

TRADE POLICY TRANSPARENCYPublished
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The Prime Minister, when he was A.C.T.U. president in 1973 defended the Whitlam government's 25% tariff cut with the following words:

"Although the tariff cuts are unlikely to affect the overall level of unemployment in Australia, a small number of firms may have to reduce the size of their workforce..... We have to have a concern for the totality of the workforce and the economic problems with which they are confronted..... I think the interests of the whole require us to endorse what has been done".

It was a correct and, from the position of A.C.T.U. president, courageous statement which as unemployment mounted he must have had thrown back at him.

The following year the Opposition, in the Bass bye-election, found more political advantage in blaming unemployment on tariff cuts than in telling people they were overpaid. They did not feel constrained by the facts of the matter, and were able to get away with it because the issue had never been publicly and credibly debated. Instead the public heard the cock and bull stories of political and commercial vested interests.

Mr. Hawke must have still had these events in mind when over three years later, still A.C.T.U. president, he said of public acceptance of adjustments necessarily associated with trade reform:

"Domestic wrangles may be kept to a minimum:

.If there is adequate provision for debate.

.If all recommendations receive orderly consideration by democratically accountable institutions of government.

.If there is adequate provision for monitoring and response by the public.

As governments and industry come to realise the truth of these things....then of course the trade unions must be prepared to face the challenges of change."

Mr. Hawke was saying, that before change is accepted, the processes that cause change must be trusted; and that for the process itself to be trusted it must be visible, open to challenge, and systematic: the antithesis of what happens now.

Mr. Hawke's remaining requirement, that of democratic-accountability, is met in the sense that cabinets are held to account at elections, but it is not met in that the electorate is denied the information it needs to bring cabinets to account fairly. Remember Bass.

Relatively few people have obtained a remarkable hold on the Australian economy, effecting massive wealth transfers that certainly would not be tolerated if the public was in a position to see through the processes to the consequences.

Most increased protection since 1972 has been in the form of quantitative restrictions against imports. The major industries protected in this manner have been textiles, clothing, footwear, and motor cars. Industries thus protected account for only 2.5% of GDP and 3% of employment, but get 40% of the subsidy paid by consumers to all protected industries. Ten years earlier this form of protection accounted for only 1% of the subsidy.

The tax is massive, (\$3,400 million in 1981/82), and highly regressive. People put up with it only because the process by which it is imposed is opaque. Only those few citizens wealthy enough to travel overseas are in a position to compare prices and qualities.

That protection damages the economies that practise it is freely admitted by politicians' overseas speeches, and it is the overwhelming view of economic literature. However, voters do not read little reported speeches made in foreign parts nor the more esoteric economic literature; it is all too easy to lie to them. Remember Bass again.

Never-the-less, rising criticism of the tariff has encouraged resort to even less visible forms of protection - import quotas; licences; dumping actions; subtle changes in by-law administration, health, quarantine and safety rules; and processing delay and inconvenience to name only the more important new protective devices.

Without help, voters can not be expected to see behind the closed doors, calculate their losses, or distinguish between respectable economic argument and special pleading. Mr. Hawke's requirements that the process be visible, challengeable,

systematic and democratic would substantially help voters. Surely no-one, in our democracy, could get away with arguing that an ill-informed electorate was good, or that it was in the interests of democracy itself to leave the dissemination of information about so large a matter to narrow interests with obvious axes to grind. The government of a day and its opposition themselves have narrow vote maximising interests to advance. So do the bureaucracy, protected producers, unprotected producers, and consumers have interests in different ways. Almost everybody has a selfish interest in the protection debate; almost no-one alone can give credible testimony. But that should not dismay; it is a circumstance with which free societies have learned to cope by facilitating everybody's capacity to get into the act in public - by making the protection granting process transparent - as transparent as our law court system. If a judge or juror were caught taking a quiet briefing from a party to a court case upon which he was sitting disqualification would be automatic. Yet interested parties to protection arguments, often with far more at stake than most court cases, are often found closeted in the offices of the ministers directly responsible.

In the foreseeable future it won't be possible to get the protection issue out from the control of the democratic processes into a legal or quasi-legal arena giving the affected parties effective protection of the rule of law. They will remain subject to massive changes to the rules which can make or break them.

However, in this matter it is possible to bring to the democratic processes that discipline that is most appropriate to it. Democracy, like law, should be acted on a flood-lit stage. The stage should be parliament, but party discipline has dimmed parliament's lights somewhat. They would be turned up if a technical body, (the IAC?), was required to report to parliament with an economic impact statement which identified the public good before the government reached decisions that locked in party members. The technical group should be required to ferret out all hidden changes in either direction, reporting these to a parliamentary committee.

Then, although the government remained responsible, it would exercise responsibility in the face of proper democratic discipline- informed publicity. Those who fail to get into ministers' offices will then be less unequal. The process will be more likely to be trusted. Bass type fibs would yield fewer votes.