Balderstone group's report - "Agricultural Policy: Issues & Options for the 1980's" - vindicates the general arguments that the National Farmers' Federation (NFF) have advanced over many years and their faith that the arguments would withstand scrutiny. Balderstone makes it crystal clear that a comparatively efficient agriculture is too often for Australia's good burdened with unnecessary regulation and the cost of others' feather beds.

The Report states that "Given Australia's resources and economic advantages, the Group conjectures that this decline in Australia's relative economic performance reflects a number of factors, including the extent of government intervention, particularly in areas such as industry protection and regulation of financial markets, industrial disputation and wage fixing procedures. In many instances, regulatory intervention is repressive rather than productive." Nothing could be clearer than that, and NFF is entitled to say, "I told you so".

The NFF is in my view the most intellectually rigorous, and therefore the best, lobby in Canberra, but I was saddened by their response to Balderstone's findings. I hope what follows will sadden my friends at NFF.

Most of the industries NFF represents are among the most economically efficient not only in Australia but in the world. It is in these industries' interests that their inherent efficiency be recognised and that their government-imposed burdens be lifted from them. The effective rate of protection of agriculture is only 4%; there is no way that the Australian community could afford to raise that to anything like the 94% granted the motor car industry or the 205% granted

clothing and footwear. Leaving aside the impossibility of feather beds all round, there is no way that agriculture can be subsidised to prosperity; agriculture's brightest future lies with the elimination of all feather beds.

It is in Australia's interest that agriculture prosper while remaining efficient. Since there is a general coincidence of the national interest with that of the average farmer, then in order to serve the interests of the majority of its members NFF does not need to resort to special pleading or to sophistry, and it ought therefore to be the envy of many other lobbies.

It is sad that NFF chose to work its way through Balderstone's findings generally favouring those recommendations which favoured agriculture, and generally rejecting those recommendations which were against agriculture's immediate interest or which might make agriculture's apparatchiks subject to critical evaluation.

"NFF does not agree that higher rates of fertiliser assistance are not justified". Doesn't it now? The Evanses, the Aitchisons, the Walfords, the Hurfords and other advocates of protection will be delighted with that.

NFF agrees with Balderstone's findings that "on balance, farmers as a whole will benefit from (financial) deregulation" but asks that the Primary Industry Bank and the Commonwealth Development Bank should remain intact until the benefits of deregulation are in place. Come, come; are others to bear the costs of deregulation while farmers garner the benefits?

Special provision is made for farmers in income tax law - in any tax year a farmer may choose the tax rate which is the lower of the normal rates or one devised by

averaging their last five incomes; no adjustment is made for inflation. Balderstone recommended an end to such nonsense. It would have been better for the reputation of farmers if NFF had conceded the obvious justice of the Balderstone view but they did not.

Sea freights are a considerable cost to Australian farmers. Balderstone called for a "stocktake" of the shipping cartels which would among other things consider whether they should be made subject to the Trade Practices Act. NFF disagreed. Are they concerned that the Trade Practices Commissioner might develop a taste which extends to agricultural marketing cartels, do some of their members enjoy setting prices in smoke-filled rooms, or do they really believe that shipping companies are efficient in the absence of competition?

Rather tentatively NFF suggests that compulsory research levies might be used to facilitate part-funding of grower organisations themselves. Does NFF now favour compulsory unionism? Doesn't it see that the harm done agriculture by killing works strikes, shearers strikes, export bans, etc., was only possible because other producer pressure groups had the power to compel those eligible for membership to pay up. Those pressure groups regularly undertake to use their power responsibly and to use it in the best interests of their members yet there is a wealth of evidence that on occasion they do neither. They don't have to perform well in order to attract financial support. The certainty that NFF will suffer free loaders is better than the risk that it will go down the same track as so many trade unions.

Australian agriculture suffers a considerable burden thrust upon it by protected industries and trade union

monopolies but since it is in the end dependent on international markets it cannot prosper by joining others in economic inefficiency. It has an excellent case to make, but a case which must conflict with other well established interests. It can therefore only be well served by an organisation which husbands its credibility very well.

JOHN HYDE MP
FEDERAL MEMBER FOR MOORE



THE AUSTRALIAN
FINANCIAL REVIEW

A JOHN FAIRFAX GROUP PUBLICATION,
235-243 JONES STREET, BROADWAY, SYDNEY, AUSTRALIA.
CORRESPONDENCE TO BOX 506, G.P.O., SYDNEY, N.S.W. 2001.
TELEPHONE (02) 20944. TELEX AA24851.

December 29, 1982

Mr John Hyde, M.P.
Member for Moore, W.A.
G.P.O. Box B58
PERTH W.A. 6001

Dear Mr Hyde

I have pleasure in acknowledging receipt of your article,
ON THE DRY SIDE - XVI.

Yours faithfully

P.P. McGuinness per [Signature]

P.P. McGuinness
Editor-in-Chief

PPMcG:EF

