

Some wool industry history

John Hyde

Much of history is an account of the struggle between those who command and those who must obey. Politicians tend not to miss opportunities to increase their powers. Every crisis---real or imagined---is an excuse for them to raise taxes and regulate this or that. No period of peace or prosperity justifies their giving authority back to the people. No legal means of increasing their own authority is too undemocratic. And no argument for the retention of power too tenuous.

Citizens, on the other hand, tend to resist authority. They vote down referendums which would, if carried, increase the powers of those who must be obeyed. They guard their private domain, they break the more pettifogging laws, and history is full of accounts of bloody revolt against overweening authority. Citizens, nevertheless, put up with a lot that they did not wish upon themselves.

The history of the Australian wool industry is a case study of the single-minded pursuit of centralised control to the ultimate detriment of those from whom authority was taken---the Australian woolgrowers. Woolgrowers have had only one referendum on the issue of a reserve price. Then they voted down the idea. The process by which the industry had the reserve price and buffer stock scheme inflicted upon it was, to say the least, high-handed.

Worse, it was underhand. Governments, particularly of the more authoritarian variety, usually employ the Treasury to finance their own propaganda---that is, they make their publics pay for misinformation. The Australian Wool Corporation uses growers' taxes to finance self-serving propaganda. It is currently using growers' money to tell growers that the present 'crisis' was caused by bad luck, rather than by events that were foreseen and, indeed, were to be expected. In contrast, individual growers who wish to gain a decent hearing for an alternative view of the crisis must pay a second time to put that case.

This imbalance needs to be corrected. Two ways of doing so are to show that the current mess was precisely forecast by critics of the reserve price and that the scheme does not have the growers' mandate.

Ged. D'A Chislett, who once drafted the 'No' case for the 1965 referendum, has written a potted history of the reserve price scheme. It is published by the Australian Institute for Public Policy. The history is worth recalling:

In 1939, farmer advocates wanting 'orderly marketing' broke with supporters of the free auction system and during the Second World War the clip was, in fact, 'acquired'. Following a severe price decline in the late 1950s, the Philp Committee was set up. In 1962 it found that '...the introduction of a reserve price scheme is not advisable' and that 'the introduction of any form of acquisition scheme is, at present, inadvisable'. Nevertheless, just one year later, the Government required the Australian Wool Board to set up a 'Wool Marketing Committee'. This was done with a majority of Wool Board members.

Given its membership, and a term of reference that required it to seek some measure of price stability for growers, it is not surprising that this Committee recommended reserve prices. In 1964, the Australian Wool Industry Conference instructed its executive to submit a proposal to the Federal Government for a reserve price scheme. In 1965, the government agreed to the proposal, provided that it was submitted to growers by referendum, and provided the reserve price was kept within a conservative range.

When put to growers by referendum in December 1965, however, the reserve price scheme was rejected. This occurred despite the fact that farmers with as few as 300 sheep were given the same voting rights as people whose livelihood depended on wool. Undeterred, within two years, the Board was recommending 'procedures whereby the supply of wool to the market may be adjusted'. By 1969, the Wool Board had, with the approval of the government, formed a non-statutory company with powers to engage in 'supply management'. The Board was, however, specifically forbidden to acquire a 'stockpile'.

In 1970, following another price slump, the Wool Board recommended a statutory, single-marketing authority to set flexible reserve prices on a day-to-day basis, with financial limitations to avoid accumulation of stocks. Sir John Crawford, to whom the scheme was referred for expert advice, favoured the proposal, but spelt out in detail the consequences, which have now come to pass, of trying to 'hold a rigid reserve price level'. The Australian Wool Commission was established.

By 1971 the Wool Industry Conference was making a bid to the Government for power "to acquire and determine prices, including export prices, for all wool". In 1973 the new Labor Government merged the Board and the Corporation but would not 'commit itself to...acquisition without supporting detail'. The Government was unconvinced by 264 pages of 'detail', but in 1974 the Corporation was allowed to maintain prices for a whole selling season with end-of-season adjustment only upwards. In 1987, the Minister withdrew from setting the reserve. Thus the trap was set and about to be sprung.

Almost the same proposal that growers had rejected by referendum in 1965 had been foisted upon them by power-hungry industry politicians. What's new in politics?

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