

ON THE DRY SIDE THE NATIONAL PARTY AND THE FARMERS John Hyde

Everybody, except perhaps the Nats themselves, expected the National Farmers Federation's to fall out with the National Party. The marriage of the National Party (nee Country Party) to rural interests has been heading for the rocks ever since the great Black Jack McEwen induced his party to take the protected manufacturers to bed. The only wonder is that the union survived such flagrant infidelity for so long in NSW and Queensland.

Farmers export and they do not need PhDs to know that they pay for import barriers. Indeed they understood as much at Federation when they supported the Free Traders against the Protectionists.

Australian trade barriers cost today's average farmer \$12,000 annually. This big impost dwarfs fuel taxes, capital gains taxes and all other areas of rural complaint.

Although the Country Party's roots are among farmers and NSW free traders, by dallying with the Victorian protectionists, McEwen made sure that Australian farmers are a disadvantaged class. Farmers would do better if the Government were to give them no subsidies and require them to pay none.

Because policies which treat industries unequally reduce production and living standards, and because, in Australia, government intervention discriminates against most farmers, farm leaders find themselves defending national interests as they defend farmers. They serve most of their constituency well when they argue for the equal treatment of all industries even though some rural industries are heavily favoured by the government. Dairying and tobacco have assistance which much more than offsets their tariff induced costs. Protection of these industries predates McEwen, but under his influence it escalated along with that of cars, textiles, clothing and footwear. Both they and textiles were major industries in McEwen's electorate.

Short of reducing protection, there is no way to lighten its load (including the weight of dairying and tobacco industry protection) on the backs of wool, red meat, sugar and grain farmers. Unlike in the EEC, in Australia there are no industries strong enough to carry the major rural industries.

The relatively small handouts which could be found for wool, grain, meat and sugar producers were concentrated to gain maximum political effect. Ordinary farmers were given minor but visible favours, like the super and nitrogen bounties and the fuel freight subsidy, while tax breaks and prestigious positions on boards were targeted at the agro-politicians and the most wealthy, articulate and potentially troublesome growers. When all the farmers' cash and tax favours are deducted from the cost of protecting manufactures, the net average cost per farm is about \$9000 per year, \$3000 of which is lost by farm labour.

Agricultural circumstances have changed. In spite of Government 'help' the dairy industry is in trouble, tax breaks are not much help to farmers without much income, and marketing boards no longer convey much

prestige. Well led by Ian McLachlin and Co, farmers are now demanding an end to their status of disfavoured people. They are demanding industry neutral economic policies. The politicians' old strategy is in tatters. In the interests of farmers, the nation and even of the National Party, it must never be patched together.

Many of the current younger Federal Nat. MPs agree but Mr. Doug Anthony, has come out of retirement with a statement which attacks economic rationalism, attacks current farm leadership, and attempts to stitch together the old strategy. It is one of the silliest statements I have ever read. One cross farm leader described it to me as 'drivel'.

The Anthony statement starts by referring to the pussy-footing attitude of some farm leaders - some pussy; some foot. Mr. Anthony should ask the Meat Employees Industrial Union about pussy at Mudginberry.

His outburst goes on: "...not wanting Government supports or subsidies is a form of misguided ignorant pride." Mr Anthony admits that injudicious financial support can have undesirable effects, and that in the present economic conditions total government spending should be reduced, but says that rural industry is the exception to these principles. He would have the rural lobby sacrifice its principles and its hard won respect for an all but useless hand out. Respect is needed to win arguments against the unions at Mudginberry and elsewhere, and against the protected manufacturing and transport sectors. Even the gradual restructuring of the steel and motor industries undertaken so far is worth more to farmers than any likely handout from the already overstretched budget and the already overtaxed community. Did Mr. Anthony consider the effect of any meaningful handout on the deficit, on interest rates and on the international indebtedness which he describes as a cardinal weakness of our economy?. The reason our economy is not performing well is precisely the result of the sort of ad hoc government Mr Anthony is advocating.

In spite of the present rough patch and Mr Anthony's prognosis, most farmers expect to be around agriculture for some time yet. Since no government could afford to featherbed the major rural industries, a stand against government handouts is in farmers' long run interests. Much more importantly, it is also the national interest. We should all be thankful that these days there are lobbies (the miners are another) which fairly consistently demand economic neutrality.

National Party Deputy Leader Ralph Hunt, when he is in Canberra, is usually fairly sensible. But among other nonsense he told to a meeting at Werris Creek was this gem: "National Party policies are ... to examine the establishment of a tax free investment fund within the banking system." Come off it Ralph! You know that such a policy could never pass examination, and you should know that farmers are now not so easily diverted from things that matter. The old magic won't work. A speech about the creeping hoards of socialism and a few lollies from the taxpayers' bag no longer excites rural Australia. You can't rescue a love match by offering a lady baubles and you have nothing more to offer than the promise that she will no longer be asked to pay for your party's other girl friends.