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In politics, where the most rigorous arguments are easily turned; ridicule reeks havoc. Sometimes, in this best of all worlds, one's opponents, unaided, heap ridicule upon themselves.

The DAP dumping affair is redolent with the ridiculous and politicians, farmers and some fertiliser manufacturers are looking unusually so. There is no profit in that, but there is profit in the ridicule of pork barrel politics, farmers' irrational fears of commercial suppliers and middlemen, and the quaint notion that suppliers 'dump' goods.

In December the government introduced a \$55 per tonne anti dumping duty on a common fertiliser, DAP. On January 7 Mr. Burke, the West Australian Premier, who happened to be having an election, induced Mr Hawke to exempt West Australian farmers alone from the impost. On January 21 farmers in all States were exempted 'on a temporary basis.'

Bert Kelly once said that before each election he could feel a dam coming on. It is not news that politicians buy votes from favoured groups who happily (for them) live in key electorates, but even when resort to the pork barrel has been most blatant the politicians have solemnly acted out a charade by which sectional favouritism is ~~are~~ portrayed as the national interest. This time the scandal was so obvious the Minister for Primary Industry, Mr Kerin, could not keep a straight face.

Fertiliser is a major item in most farm budgets and by owning their supplier farmers hope to keep their costs down to enable them to better compete with foreign farmers. The Phosphate Co-operative Company of Australia is owned by farmers. Yet in November 1984, when when things got tough for farmers and fertiliser companies, this farmers' co-operative went to the Federal Government asking for an import duty to prevent Australian farmers buying the same cheap fertiliser which is available to their competitors. Lord spare farmers from themselves.

Ridiculous as the above is, it is not more so than a belief, fostered by uncompetitive Australian producers, including some rural producers, that foreigners 'dump' cheap goods to destroy local industries.

Australian living standards are under threat because the prices of the things we sell overseas have declined relative to the costs of the things we buy. One unnecessary reason for this misfortune is that when a foreigner is willing to sell us low priced goods we raise a duty on the them.

When we subsidise the goods we send to under developed countries we call our generosity foreign aid, but when the fertiliser manufacturers accused foreigners of subsidising fertiliser sent to Australia they called it dumping. Dumping, should it ever

occur, would be foreign aid with a real cost. It would be a transfer to us of unearned wealth for which we should be duly grateful.

When fertiliser companies claim that they cannot compete with imported DAP they are probably correct; nevertheless the imported fertiliser helps other Australians to compete. Over all Australian living standards and employment are improved by the commercial advantage gained; but within Australia wealth and employment are transferred from fertiliser makers to farmers.

When fertiliser companies claim that foreigners sell at a loss to destroy local manufacturers so that the foreigners can charge high prices later it is high order farce. If dumping were profitable the local companies would dump against each other. They don't because subsidising customers to destroy competitors is expensive and it is impossible to recoup with interest later. Only a company which has a world wide monopoly could dump profitably. The moment a company without a monopoly tries to raise its prices above the market price, to recoup past losses or for any other reason, another company will steal the customers. Aid cannot be reclaimed.

DAP makers do not have a world wide monopoly. Any DAP supplier contemplating forming a cartel might contemplate the difficulties OPEC, the tin and sugar cartels have got themselves into.

Australian fertiliser companies cannot use cheap international shipping because Australian ship owners and unions say international shipping is dumped. They face not just a duty but a complete ban on the use of foreign vessels to freight rock phosphate, the bulky ingredient of all phosphatic fertilisers.

Wesfarmers - half owned by WA farmers - argue that it is uncompetitive shipping which makes them uncompetitive. I can't vouch that the additional freight costs and the degree of their uncompetitiveness are equal but the direction of their argument is unassailable. Wesfarmers sought no protection from imported DAP so long as they were permitted to escape the cost of protecting Australian shipping. Fertiliser companies are in an excellent position to understand the protection merry go round. It was a bit naughty of them to try to pass the cost to an export industry which could pass it no further.

Dumping is established by the officers of the Customs Department. They determine what they call a normal value and goods supplied below that price they say are dumped. The normal value is established by enquiry into the cost and sale price in the country of origin and by witchcraft. There is not even an agreed definition of the cost of production. In July 1985 a tentative normal value of DAP of US\$224 was established by the department; by November this had been reduced to US\$205. The wild nature of the assumptions employed is demonstrated by the disparity.

Thanks to a bad season I will sell my wheat below cost this year.

Am I dumping it in China? Predatory dumping is impossible and any other so called dumping in Australia profits Australians. DAF is not subsidised but if others really want to give us aid, such as the agricultural produce the EEC for domestic political reasons subsidises, then we make poor fools of ourselves by calling it dumping. What is more we risk unjustly bankrupting Australian importers and Australian users.