

PART TWO: FARMERS, POLITICIANS AND PUBLIC SERVANTS

CHAPTER TWO

RURAL PRESSURE GROUPS AND THE COUNTRY PARTY

INTRODUCTION This chapter and the next concentrate on the years 1949 to 1972 when the Country Party, begun by farmers, enjoyed 23 unbroken years as a partner of the Liberal Party in Federal Government. Despite the many benefits gained by farmers, such as production subsidies, price guarantees, fuel rebates and tax concessions, they discovered that creating a political party was one thing, but getting it to act exclusively for their benefit was another.

During its long spell in coalition government, the Country Party was never anywhere near strong enough to govern in its own right. However, as discussed later in this chapter, the party often got its way in Cabinet because, in contrast to the Liberal Party, it comprised like-minded politicians with a clearly defined constituency and operated under strong and stable leadership. Up against a phalanx of Country Party ministers, claiming expertise on rural matters and arguing the same line, the Liberals gave ground on measures to support farmers' incomes or to boost their trade prospects through currency devaluation. Providing benefits to farmers could, at times, take precedence over the interests of good economic management.

The early divisions between farmers and graziers centred on land control, wealth and social status, but they were aggravated by the Country Party itself when it became a party of high protection. Many farmers, enjoying the benefits of income support schemes, muted their criticism of tariffs that increased their own production costs, but the graziers, selling on the free market, were not so inhibited. A later chapter will record bitter clashes between Country Party leader, John McEwen, and grazier organisations on the protection issue. However, there was one factor uniting the various farm organisations behind the Country Party and that was their determination to keep the Labor Party out of office. Labor, and the trade unions that supported it, were the common enemy.

The Graziers' Association of NSW, despite its hostility to McEwen's protectionist stance, was a generous donor to Country Party funds. Nevertheless, all formal links between the party and farm organisations were broken by the mid-1940s. It was an uncontested divorce. The party wanted to drop its image as a sectional party and appeal to the wider non-metropolitan electorate while the farm organisations believed that non-affiliation would give them a better working relationship with Labor governments. However, informal links remained strong, with a significant cross-membership between branches of the Country Party and those of farm organisations.

In Chapter Three we examine agricultural policy-making by the Federal Country Party in the face of hostility between farmers and graziers and how it exploited their inability to speak with one voice. Later chapters will record how the end of the 23-year reign of coalition government and the election of the Whitlam Labor Government dramatically altered relationships between primary producers and the Country Party.

CUTTING THE CORD

Whereas virtually all pressure groups, with the notable exception of trade unions, have been content to try to influence political parties without formal affiliation, the farmers of Australia created their own party and it has been a feature of Australian political life since 1914.¹ Around the turn of the century, farm organisations began to

¹For a detailed discussion of the emergence of state and federal Country Parties see D.B. Graham, *The Formation of the Australian Country Parties* (Canberra, 1966), Ulrich Ellis, *The History of the Australian Country Party* (Melbourne, 1963) and *The Country Party-A Political and Social History of the Party in New South Wales* (Melbourne, 1958) and D.A. Aitkin, *The Country Party in New South Wales: A Study of Organisation and Survival* (Canberra, 1972). See also Keith Richmond, *The National Country Party*, Chapter 2 of *Political Parties in Australia*, edited by Graeme Starr, Keith Richmond and Graham Maddox (Melbourne, 1978) and C.A. Hughes, *Political Parties*, Chapter 17 of *Australia: A Survey*, edited by Venturino G. Venturini. (Hamburg, 1970). pp.352-355.

endorse candidates standing for state legislatures with some of the successful candidates loosely referring to themselves as "country party" members. The pastoralists held aloof from the new political movement. Their organisations were industrial and directed at combating the demands of shearers and many graziers had strong financial and social links with the city. It was well into the new century before the pastoralists, or graziers as they began calling themselves in an effort to attract the small woolgrowers to their ranks, adopted the concept of a Country Party. While the NSW Graziers' Association was the joint founder, with the Farmers and Settlers' Association, of the NSW branch of the Country Party, in other states the graziers were less prominent and the party was generally seen as a creation of the FSA movement, a "farmers" party. The keener interest of FSA organisations in political representation resulted from their demand for legislative action, first to change the land laws and second to instigate marketing reforms. Many graziers maintained close links with the other conservative parties and adhered to the free market.

Getting representation in parliament, forming a political party and sharing the government benches was a notable achievement for rural pressure groups, but it came at a price. The Country Party developed a life of its own and, in its desire to share power and co-operate with its conservative allies, it could not always deliver what farmers wanted. At times, there was only so much pressure it could exert without risking the coalition. Its success in influencing policy depended heavily on whether it held the balance of power or merely added to the conservative majority in parliament.

Farmers discovered this as early as the 1920s when the demands of wheatgrowers for compulsory pooling were not fulfilled. On this issue and farmer complaints about Australia's high tariffs, the federal Country Party was not prepared to risk its alliance with the other conservative party. It had its own position to consider as a newcomer to federal politics and could not afford to antagonise its senior partner. This was a major factor leading to the emergence of new wheatgrower organisations in the 1920s. They called on the Country Party to remain fully independent so that it could fight for

marketing reforms, unimpeded by a coalition partner which had city financiers and grain merchants among its constituents.

So strong was the feeling against coalitions in Victoria that John McEwen, the man to later lead the party in Canberra from 1958 to 1971, was expelled from the state branch of the Country Party in 1937 for accepting the post of Minister for the Interior in the Lyons-Page Government. McEwen survived through the ploy of establishing the Victorian Liberal-Country Party, which provided him with the necessary support until it merged with the Country Party two years later.² In 1926, the Victorian Country Party had suffered a split when the state's wheatgrowers established the Country Progressive Party as an independent voice of the wheatgrowers. The CPP saw all Country Parties in coalition as lacking in determination to fight for marketing reform. Although the CPP quickly faded, the radical wheatgrower organisations never formed official links with the Country Party. The Australian Wheatgrowers' Federation, established in 1931, had a non-political charter although it accepted membership from the Farmers and Settlers' Association of NSW and the Primary Producers' Association of Western Australia, both affiliated with their state branches of the party. However, from 1948 on, wheatgrowers enjoyed the protection of stabilisation schemes and, raising few political problems for the Country Party, were generally assumed to be party supporters.

There were moves before and during World War Two by both the farm organisations and the Country Party to loosen their links. Many considered this as essential if the party were to lose its image as a purely sectional party and broaden its appeal beyond the farm gate to towns and regional cities. Long term survival as a farmers' party would be difficult in a nation that was already highly urbanised.

Until 1926, the Australian Farmers' Federal Organisation, which had been established by the FSA movement in 1915 to push for wheat pooling, pursue industrial issues and determine guidelines

²McEwen, *op. cit.* p.16.

for endorsing Country Party candidates, had acted as the secretariat of the Federal Country Party. However, in that year the Federal Country Party, under Earle Page, decided that it was time to establish its own secretariat, one that would be concerned more with political issues rather than the economic sectional interests that dominated the AFFO.³ Page had endured the hostility of some farm groups affiliated with the AFFO, notably the Victorian Farmers' Union, when, in 1922, he led his party into coalition government with the Nationalists under Prime Minister, S.M. Bruce. This was in defiance of an AFFO resolution declaring that the Australian Country Party "shall act independently of all other political organisations".⁴ Page was in the firing line again two years later when he reached agreement on an electoral pact with Bruce featuring joint Senate tickets and a refusal to run candidates against sitting coalition members if the coalition was in government. In 1926 the Australian Country Party Association was formed and the AFFO faded out of existence. According to Overacker :

The principal reason for the change was to provide an institution which would emphasise political rather than economic demands, and to recognise that the Country Party movement was no longer an association of sectional groups but an association with a social basis which welcomed country townsmen and other groups not included in the general category of "farmers and graziers". By this time, some of the AFFO groups were becoming dissatisfied with the failure of the coalition to meet its tariff and marketing problems.⁵

The new organisation gave Page a freer hand in developing policies and parliamentary strategy-matters he believed should be left to parliamentarians. The politicians were the first to try to cut the

³See D. B. Graham, *op. cit.* pp. 28--6.

⁴Quoted in Ulrich Ellis, *A History of the Australian Country Party.* p.51.

⁵Louise Overacker, *Australian Politics in a Changing Society.* Melbourne, 1968. p.255.

umbilical cord but, by 1944, all farm organisations had broken official links with the Country Party, although they remained its backbone providing much of its branch membership, funding and election campaigners. The last of the affiliated farm organisations to sever official links with the Country Party were the Farmers and Settlers' Association of NSW (in 1944) and the Graziers' Association of NSW (1945). They had combined more than 20 years earlier to establish the party in their state. A later chapter will reveal, however, that the Graziers' Association continued to provide the party with generous financial assistance until it merged in 1978 with the United Farmers and Woolgrowers' Association.

The divorce between farm organisations and the party was one of mutual consent, with the people making the decision to split holding positions of influence in both the farm organisations and the Country Party. The former chairman of the NSW Country Party and former federal Minister for Health, Ralph Hunt, described the disaffiliation as a "tactic" which recognised that the party did not have much of a future if it just concentrated on the farm sector.⁶ Hunt said the party itself was generally in favour of the split:

As a young activist I was very much in favour. Not every party member was but the young Turks could see no future for the party if it strictly remained a farmers' party. The consequence of moving from a sectional to a regional party was a much broader membership to include the conservative people of the towns, including local businessmen.

Without the break-up, he argued, the Liberals would have taken more Country Party seats in NSW. The split has been portrayed as a move by farmers to improve their own communications and dealings with all Governments, especially Labor, but it was a break-up without rancour that did no apparent harm to the party. Hunt explained that:

⁶Interview with Hunt, Canberra, August 20, 1992.

In NSW nearly all the branches of farm organisations west of the Great Dividing Range have virtually the same membership as branches of the National Party. I used to find going around my former electorate of Gwydir that the chairman of the local branch of the Country Party was also chairman of the local branch of the Livestock and Grain Producers' Association. Cross-membership was strong and remains strong.

To promote itself as a regional party, the Country Party has portrayed non-metropolitan areas as neglected relative to the bloated cities. However, Overacker writes that even by the 1940s Country Party claims of special hardships associated with country living and a misunderstanding of them by the city dwellers were losing their punch:

The sense of grievance was less strong; with electric power, rural dwellers shared many of the comforts of their city cousins; motor cars, better roads, radio and television broke down their isolation; the contrast between city and country living, between urban and rural social patterns became blurred.⁷

Improving the lifestyle of the non-metropolitan population has generally been a job for state parliaments. It has been in the Federal Parliament, where decisions are taken on issues like tax concessions, commodity marketing schemes, rural research funding and natural disaster relief that the party has been able to do most for its farmer constituents and demonstrate that it remained very much a sectional party.

THE FEDERAL COUNTRY PARTY AND FARMERS

The Country Party successfully promoted many policies favourable to farmers through the Federal Parliament, with much of its strength coming from strong leaders in Earle Page, Arthur Fadden,

⁷*Op.cit.* p.226

John McEwen and Doug Anthony. Apart from the short stint by Archie Cameron, from March to September 1940, the leadership of the Country and later, National Party, was in the hands of just those four men from the 1920s until the 1980s. The solidity of the Country Party earned Liberal respect and its concentration on rural issues gave it an expertise that few on the Liberal side of the Coalition could match. Unlike the Liberal and Labor parties, the Country Party appeared as a solid core of politicians all pushing in the one direction. It had no wets or dries, no left or right wings. Its occasional outbreaks of internal fighting were generally over friction between state branches of the party, not policy. And when the rural voice in parliament was that of the tough and uncompromising John McEwen, then Country Party policies had an even greater chance of Cabinet acceptance.

An early example of the ability of McEwen, then Minister for Commerce and Agriculture, and the Country Party to exert influence beyond the party's numerical strength came soon after the Chifley Labor Government was defeated in 1949 and the Menzies-Fadden Government installed. Menzies, and many Liberals, wanted the Australian pound returned to parity with Sterling. The link had been broken in the Great Depression when Australia's severe economic crisis led to the pound being devalued by 20 per cent compared to Sterling. With the war over and a return to better times, the push for parity was strong, not only for the sake of national morale but to encourage overseas investment and help contain the inflation rate by reducing the price of imports. The Country Party, however, saw parity as harming rural exports and believed the time had come to promote the rural sector which had been run down during the war and the Great Depression. Writing about his victory in stopping parity, McEwen said that "it was not a case of the Country Party fighting the Liberal Party as such, for the Liberals were not united at all....and in the end we got our way".⁸

But the Country Party, in its pursuit of pro-rural policies, still had to compromise in the interest of Coalition unity especially in the face of the continuing drift to the cities resulting in a declining

⁸*Op. cit.* p.42.

voter base. The party failed badly on its plank of decentralisation and its campaign for new states, centred on the New England region of NSW, also failed and the drift to the cities continued. The farm sector's own rising productivity added to the drift because bigger and highly mechanised farms required fewer farm families and fewer farm workers. The 1988 report on the future of the National Party in the wake of the damaging "Joh for Canberra" campaign led by the then Queensland Premier, Sir Joh Bjelke-Petersen, said that the burning zeal of country people to fight for physical improvements to equate their lifestyle to that of city people did not generate the same heat that it once did.⁹

McEwen had noted this much earlier and he saw a better future for the party if it could increase its popularity with secondary industry by providing greater protection against imports. If this led to more rural-based companies surviving and expanding, so much the better. In 1949, McEwen surprised Menzies and Fadden by preferring to become Minister for Commerce and Agriculture in the new Coalition government, rather than taking on the old Country Party favoured portfolio of Postmaster-General. In Commerce and Agriculture, McEwen had the opportunity to develop his protection-all-round strategy and later, when the portfolio was split into Trade and Primary Industry, McEwen kept Trade, and with it responsibility for the Tariff Board whose generous doses of protection to industries appearing before it was to cause a serious rift between McEwen and the graziers. In that era he could buy off wheatgrowers and dairyfarmers with stabilisation plans, but not the unprotected wool and beef producers.

Two name changes in the post-McEwen era, to the National Country Party in 1975 and to the National Party of Australia in 1982, were both aimed at further breaking down the image of a farmers' party. The move to discard or downplay the word "country" came from the states. The Queensland branch was the first to go "national". In 1974, under the leadership of Premier Bjelke-Petersen, the party

⁹*The National Party of Australia: The Future. A Report by the Committee of Review into the Future Direction of the National Party of Australia.* Canberra, 1988. p.15.

adopted the name "National Party" in an attempt to broaden its electoral appeal, win urban seats from the Liberal Party and secure its position as the dominant party in the state.

In 1974 Western Australia changed to the National Country Party and Victoria to the National Party. In the following year South Australia changed to the National Country Party with NSW, the most conservative branch, taking another two years to become the National Country Party. Eventually all states adopted the same National Party banner, but not without considerable heartburn, especially in NSW.¹⁰ The National Party's Federal Secretariat reported that as well as the name changes, the Party had broadened its areas of political interest. "Instead of concentrating mainly on rural needs, it now has policies for all portfolio areas-policies that are relevant to all Australians".¹¹ Despite broadening its outlook, the party claimed that it remained firmly committed to placing primary emphasis on policies for the benefit of people living outside the cities and working in major wealth generating industries such as agriculture and mining.

The McEwen era of high protection, and efforts by the Country Party to leave behind its image as a farmers' party and broaden its electoral base, did not stem the tide. The party remains a declining force in Australian politics. At the 1990 federal elections, the National Party won only 14 seats in the House of Representatives, with members coming from only the three eastern states, NSW, Victoria and Queensland. NSW provided eight of the 14 members. Political commentator, Alan Ramsey, calculated that there were 58 rural and provincial seats in Australia, of which the National Party's 14 fell well short of Labor's 24 and the Liberal Party's 20 seats.¹²

After the 1990 election the National Party's percentage of seats in the House of Representatives fell to just below 9.5 per cent, its

¹⁰For a detailed assessment of issues surrounding the change of name at both the federal and state level see *Country to National*, edited by Brian Costar and Dennis Woodward, Sydney, 1985.

¹¹*An Introduction to the National Party of Australia*, Canberra, 1990. p.17.

¹²*Sydney Morning Herald*, July 18, 1992.

lowest level since the party was established federally in 1922. The Nationals have never held a federal seat in Tasmania since its first federal parliamentary leader, William McWilliam, resigned and have not held one in South Australia since Archie Cameron defected to the Liberals in 1940. It was 20 years since the Nationals had won a seat in Western Australia. Ramsey cites the party's 15.6 per cent of the vote in 1937 as its high water mark and describes the contrast between then and 1990 as "stark".

The Nationals squarely laid the blame on the "Joh for Canberra" campaign and Sir Joh's attempts to undermine the then federal party leader, Ian Sinclair, for the Coalition's loss in the 1987 elections. The party lost two seats in 1987, but then dropped another four in 1990 with the unpopularity of the Queensland branch still having an impact, not only in Queensland but in neighbouring northern NSW. One casualty was the then party leader, Charles Blunt, in the traditional National Party seat of Richmond.¹³ The National Party is clearly failing to sell itself as a broad-based party with strong appeal beyond farm families and the residents of the small towns which depend on farmer custom. It is certainly not appealing to the retirees and alternative lifestyle people who have moved into some coastal National Party seats over recent years.

Major problems confronting an independent National Party purporting to be a strong voice for farmers in Canberra concern demographic and media changes. The 1988 report on the party's future bluntly stated that:

the whole demographic structure of rural Australia has changed. The number of farmers has declined from 203,000 in 1953 to 169,000 today. Farm employment, as a proportion of total employment in Australia, has fallen steadily from 28 per cent in

¹³For an assessment of the National Party's disappointing performances at recent federal elections, including 1993, and its future see Brian Costar, *The National Party: Revival or Extinction*. Chapter 9 of *For Better or Worse: The Federal Coalition*, Brian Costar, ed. Melbourne, 1994.

1933, to 15 per cent in 1954, 8 per cent in 1971 and just 5 per cent today".¹⁴

THE RURAL MEDIA AND THE LOCAL M.P.

Of increasing concern to the National Party is the dramatic change that has come over the rural media in recent times. Virtually gone are the locally owned newspapers and radio stations that gave the speeches, press statements and activities of the local National Party politician wide coverage. So close was the relationship between some editors and the federal Members of Parliament that members could personally telephone through reports of their speeches in the House and confidently expect space in the next edition.¹⁵

The National Party's report laments the passing of the "fierce parochial loyalty" of the home town media and the transmission of news reports from city agencies which refer to National Party ministers as "Liberal" or to the "Liberal Opposition".¹⁶ Today, the National Party gets less sympathy from centralised radio, television and newspaper services. News coverage is increasingly geared to the entire population and not segmented to cater for the farmer. Marinya Media Pty. Ltd., under the chairmanship of J.B. Fairfax, owns more than 80 country newspapers in all states except Western Australia. Operated by a subsidiary company, Rural Press, they include regional dailies such as the *Northern Daily Leader*, Tamworth, the *Ballarat Courier* and *The Examiner*, Launceston. Stories are syndicated among these newspapers, a similar situation to other rural press chains, such as the Queensland-based Australian Provincial Newspapers, controlled by Cameron O'Reilly, the son of the Irish media magnate, Tony O'Reilly. The rise of rural newspaper chains has meant fewer resources devoted to, and less interest, in covering the activities of local politicians.

¹⁴p.78.

¹⁵Personal observations over years working in the Federal Parliamentary Press gallery.

¹⁶p.15.

Rural television has gone the same way through the aggregation policy that has linked groups of regional stations into the one network. Farmers listening to their local Macquarie Network radio station will hear news on farming prepared by a city-based reporter. Former National Party leader, Ian Sinclair, said that:

The whole nature of media changes is extraordinary. If I were to pick up any rural media publication you see the same writers writing basically the same stories. The economies of the printing press is having a significant effect, but also of great importance is that television is now all Sydney and Hollywood. The local programs featuring local identities do not happen now.

National Party members are not getting exposure. But it was not just that-people were not thinking of their community because the community emphasis has gone from the media. The country mindedness that used to prevail is being neutralised by the pressure of a contracting media.¹⁷

A further problem for the National Party is the monopolisation of the specialised rural press. *The Land* (established by the Farmers and Settlers' Association of NSW in 1911) the *Queensland Country Life, Stock and Land*, Victoria, the *Western Farmer and Grazier*, Western Australia, and the *Stock Journal*, South Australia, are now owned and controlled by Rural Press. Under Rural Press, there is not only syndication of articles, but the style of reporting has become less sympathetic to the Nationals. The farm press continues to give prominence to the opinions of National Party spokesmen but, according to former Canberra correspondent for Rural Press, David Kelly, the National Party is making less news today and fewer farmers see it as their voice.¹⁸ Kelly sees the rise of the National Farmers' Federation in 1979, with its staff of economists and

¹⁷Interview, Canberra, September 10, 1992.

¹⁸Interview, Canberra, August 25, 1992. At the time Kelly was employed by Rural Press.

commodity spokesmen, as providing the farm press with more quotable and readable comments on primary industry than members of the National Party.

DECLINING RELEVANCE OF THE PARTY TO FARMERS

When Ian McLachlan was NFF president (1984-88), his standing with farmers, already high over his leading role in breaking the live sheep export embargo imposed by meatworkers some years earlier, soared. McLachlan organised and addressed the mass rally of protesting farmers outside the old Parliament House in 1985, as the Hawke Government's National Tax Summit was going on inside. McLachlan, an economic rationalist, attacked both sides of politics for slow pace of reform on tariffs, industrial relations and micro-economic reforms. He was further setting the rural agenda and freezing the Nationals out of the media. By refusing to let the then National Party leader, Ian Sinclair, address the Canberra protest rally, McLachlan further demonstrated the political independence of the NFF, and what many farmers saw as the decreasing relevance of the National Party to its cause. *The Canberra Times* reported on October 26, 1985, that Sinclair had to endure another McLachlan onslaught on the previous day when the NFF president addressed the party's Federal Council meeting in Canberra. McLachlan accused the party of lacking direction and relying on "the same, tired rhetoric heard thousands of times before". He claimed the party's credibility had diminished with country people because its policy research effort was inadequate. McLachlan was making an unfavourable comparison between the party and the NFF which had earned a reputation for high quality research.

On the day of the rally the NFF launched its Fighting Fund, which soon afterwards reached an estimated \$14 million. This money has been used for fighting industrial disputes and various NFF campaigns. None of it has gone to help the National Party, which has led former National Party leader, Doug Anthony, to complain that this was really money that should belong to the Nationals. Most of it

had been donated by people who normally supported the Nationals.¹⁹

The NFF has demonstrated its political and financial independence from the National Party and has become the "voice" of farmers, especially after March, 1983, when the ALP began a long term in office. Some senior figures in the National Party realistically accept that the party plays second fiddle to the NFF when the Coalition is on the Opposition benches. Former deputy leader of the National Party, Bruce Lloyd, believes the NFF had a special role when "we are not in government".²⁰ There had to be ongoing discussions with government on marketing, trade, tariffs and other issues, he said, and these were best handled by a body speaking on behalf of all farmers. Ralph Hunt holds the same view, arguing that when the National Party is in Opposition someone has to represent farmers in negotiations. But, he said, the NFF still needed the Nationals if they failed to make headway with the Government. Unfavourable legislation could be blocked or amended in the Senate where governments often lacked a majority.²¹

THE IMPACT OF A CHANGE OF GOVERNMENT

The defeat of the Coalition in 1972 ended a cosy relationship between farm organisations and government. The installation of the first federal Labor Government in 23 years was, according to the first NFF president, Don Eckersley, a significant factor in the emergence of that organisation.²² He was supported by the former chief executive of the NSW Farmers' Association, John White, who said that:

When the ALP took office we realised that we would have to start every submission to Government by explaining the nature of the farm

¹⁹Interview, Canberra, May 6, 1992.

²⁰Interview, Canberra, June 5, 1992.

²¹Interview, August 20, 1992.

²²Interview, Sydney, January 28, 1992.

sector and many details about exports, farm incomes and other issues. To do this, it was essential to have a really good secretariat, and a single representation. Mixed voices were confusing even to an expert and worse when the person listening was not up on events.²³

For the first time since 1956-58, when William McMahon held the post, there was a non-farmer as Minister for Primary Industry, and no farmers in Cabinet. There were, on average, no more than two or three farmers in the Caucus primary industry committee at any one time in the Whitlam years, none of whom had been prominent in farm organisations before entering parliament.²⁴

Former National Party leader and Minister for Primary Industry, Ian Sinclair, has retrospectively boasted of the enormous influence exercised by him and his ministerial and party colleagues, Doug Anthony and Peter Nixon, within the Fraser ministry on behalf of farmers.²⁵ From the Liberal side there were also powerful rural voices, notably the Prime Minister, Malcolm Fraser, and senior ministers, Tony Street and Wal Fife. Those halcyon days may have gone forever.

A major factor pulling the Country/National Party and farm organisations apart was the advent of the Industries Assistance Commission, now called the Industry Commission. On June 19, 1973, Sir John Crawford, then Vice-Chancellor of the Australian National University, and former head of the Department of Trade, reported to the Government that the old Tariff Board should be expanded into an industries commission to advise the Government on all forms of assistance to all sectors of the economy.²⁶ Significantly for

²³Interview, Sydney, January 29, 1992.

²⁴Recollection of the author who was press secretary to the Minister for Primary Industry, Ken Wriedt, during the life of the Whitlam Government.

²⁵Interview, September 10, 1992

²⁶For an assessment of events preceding the report see Alf Rattigan, *Industry Assistance: The Inside Story*. Melbourne 1986. pp.147-171.

farmers, their organisations and the National Party, Crawford recommended that the responsible Minister refer to the commission before taking any action on "subsidies, bounties or other forms of direct monetary subvention to any primary industry, where the period of entitlement exceeded twelve months".

While rural support measures came within the purview of the Tariff Board, the Board had largely ignored them, leaving their determination to negotiations between the government of the day and farm organisations. Warhurst records that between 1921 and 1973 only three per cent of all Board reports were on primary industry.²⁷ With the IAC in place, rural policy making was about to undergo a radical change, and this was to further weaken the bonds between farmers and the Country Party. According to long standing IAC commissioner, Roger Mauldon:

The attitude of the Country Party to the IAC was totally hostile. They saw it as the end of a special relationship with farmers and they let it be known in no uncertain terms that while the IAC process was around the special relationship with farmers would terminate. They were used to a different style of rural policy-making. Until the IAC arrived you could not tell the difference between economic analysis and political judgement, between patronage and pork barrelling. The IAC broke the pork barrelling nexus and life could never be the same again.²⁸

In its inquiries into rural industries the IAC was backed by the Bureau of Agricultural Economics, a highly regarded government research organisation. Originally many in the BAE saw the IAC as a

Crawford's report is entitled, *A Commission to Advise on Assistance to Industry*, Canberra, 1973.

²⁷John Warhurst, *The Industries Assistance Commission and the Making of Primary Industry Policy*. Australian Journal of Public Administration, Vol. XLI, No.1, March 1982.

²⁸Interview, Canberra, October 10, 1992.

threat, a body that would take over its role of inquiry and research into agricultural industries but, according to former BAE director, Geoff Miller, enough senior officers regarded it as a great opportunity for the BAE. It offered, and the IAC head, Alf Rattigan, gratefully accepted, all the BAE's existing data on rural industries and the BAE adopted the task of putting a comprehensive submission before every rural inquiry evaluating the policy options.²⁹ The BAE not only ended the prospect of IAC staff duplicating its work but gained for itself a public platform from which to present its views. From then on, Miller said, the BAE did not have to rely on the Department of Primary Industry to allow it some access to policy-making procedures at the department's discretion. It could go directly to the IAC and discuss issues in a public forum. The agricultural economists of the BAE had found a way to untie the shackles imposed upon it by departmental bureaucrats.

An example of the use of the IAC by the BAE occurred in 1974 when a new wheat stabilisation scheme was under negotiation. The Department of Primary Industry was urging its Minister, Ken Wriedt, to extend the existing scheme for a further five years, but Miller convinced the Minister that an extension of just one year would allow a BAE submission on wheat stabilisation to go before the IAC. What emerged from this exercise was a wheat scheme more oriented to the market place.³⁰

The emergence of the IAC was another factor encouraging farm organisations to amalgamate. They needed more resources and more skilled staff to present their cases before the IAC and amalgamation was the way to cut costs and acquire those resources. According to former economist with the Australian Woolgrowers and Graziers' Council, David Trebeck, the AWGC had originally opposed the establishment of the IAC, thinking that it might be used by the Whitlam Government as a "buffer" against the

²⁹Interview with Miller, Canberra, September 21, 1992.

³⁰Recollection of the author who was present at the discussions on wheat between Wriedt, the Department of Primary Industry and the BAE.

provision of any form of rural assistance.³¹ But the AWGC and other farm organisations quickly realised that public submissions and public evidence before the IAC were a great opportunity to educate politicians, the public and farmers on the matter of protection.

The IAC also gave farm organisation advocates opportunities to challenge the misconception that primary industry, as a whole, was highly protected and to show how farm protection paled compared to that granted secondary industry. They could point to the excessive burden such protection placed on the export industries, like agriculture. The farm organisations needed additional resources to push their case before the IAC and the movement for the amalgamation of organisations at the state level received impetus from the emergence of the IAC.

The economists employed by the farm organisations in the early 1970s were similar in outlook to the economists of the BAE. They had been trained by university economists who tended to the side of economic rationalism. The new breed of young economists, in farm organisations, the BAE, the Treasury and the IAC was playing a role in swinging farm leadership away from a handout mentality towards a concentration on reducing costs including lower tariffs, structural reforms to the waterfront, shipping and transport systems and industrial relations. Former first assistant secretary with the Department of Primary Industry, Noel Honan, said that from the 1960s recruits into the public service were economic rationalists, trained in a new era and very much the free marketeers. Honan was critical of the economists' hard line approach which, he said, "ignored the fact that you had to get on with people".³² The department was determined to preserve its senior position as adviser to the Minister for Primary Industry, even to the extent of telling the BAE in early 1973 that all its communications with the new minister, Ken Wriedt, had to be directed through the Department's deputy secretary, Robert Swift.

³¹Interview, Canberra, November 8, 1991.

³²Interview, Canberra, September 28, 1992.

When the BAE complained to the minister's office Wriedt granted it direct access.³³

The IAC played an enormous role in changing the nature of the debate on farm policy. Trebeck is emphatic on this point:

The single most important development which made the enhanced professionalism of organisations essential was the advent in 1974 of the Industries Assistance Commission.....The IAC experience also facilitated the education of farmers themselves as to what the really important issues facing them were.....While the overall level of economic debate throughout the economy is now much higher, the catalytic role played by the IAC during the 1970s in helping to lift that debate-and explaining the impact of protection in particular-cannot be overstated. Farmer organisations made effective use of the 'bullets' which the IAC had manufactured.³⁴

Warhurst said there was no doubt that the entry of the IAC into a policy field forced other participants to change their style of intervention. State departments of agriculture, he said, felt the need to converse with the IAC on its own terms and this led to an increase in the number of agricultural economists employed at the expense of commodity specialists. Warhurst added that farmer organisations made a similar response to the demands of government, stemming particularly, but not exclusively, from the IAC for comprehensive and economically-literate submissions. The high expense of preparing submissions and appearing before the

³³Recollection of the author, who as Wriedt's press secretary and a former BAE research officer, was involved in discussions over BAE access.

³⁴D.B. Trebeck, *Farmer Organisations*, Chapter 9 of *Agriculture in the Australian Economy*, edited by D.B. Williams. Third edition, Sydney, 1990. pp.134-5.

IAC has "been one factor leading to the consolidation of the number of farm organisations".³⁵

The Department of Primary Industry, with a long history of direct involvement in federal policy making, was unhappy at the prospect of giving any ground to the IAC. Warhurst said the department saw itself as the focus of the determination of farm policy with the IAC and the Australian Agricultural Council "both serving as advisory councils".³⁶ The department 'contrives not even to recognise the existence of the IAC", and his records that former Department Secretary, Walter Ives, actually wrote a paper on agricultural policy-making without reference to the IAC.³⁷

As mentioned earlier, the National Party was openly hostile to the IAC concept. Party leader, Doug Anthony, made this clear in his speech in Parliament to the Second Reading of the Industries Assistance Bill, 1973. He said:

This Parliament is being asked to approve a measure which can do no other than reduce the Parliament's standing and authority.....We are being asked to destroy the system of consultation and negotiation which until now has been the foundation stone of the formulation of industry policy, particularly, but not exclusively, so far as primary industry is concerned.....I say with no disrespect that industries will find themselves talking to wooden-faced bureaucrats instead of to ministers who at least can be responsive to the approaches of industry and who can apply-as should be applied-other than the cold, hard economic criteria on the decisions which will be

³⁵John Warhurst, *op. cit.* p.28.

³⁶*Ibid.* p.29.

³⁷p.29. The Ives paper, *Development of Agricultural Policy in the Australian Federation*, was published in the *Journal of the Australian Institute of Agricultural Science*, 45(1), 1979. pp.3-13.

made by bureaucrats, who have no direct responsibility to the people.³⁸

The acceptance by farm organisations of the IAC as a proper authority to review agricultural support measures ensured its survival when the Coalition returned to office in December, 1975. Lingering National Party hostility faded up against support for the IAC from both the farm organisations and its senior Coalition partner, the Liberals.

1949-1972 REVISITED

What we have seen over the 1949-72 era of unbroken coalition government has been the emergence of a number of factors that changed the relationship between the Country Party and the farm organisations that spawned it. Actually, the change began towards the end of World War Two when the FSA and Graziers' Association of NSW, the most dominant of all farm organisations, ended their affiliation with the party. While there remained financial support, especially from the graziers, and cross membership of local branches, disaffiliation meant that the Country Party was no longer a strictly "farmers" party.

The Country Party's support for high protection for industry, and a devalued currency to boost exports, was aimed at winning friends in secondary industry and in the mining sector that depended on export markets. All farmers benefited from currency devaluation, at least in the short term, but all were harmed by high tariff walls which sheltered high-cost industries and increased the cost of imported farm inputs. The graziers, who sold their wool and beef on the open market without the support of price guarantees or subsidies, became public critics of Country Party policies. If the Graziers' Association of NSW had remained affiliated with the party some of its complaints may have stayed within party forums out of loyalty.

³⁸House of Representatives, *Hansard*, October 18, 1973. pp. 2354 and 2357.

Towards the end of the 23 years of coalition government, there was evidence that the McEwen era of all-round protection was coming to an end. There was the realisation that it was taking too great a toll on the Australian economy which needed to become far more competitive to maintain existing export markets and expand them. The following chapter reveals that Doug Anthony, as Minister for Primary Industry, made radical revisions to the long established cost of production formula for determining guaranteed prices for wheat under the five year stabilisation schemes. Anthony defied wheatgrowers, who comprised much of the grassroots support for his party, by amending the formula to put a brake on rising wheat prices. He wanted to ease the financial strain on the Treasury, reduce the inflationary effects of higher wheat prices on bread and flour products and, importantly, slow the strong movement of woolgrowers and other farmers into the protected wheat industry.

While the Country Party saw that some changes were required, it was slow to respond to the changing times and there were primary producers whose thinking was running well ahead of it, making the party less relevant to them. The Graziers' Associations of NSW and its parent body, the Australian Woolgrowers and Graziers' Council, had long been prominent in promoting a competitive economy with low tariffs walls, a deregulated banking system, a deregulated labour market, and with major reform undertaken within Australia's land transport and shipping industries.

Whereas the Country Party found it hard to shake off the past, the Federal Labor Governments elected from 1972 were very different from the ones that older graziers remembered. The earlier ones were social reformers and economic regulators. The Chifley Government had attempted to nationalise banks after World War Two and promoted farmer-dominated marketing boards to control the acquisition, pricing and sale of farm produce. The Whitlam Government and, especially the Hawke and Keating Governments, undertook wide economic reforms, such as tariff cuts, licensing foreign banks, floating the dollar, deregulating financial markets

and establishing the IAC.³⁹ The reforms won applause from the graziers but farmers were loud critics of the phasing out of the diary production bounty, removing concessional rates on rural telephone and mail services and replacing growers on marketing board with marketing and financial experts.

By the 1990s the political scene had changed further and Labor, while still only attracting its usual minute share of the farm vote, was not the bogey it once was in the minds of farmers. The modern farmer, operating in an environment of declining farm support programs and the increasing deregulation of rural industries, can live more comfortably with Labor Governments and therefore has less need of a Country Party to protect his or her interests. To some extent the IAC had intervened between farmers and political parties and reduced the need for the two to have as close a relationship as existed between farm organisations and the Country Party. Political commentator, Gerard Henderson, writes that in the past it had been relatively easy for National Party leaders like Page, Fadden and McEwen to appear strong: they were opposed to Labor's socialist agenda and stood for a controlled economy where rural interests, and later manufacturing, received a helping hand courtesy of taxpayers and consumers.⁴⁰ However, since the early 1980s the party has been compelled, according to Henderson, to face up to the internationalisation of the Australian economy and has been finding it hard to find a role for itself.

As a result, he argues, the current leader, Tim Fischer, was stressing his party's conservatism on social policies as a way of attracting attention and shore up voter support. Henderson cites Fischer's speech at the party's 75th anniversary celebrations in Melbourne

³⁹For detailed assessments of rural policy making under the Whitlam and Hawke Labor Governments and comparisons with the Fraser Liberal Government see A. S. Watson, *Rural Policies*, Chapter 9 of *From Whitlam to Fraser: Reform and Reaction in Australian Politics*, edited by Allan Patience and Brian Head, Melbourne 1979 and L.R. Malcolm, *Rural Industry Policies*, Chapter 6 of *From Fraser to Hawke*, edited by Brian Head and Allan Patience, Melbourne, 1989.

⁴⁰*Sydney Morning Herald*, January 31, 1995.

on January 11, 1995, as evidence. While Fischer restated the party's commitment to regional Australia and the farming sector, he directed criticism towards the gay movement, feminists and environmentalists, warning that Australia was becoming "a conglomerate of separate ethnic, religious or gender enclaves, each with its own agenda". The National Party, according to Fischer, has always understood grassroots politics and "understands life outside the sometimes crazy environments of Canberra and the state capitals".

Henderson questions whether attempts by Fischer to portray his party as a group with a particular attitude on social policy—from racial hatred legislation to sexual privacy law—present particular problems for the pluralist Liberal Party. However, others, including the NFF, may find Fischer's outbursts against the gay community and non-traditional families⁴¹ of only minor interest and unlikely to convince them that the National Party is of relevance to the current economic debate.

The final chapter records that the National Farmers' Federation developed a close rapport with the Labor Government in the 1990s. For example, the Keating Government and the Minister for Primary Industry, Bob Collins, worked hand-in-hand with the NFF in 1994 in devising drought relief packages and in combating the grain shortage in the eastern states. In October that year it was the NFF, and not the Government, that organised a national grains summit in Canberra, which the Minister attended and presented a paper. This is a recognition of two factors. One was that the Minister was confident that the NFF was conducting a genuine assessment of the grains situation and not out to score any points off the Government. The second was a recognition of the NFF as a research organisation,

⁴¹For example, *The Canberra Times* of January 5, 1995, reports Fischer repudiating the idea that single sex couples could constitute a family, and declaring that he would fight them "tooth and nail". The *Australian Financial Review* of the same date said that Fischer had drawn a line in the sand that gays and lesbians should not cross, leaving the Liberal Party on the same side as them.

able to produce reliable and straight forward information acceptable to the Government.

In fact, the NFF, with its array of economists and commodity experts, has developed a reputation for research and presentation that almost gives it the appearance of an independent research organisation, as much as the peak farm pressure group. The NFF, through adherence to a strict apolitical stance and a proven ability to co-operative with the Labor Government in policy development, is further demonstrating that the National Party has lost any special relationship it once had with the farm lobby. If farm organisations had remained divided it is very doubtful if any of them, in the face of falling membership, could have attained the influence and prestige of the NFF. Today, a farm organisation's reputation is judged more on the quality of its research and presentation than the noise it can make in the media or its influence with the National Party.

CHAPTER THREE

RURAL POLICY: WHO DECIDED?

My attitude is that neither the Australian Country Party nor its parliamentary members should decide what is the correct policy for a primary industry. It has always been the policy of my party that those who produce, own and sell a product are the best judges of the way in which their property should be treated. It is the function of my party to see that the will of those who produce and own the product is carried into legislative and administrative effect.¹

INTRODUCTION These words of the former Country Party leader, John McEwen, look straightforward enough on the surface, but they are an inadequate description of how policy-making took place. They are the words of a man who well-remembered the long and debilitating squabbles over wheat marketing in the 1930s and 1940s. These were squabbles that caused significant voting swings in wheat electorates and were instrumental in bringing down the short-lived Fadden Government in October, 1941, when the Member for Wimmera and executive member of the Victorian Wheat and Woolgrowers' Association, Alex Wilson, crossed the floor. Wilson wanted Labor's wheat scheme.

The pretence was created by McEwen that farmers, through their organisations, were the true policy makers and that the Country Party was only there to carry out their wishes. This was important for a federal Country Party faced with demographic changes that were gradually reducing the number of farm families, and up against the continuing growth of cities and regional centres at the expense of the bush towns and villages. The message was that only the Country Party genuinely looked after country people.

¹House of Representatives, *Hansard*, November 23, 1966. pp.3044-5.

The truth was that rural policy was often devised within the Departments of Primary Industry and Trade in consultation with the relevant minister and his senior Country Party colleagues and presented to farm organisations to adopt as their own. According to the former chief executive of the NSW Graziers' Association, John White, a lot of the rural policy determinations of the 1950s and 1960s had their genesis in government departments and ministerial ranks, "and passed to the farm sector who announced it as a great victory".² Policy initiatives that arose out of consultations between farmers, ministers and public servants, often led to public servants helping farm organisations prepare submissions, thereby giving the impression that farmers were playing the leading role in devising plans for their industry. This procedure will be spelt out later in this chapter. Many rank and file farmers were unaware of any subterfuge and some farm organisation leaders went along with the system whereby their role in policy making was secondary to that of ministers and their public service advisers. Very few farm organisations had the staff and resources to develop detailed policies for their industries.

FARMERS AND BUREAUCRATS

According to Noel Honan, former first assistant secretary of the Department of Primary Industry, the Public Service was very important to the rural sector. Farmers, he said, had few good thinkers in their ranks. Their skills were those of men of the soil. They lacked professionalism, with the major role of farm leaders being to "get something out of the Government".³ Honan, whose departmental experience centred mainly on the wheat industry, said that wheatgrowers appointed to the Australian Wheat Board, and growers comprised 10 of the 13 members, were limited in what they could contribute to the board's deliberations on marketing strategy because their expertise was in growing wheat, not selling it. There were particular problems for federations like the AWF when it came to decision-making. It could take some time for state affiliates to respond and agreement was often difficult on

²Interview, Sydney January 29, 1992.

³Interview, Canberra, September 29, 1992.

the finer points of policy because of past differences between state affiliates and personality clashes. There was, at times, a lack of understanding about the issues and the paucity of skilled staff to examine and clearly explain proposals was an additional handicap. For more than 30 years the AWF was run by a part-time secretary, T. C. Stott, based in Adelaide.

There were kudos to be earned by farm leaders from their rank and file if policies were successful, and various rewards from the Government for helping to sell policies devised within the bureaucracy. It was not uncommon for Ministers for Primary Industry to take farm organisation officials and/or senior public servants with them to meetings where farmers were likely to protest over new policy directions. The former Minister for Primary Industry and National Party Leader, Doug Anthony, recalled that in 1969 the introduction of wheat production quotas was unpopular with most growers. Anthony said:

I attended protest meetings all over Australia but the AWF fellow from different areas always came along and spoke up. They did not let me down. I was grateful for that because there were a lot of nasty meetings. Certainly the AWF accepted responsibility for wheat quotas but I was the one who had to sell it.⁴

The AWF did claim wheat quotas as their own response to over-production but not before it was made plain to them by Anthony that the \$1.10 first advance payment on every bushel was at risk because of the vast amount of money involved as production expanded. The Federal Government had no direct power to impose quotas but it held a powerful weapon in its control of the Commonwealth Treasury. Guaranteed prices were underwritten by the Commonwealth and the Wheat Board borrowed from the Reserve Bank, a Commonwealth body, to provide the all-important first advance to wheatgrowers soon after delivery of grain to silos.

⁴Interview, Canberra, June 2, 1992.

Before the 1969-70 harvest, there was a critical shortage of silo capacity to receive wheat because of large carryover stocks from the previous harvest. It had to be brought home to growers that, unless their wheat could actually be received at a silo, they would not get the first advance cheque. However, the AWF, by accepting quotas as their own idea and denying that they were foisted upon them by the Coalition Government, was repaying the Government for past favours and hoping for future favours. The then president of the AWF, K McDougall, made this very plain when he wrote:

It is clear for a variety of reasons that production controls had become necessary and as it is an election year it would not have been realistic to expect the Commonwealth Government to take a lead by placing an unpopular restraint on production.⁵

The ability of the Country Party Ministers to dispense patronage was well known and the career path for compliant farm leaders could be attractive. There were seats on, and the chairmanship of, marketing boards and other statutory authorities, places on overseas trade missions, the party's blessing for parliamentary pre-selection, and imperial honours, including knighthoods.

Public servants, as well as farm organisation officials, often accompanied Country Party Ministers on campaigns to sell new policies to farmers. Anthony relates that in 1968, when he wanted to make radical changes to the cost of production formula used in setting guaranteed wheat prices, he did not have the AWF on side:

I'll always remember one meeting at Warracknabeal in Victoria where wheatgrowers were planning to tear me apart and about 1000 turned up. I took Noel Honan with me. We got to the meeting and no one from the AWF would sit on the stage with me so I made "poor old Noel" sit with me and I diverted any tricky questions by

⁵*Australian Financial Review*, May 6, 1969.

saying I would get my expert from the department to explain it. When someone tore into me with wrong information I would say "Noel Honan is that right or wrong" and Noel would say "wrong".⁶

McEwen said in 1965 that farmers controlled the policy agenda but there were few of Australia's many farm organisations capable of undertaking the research essential for the preparation of primary industry policies to go before government. This was not a bad situation for a clever political leader to face, because it encouraged farm leaders to develop close association with him, his ministers and senior public servants. Help with submissions was close at hand. Although McEwen frequently called for a single farm voice he was able to exploit the antagonisms between farm organisations to get the policies that he wanted up and running. This will be demonstrated, later in this chapter, in regard to wool marketing.

Only the Australian Woolgrowers and Graziers' Council and its close affiliate the Graziers' Association of NSW (they operated from the same Sydney building) were probably capable of sophisticated economic and social analysis in those days. The AWGC, the successor to the Pastoralists' Federal Council, had long taken up the burden for all farm organisations in arguing against national wage increases before the Conciliation and Arbitration Commission. It employed economists and industrial advocates and took the view that what was good for the economy, such as lower wage costs, lower interest rates and lower tariffs, was also good for farmers. The grazier organisations were a special case in that their fingers were not stuck deep in the public purse. Apart from the superphosphate bounty and research and promotion grants, Australian wool and beef producers received little public support. They sold their wool and livestock at auction and without the aid of stabilisation schemes, home consumption prices or monopoly marketing boards.

The graziers were basically free traders who from the time of settlement had sold their produce on the open market. They had build up close ties with the large pastoral houses that accepted

⁶Interview. *op. cit.*

their wool and livestock for auction and advanced them loans during the season. The links between graziers and pastoral houses were traditional and caused resentment among smaller farmers who distrusted middlemen. The graziers believed their future rested with a more competitive economy whereas farmers looked to government to settle their marketing and income problems, not the private sector.

The wheat industry had enjoyed continuous five year wheat stabilisation plans from 1948-49 and the AWF, as the voice for one of the top three rural industries, carried a lot of political weight, especially as the wheat belt covered a significant number of electorates in the mainland states. However, the AWF was run on a shoestring.⁷ Its part-time secretary, T.C. Stott, was also secretary of the South Australian Wheat and Woolgrowers' Association and a member of the South Australian Parliament. In 1966 the AWF appointed its first economic research officer, T. S. Jilek, and he was paid from wheat industry research funds (jointly funded by all wheatgrowers, whether AWF members or not, and taxpayers on a dollar-for-dollar basis). He was stationed at the offices of the Australian Wheat Board in Melbourne, where the AWF paid a peppercorn rental.

According to Ian Waring, the first executive officer of the AWF when it moved to Canberra in 1979 as a constituent body of the National Farmers' Federation, much of the research and information put out by the AWF for its members was supplied by the Wheat Board (a statutory authority) and speeches delivered by AWF presidents were written by board staff.⁸ The AWF and the board were close friends, Waring said, and unlikely to criticise each other. He described the major role of the AWF economic adviser was basically to "prove" that the cost of producing wheat was actually

⁷In September, 1966, the AWF's credit balance stood at \$695.41, insufficient to carry it through to its annual meeting the following March without affiliate bodies paying an extra levy. See secretary's report to half-yearly conference, Sydney, September 13 1966. ANU Archives Z83, Box 36.

⁸Interview, Canberra, October 26, 1992.

higher than assessed by the Bureau of Agricultural Economics and to use this to fight for higher guaranteed prices.

However, the BAE, a so-called independent research organisation, was an unwillingly tool of the Country Party and primary industry groups in the way it was directed to undertake a wide range of cost-of-production surveys, with the results used as the raw material for price stabilisation schemes. In December, 1967, the then Minister for Primary Industry, Doug Anthony, obtained Cabinet approval to establish a new division within BAE so that it could extend the survey work it began in the 1950s. This has been described by former BAE director, Geoff Miller, as an "outcome of McEwen's policy of all round protection that used cost-of-production data to give some respectability to farm price guarantees"⁹.

The BAE's only involvement in agricultural policy-making in those days was through the provision of cost data, he said. The AWF had a cosy relationship with the Department of Primary Industry but the BAE was kept out of industry discussions, unless "it could carry into the room a briefcase stashed with cost-of-production data". The BAE survey data was supposed to give a "respectable" base to the guaranteed price, but this was highly influenced by imputed costs, such as the cost of sideline enterprises on wheat farms, the owner-operator's allowance and the interest that would be paid on capital invested in the farm if it were invested elsewhere. This so-called "opportunity cost" was grossly inflated in the late 1960s by the spiralling price of wheat country because wheatgrowing was profitable and wool prices had slumped.

While there is certainly a case for the use of imputed costs, the cost estimates, whether cash or imputed, were little more than window dressing. The real business of establishing guaranteed prices was negotiated around the conference table by the AWF and public servants acting on directions from their political masters. Parameters, such as imputed costs and the yield divisor (the

⁹Interview, Canberra, September 21, 1992. Miller was then Secretary of the Department of Primary Industry and Energy.

estimated number of bushels gleaned per acre) were juggled around to get the price agreed between the Government and the AWF. A political realist would accept this as a normal thing in a pluralistic society where pressure groups compete for government favours but, in the case of wheat, many outsiders were annoyed by the pretence that there was some scientific basis to the cost-of-production concept. It was one thing for many rank and file growers to become emotionally attached to the concept, but quite another for AWF leaders and the Country Party to involve public servants in a manoeuvre to hide the facts from the tax-paying public.

Once the Minister for Primary Industry, Doug Anthony, removed the imputed costs from the guaranteed price formula in the late 1960s he too, became a critic of what had developed under his Government. In October, 1963, Anthony introduced a new Wheat Industry Stabilisation Bill into Parliament and was then, in order to score points over the AWF, prepared to declare that there were faults in previous stabilisation schemes. It could be concluded, he said, that the stabilisation plans which assured growers a firm home consumption price and a highly remunerative return on a large proportion of their exports, played a large part in encouraging expansion of the industry while average export returns had not increased to any extent.¹⁰ While declaring the industry demonstrably profitable he stopped short of saying that cost-of-production figures were a sham devised by the Government in secret deals with the AWF and with the assistance of public servants.

The AWF and its affiliates provided the bulk of the members of the wheat board and leading growers were also appointed to the state grain elevators boards. In those states where co-operatives took in the harvest, wheatgrowers had strong board representation. Waring said that the elevators boards were inefficient and added to the costs of handling wheat. Many growers knew it, but the links between the AWF, the boards and the governments that appointed

¹⁰House of Representatives, *Han:ard*, October 10, 1968. pp.1861-1866.

their members were too close¹¹ There was no criticism of the wheat board as the monopoly seller of the annual harvest, nor any research by the AWF to examine whether growers would do better under the free market system. The Australian Wheat Board's monopoly position was an article of faith and not to be questioned by growers or the public servants who helped devise industry policy.

The AWF was firmly entrenched in the wheat "establishment" and also entrenched in McEwen's policy of all-round protection which effectively ensured that it was a muted voice in virtually everything but the negotiations on the five year stabilisation plans. At times it complained about the burden on growers of tariffs on farm machinery, but was not prepared to bite the hand that fed it. As mentioned earlier, the AWF censored its own report on the impact of tariffs on farm production costs. Delegates called to a special meeting of the AWF were given 17 pages of corrections, many involving "whiteing out" the name "McEwen". The incident demonstrated that the five year wheat stabilisation schemes, with their price guarantees, were an effective "muzzle" keeping farmers quiet even when they were being hurt by high tariff walls.¹²

If any of the farm leaders within the subsidised industries appeared "ungrateful", McEwen was quick to respond. Early in 1962, he was asked at Question Time in the House of Representatives if he had seen comments by the president of the National Farmers' Union, A.F. Havard, expressing concern that protectionist policies were being reinforced by a greater use of qualitative import restrictions. McEwen's response to an obvious Dorothy Dix question from one of his own backbenchers, C.E. Barnes, (C.P. Qld.), was very direct. He was surprised at the concern because Havard seemed out of touch with dairy, fat lambs, sugar, tobacco and some other farm industries that enjoyed the protection of quantitative restrictions. "The Government's policy is to protect all

¹¹Waring, *op. cit.*

¹²For more details on the muzzling of the report see Connors *op. cit.* p.69 and Stott's report to the special meeting along with other AWF documents held at the ANU Archives, Z83, Box 36.

Australian industries" McEwen said and "we will do that by the most appropriate and most effective means".¹³ McEwen was effectively telling Havard to shut up because many NFU members were enjoying protection from imports. The NFU was a federation of federal farm organisations, but it was not allowed by its powerful commodity-based constituents to speak on matters other than those of common interest to all farmers. Tariffs were a matter of common interest, but McEwen did not think they were any of Havard's business despite his claim that the Country Party was there to carry out the wishes of farmers.

WHEAT QUOTAS WHO WAS RESPONSIBLE ?

Attempts by the AWF to portray the introduction of wheat quotas, beginning with the 1969 harvest, as far-sightedness on its part seemed to run counter to the approach it took in the previous year when it was obvious that the international wheat market was grossly over-supplied and Australian silos were well stocked with last season's heavy carryover. From late 1967, according to Hylda Rolfe, the AWF had been aware of a pending marketing problem with wheat and the prospects of a good harvest in 1968-69 heightened that concern.¹⁴ The AWF was also well aware of the difficulties emerging in the physical receipt of wheat. Yet, throughout most of 1968 it vigorously fought Anthony against moderating the cost-of-production formula which was encouraging excessive wheat production. In October, 1967, the AWF let it be known that it was seeking an increase in the quantity of wheat under the export price guarantee from 150 million to 200 million bushels. According to one AWF official, "it was the least the Government could do".¹⁵

The AWF had a "revenge" mentality that dominated its approach to wheat stabilisation negotiations. Many growers' were old enough in

¹³House of Representatives *Hansard*, February 21, 1962. pp. 50-51.

¹⁴Hylda. A. Rolfe, *The Australian Wheatgrowers' Federation: Quest for Consensus*. Farm Policy, Vol.10, No.1, June, 1970. p.30. At the time of writing Rolfe was economist with the United Farmers and Woolgrowers' Association.

¹⁵Connors, *op. cit.* p.74.

the 1960s to remember the early post-war years of wheat stabilisation when, in the interests of containing inflation and courting city voters, the Federal Government kept guaranteed prices well below booming world market prices to hold down the price of bread and other flour products. By the late 1960s consumers were still in front on the ledger, despite some years when taxpayers met the deficiency between market and guaranteed prices, and the AWF believed it was time to square the books. It made little difference that many of the old bread consumers had died and a lot of new farmers were growing wheat. The 'debt', roughly estimated at \$300 million in 1968, was enough for many in the AWF to push ahead for higher subsidies despite the black clouds on the horizon.

At the end of 1968-69 carryover world wheat stocks stood at the very high rate of 1.5 times annual trade needs.¹⁶ Yet, in 1968, when negotiations were under way for the next five year wheat stabilisation scheme, the AWF not only fought tooth and nail against Anthony's plan to remove imputed costs from the cost of production formula but was demanding changes to the scheme that would have encouraged a higher Australian acreage. As early as October, 1967, the AWF let word get out that it was seeking an increase in the quantity of wheat under export guarantee to 200 million bushels.¹⁷ The AWF was ignoring the grim market outlook and continuing its old habit of trying to squeeze as much as it could out of the Government. The problem was that, unlike the graziers who dealt only with the free market, Australian wheatgrowers had their market signals blurred by guaranteed export prices and fixed domestic prices. Wheatgrowers were conditioned to look more to the Government than the market place as a guide to future income. In consultation with the Government and its public servants, the AWF settled the matter of the amount of export wheat to be covered by the guaranteed price, the domestic price of wheat and determined the parameters that settled on a guaranteed price.

¹⁶B.E. Rosenthal, *Wheat Quotas in Australia*, Queensland Department of Primary Industries, January, 1975. pp.1-13.

¹⁷Reported in the *Australian Financial Review*, October 10, 1967.

What we saw in the 1960s was the AWF trying to increase the level of protection under the wheat stabilisation scheme, and raising no objection to the inflow of graziers and grazing companies into the industry while having the gall to claim foresightedness when it came to the imposition of production quotas. However, the cat had been let out of the bag more than once. We noted earlier the comments of AWF president, McDougall, that it would not be realistic to expect the Government to take the lead in imposing quotas on wheat production in an election year. An unsigned AWF document, prepared some years after quotas came in, adds further evidence saying that "the industry was given two choices".¹⁸ The word "given" is significant. It indicates that the Government made it very clear to the AWF that it could either accept quotas with a guaranteed continuation of the first advance payment of \$1.10 a bushel, or no quotas with a lower first advance that would hopefully bring production closer into line with market demand. Rolfe wrote that:

It would be politically naive to imagine that the acceptable upper levels of Treasury commitment to the industry were completely unknown to the federation. It would be equally naive to imagine that the federation would seek a lower subvention.¹⁹

Rolfe claims the AWF adopted quotas as their own to save the Government campaigning difficulties in an election year. However, she suggests that, while the AWF may have been realistic, "its concern for the Government's electoral prospects seems less than proper in view of its constitution and objectives".²⁰

The AWF provides a strong example of a pressure group that became so close to government and the bureaucracy that it felt bound to engage in the exchange of favours. The government continued the five year wheat stabilisation schemes with generous

¹⁸Dated January 18, 1980, a copy is held at the ANU archives Z83/12. p.1.

¹⁹Rolfe *op. cit.* p.35.

²⁰*Ibid.* p.30.

price guarantees and appointed AWF members to the wheat board, grain handling authorities and overseas missions while public servants helped the AWF fine tune its submissions to government and were a part of the annual charade that produced exaggerated cost-of-production figures. The AWF for its part, was prepared to accept sole responsibility for the introduction of wheat production quotas in 1969 and to support the Minister for Primary Industry against rank and file criticism. It heavily censored a report from its own economics adviser critical of McEwen's tariff policy and, as demonstrated by its acceptance of quotas as its own, was prepared to give political aid to the Country Party in an election year despite its non-political charter.

MARGARINE QUOTAS: BY FORCE NOT REQUEST

Unlike the situation with wheat, neither the margarine manufacturers nor the oilseed growers, who supplied the basic raw material, accepted responsibility for the existence of production quotas on table margarine. They resisted them vigorously, and this was certainly not a case of an industry, the oilseeds industry, following the McEwen dictum and telling government what it wanted and seeing it implemented. Margarine quotas were imposed on an unwillingly industry by state governments at the behest of the dairy industry and with the support of the federal Country Party. In addition, margarine was a prohibited import unless coloured pink by the admixture of alkanet root. In the 1960s when the margarine manufacturers campaigned through media advertising and political lobbying to have quotas removed they found the going tough. The dairy industry, concentrated within a significant number of electorates, especially in NSW, Queensland and Victoria, had far more political clout than the oilseed growers, mainly based within the safe NSW Country Party federal electorate of Gwydir. The need of politicians to pander to the dairy industry overrode the welfare of both oilseeds growers and consumers, who were being denied a free choice of spreads.

The dairy industry enjoyed a \$27 million annual butterfat production bounty but this was not enough. It wanted, and received protection from the emerging competitor for butter, table

margarine, a product desired for dietary purposes and its greater spreadability. Annual quotas were first imposed in 1940, at 16,000 tons nationwide, and remained basically at that level for several decades despite the annual population growth and changing consumer tastes. In 1973 they were raised to almost 23,000 tonnes but dairy farmer pressure on state governments ensured that their Ministers for Agriculture, who attended the six monthly meetings of the Australian Agricultural Council, would resist attempts to remove, or dramatically increase, margarine quotas.

The AAC meetings were chaired by federal ministers for primary industry, who from 1949 to 1972, apart from 1956-58 when Liberal, William McMahon, held the post, were from the Country Party. However, in 1973-75 the AAC was chaired by Labor's Ken Wriedt and he added his weight to the campaign to abolish national quotas by removing them in the ACT, the only area under his jurisdiction. Although no margarine was produced in the ACT, Wriedt had left the door open for manufacture to commence close to the major Sydney market.

In 1960 the Dairy Industry Committee of Enquiry declared quotas "repugnant to freedom-loving Australians and as such could scarcely be justified". While it recommended that, in the overall interests of the nation, production quotas on margarine be removed this should only take place after the dairy industry had undergone a period of reconstruction to improve its viability.²¹ It was some years before state and federal governments agreed on a plan to gradually phase out the dairy bounty and divert the money into increasing farm size, debt reconstruction and helping inefficient farmers leave the industry. It took even longer to tackle the question of margarine quotas.

Here was an example of the political muscle of one rural industry, dairyfarming, being so strong as to induce government to impose production controls on another, the oilseed growers. This was obviously not an example of the McEwen dictum, quoted at the

²¹*Report of the Dairy Industry Committee of Enquiry*, Parliamentary Paper, Canberra, August, 1960. pp. 99-100.

start of this chapter, that "those who produce, own and sell a product are the best judges of the way in which their property should be treated". The oilseed growers of the 1960s were relatively few in number and lacked political influence and financial resources. The battle against production quotas was predominantly fought by the Australian Margarine Manufacturers' Association which campaigned to get Australian consumers, rather than Country Party politicians, on its side. In the 1970s margarine manufacturers gave their support, including election campaign funds, to the Federal Labor Party because of its opposition to margarine quotas.²² However quotas were a state matter and the first break for the margarine industry did not come until January, 1976, when the South Australian Labor Government abolished production quotas in that state.

The flood of South Australian margarine into other states led to complaints from manufacturers that they were disadvantaged because of limits on their production and that South Australian manufacturers, who had no local oilseed suppliers, were using increasing quantities of imported vegetable oils to the disadvantage of Australian farmers. The Australian Agricultural Council noted at its August, 1976, meeting that eight months after South Australia abolished quotas it was supplying 48 per cent of the Melbourne market and 19 per cent of Sydney's. Other states were complaining that they could not compete because of quota limitations.²³ Those states increased their margarine quotas before quotas were eventually abolished and the dairy industry was forced to compete for sales in supermarkets by more imaginative advertising, better packaging and product improvement.

For more than 30 years the state and federal Country Parties had been willing partners in denying one rural industry, oilseeds, its freedom to earn more income. Hardly the action of a political party

²²Personal knowledge of the author who was press secretary to the Minister for Primary Industry, Ken Wriedt, 1972-75.

²³Australian Agricultural Council Resolution No. 98/10. Bundaberg meeting, August, 2-3, 1976. Copy of the minute provided in 1994 by the Department of Primary Industries and Energy.

which was the servant of all primary producers. The party did not initiate moves to get rid of margarine quotas. Their removal was the result of the decision of one government, South Australia (a minor dairy state), to abolish quotas, and a massive public relations campaign by the Australian Margarine Manufacturers' Association to generate consumer support. The association's advertising campaign featured a housewife, "Mrs Jones", demanding freedom of choice at the supermarket.²⁴ Governments reluctantly put the welfare of consumers ahead of that of dairyfarmers, and they now had a wider choice of spreads and lower prices as competition from margarine reduced butter prices.

WOOLLY THINKING

If the Federal Government had problems dealing with the wheat industry they were magnified when it came to wool. Instead of one farm organisation representing growers at the national level, as with the AWF and wheat, there were two wool bodies with sharply conflicting views on how wool should be marketed. For a domineering politician like McEwen such a challenge invited him, with the aid of his public servants, to give woolgrowers "some aid in reaching agreement".

There were deep and traditional divisions between wheat farmers who demanded government intervention and distrusted the grain merchants and woolgrowers who supported the free market and had strong links with the pastoral houses. However, the divisions became blurred when many small woolgrowers demanded price guarantees for wool and a monopoly marketing board as existed for wheat. When the Victorian 'Wheatgrowers' Association changed its

²⁴For a resume of the fight to remove quotas see *The Bulletin*, November 15, 1975. pp.70-72. For a detailed assessment of the political power of the dairy industry up until the mid-1960s see *Milking the Australian Economy*, Current Affairs Bulletin, Vol. 39. No. 13, May 22, 1967. The unnamed author was J.L. Lewis, then Professor of Agricultural Economics at the University of New England.

name to the Victorian Wheat and Woolgrowers' Association in 1929 there were two major reasons. One was to cater for the increasing number of its members who had diversified into wool to lessen dependence on wheat, and the second was to attract small woolgrowers who were unhappy with the free market philosophy of the grazier organisations. In NSW, the Farmers and Settlers' Association was predominantly a wheatgrowers' body but it attracted many woolgrowers through its support for organised marketing. Many FSA members combined wool production with wheat farming while others diversified into fat lambs, which produced wool as a by-product.

The rivalry between the farmer and grazier organisations for membership and influence had been an enduring feature of the rural sector until the late 1970s when they buried their differences and merged into one farm organisation in NSW, Victoria, South Australia and Tasmania. This was followed by the merging of every significant federal farm organisation into the National Farmers' Federation in 1979, thereby achieving the long sought after one voice. This phenomenon will be examined in detail in later chapters.

However, in 1916, the Pastoralists' Union of NSW, under fierce competition for members from the FSA, changed its name to the Graziers' Association to play down its image as an elite group of rich wool producers and encourage small growers to join. Membership rose from 2,386 in 1915 to 5,067 by 1925, and to 7,537 by 1935, with some of this due to the growth in the number of sheep properties as large runs were broken up for closer settlement.²⁵ The Association had been formed in 1890 by wealthy pastoralists and until the turn of the century it had been the preserve of the big landholders plus pastoral houses, wool companies and banks. After three decades of recruitment, the average size of members' flocks fell from 22,254 sheep in 1891 to 3,496 in 1929.²⁶

Despite the success in attracting smaller growers into the Association, its free market philosophy was one factor ensuring that

²⁵Grant Harman, *op. cit.* p.169.

²⁶*Ibid.* p.160.

its membership remained well below the FSA. Other divisive factors, such as social class, education and property size will be discussed in a later chapter. The smaller mixed farmers were more numerous than the specialised woolgrowers and generally opposed their adherence to the free market and their close connections with the woolbrokers and pastoral companies. Wheatgrowers, who turned to government intervention because of their distrust of private wheat merchants, quickly extended this distrust to wool companies when they brought sheep on to their properties. Only genuine farmers could join UIWA but the Graziers' Association accepted pastoral house and woolbroker membership.

Until 1939 all woolgrowers were represented federally by the Australian Woolgrowers' Council but the interventionist-minded small woolgrowers decided that it was time to break with the free marketeers who dominated the Council and push for a reserve price scheme. They had a taste of organised marketing during, and for a few years after, the two world wars when the Government evoked its wartime emergency powers, and many small growers liked the prices they received for their coarser styles of wool and the promptness of payment. They argued that if orderly marketing could work for wheat then it could work for wool. Thus, the Australian Wool and Meat Producers' Federation was established in 1939 to give government two distinct views on what policies should be adopted for Australia's largest rural industry and top export earner, wool. Now the long running arguments between small and large woolgrowers on how to market the annual clip were formalised at the national level under the banners of the AWMPF and the AWC, later to become the Australian Woolgrowers and Graziers' Council.

McEwen's dictum that "those who produce, own and sell a product are the best judges of the way in which their property should be treated" was put under severe test by the fight that raged between the AWGC and the AWMPF and their state affiliates over wool. The graziers said promotion was the answer to the periodic downturns in the market while the farmers declared that promotion should only follow the introduction of a reserve price. In other words, the big wool producers wanted to maintain the free auction system and

the smaller ones wanted to get rid of it altogether to give them the same sense of security they felt under wheat stabilisation. McEwen's frustration with the inability of the warring wool factions to agree on a higher levy per bale of wool to fund promotion erupted in February, 1961 when he declared testily that:

The national implications of woolgrowers failing to agree on promotion are reaching the proportion that growers need not be surprised or offended if they get some aid in reaching agreement.²⁷

He was saying nothing that "surprised" or "offended" many farmers as getting "some aid" in decision making was not unusual. McEwen and his advisers in the Trade Department were expert at it, and this was demonstrated not only in matters affecting farmers but also in secondary industry through McEwen's, and the department's, domination of the Tariff Board. According to Alf Rattigan, the former chairman of the board and its successor, the Industries Assistance Commission:

The functions the Board was carrying out were to a large extent controlled behind the scene by the Minister and his Department. This control was exercised through the appointment of Board members; what was, and what was not, referred to the Board; the terms of references sent to the board and the resources made available to the Board. The work of the board was resulting in a creeping increase in the level of industry protection. In addition to this increase through the Board's work, new manufacturing activities were receiving high levels of protection without public inquiry through highly-protective catch-all tariff items and the operation of the Customs by-law system.²⁸

²⁷Quoted in *The Age*, Melbourne, February 25, 1961.

²⁸ G.A. Rattigan, *Industry Assistance: The Inside Story*. Melbourne, 1986. p.23.

McEwen had never hidden his protectionist philosophy. As mentioned in Chapter One, his maiden speech to Parliament in 1934 gave his approval to the Tariff Board which manufacturers could approach for higher protective duties, the arbitration system that gave fair wages to the workers while he declared that the rural export industries should also enjoy a similar level of protection to that granted the other two groups.²⁹ Granting protection to the wheat industry was relatively easy for McEwen because it had one voice, the AWF, although at times that voice was not heard distinctly. However, with wool there were two voices, the AWMPF and the AWGC. The first organisation espoused a floor price for wool and argued that if it worked for wheat it would work for wool. The second not only adhered to a free market philosophy but was a constant critic of McEwen's protection-all-round policy. The AWGC and its NSW affiliate, the Graziers' Association, employed economists who wrote submissions and newspaper articles and gave speeches attacking Australia's high tariff walls and espousing the free auction system for wool.

McEwen's frustration with the graziers took three main forms. One was to attack them for allegedly misrepresenting his tariff policy, another was to accuse them of harbouring conspirators in their midst, but with the third he tried to "buy" them off with a cost compensation scheme that had been hatched within McEwen's Trade Department. In a speech to the June, 1967, annual conference of the AWGC in Sydney, McEwen told his audience that there was no other country in the world that had so deliberately bound itself against excessive tariffs like Australia, and that its tariff determination methods were superior to most countries. McEwen went on to launch a bitter attack on graziers, claiming that they were sheltering the Basic Industries Group (BIG), a rather secretive body that used the metropolitan media to attack McEwen's policies on tariffs and farm subsidies and to oppose the proposed reserve price for wool, which McEwen publicly supported. McEwen said that AWGC attacks on tariffs fitted in perfectly with the war being waged against him and the Country Party by BIG. The only identifiable grazier in BIG was Charles Russell, a former Country

²⁹*John McEwen: His Story.* p.12-13.

Party member for the federal Queensland seat of Maranoa from 1949 to 1951, but who had moved closer to the Liberal Party in his free trade philosophy. Russell was not the spokesman for BIG, this task was left to Sydney-based consultants, Colin Chapman and his son, Rob. BIG first attained prominence by supporting Liberal candidates in three cornered contests at the 1966 federal elections. Using consultants helped maintain the anonymity of BIG supporters.

Having publicly acknowledged his concern about the attacks by BIG on his policies, McEwen returned to the conspiratorial theme with a vengeance in an address to the Federal Council of the Australian Country Party the following year. This time he singled out the major affiliate of the AWGC, the Graziers Association of NSW:

The unpleasant truth is that there are anti-Country party elements in the NSW Graziers' Association who want to destroy the Country Party in the interests of another political party. There is a cell within the Graziers' Association fostering this campaign against me and the Country Party, the object being to induce the Graziers' Association to cease financially supporting the Country Party in NSW. This is the unpleasant fact of the situation. I raise no objection to people opposing the Country Party, campaigning against the Country Party, wishing to terminate the Country Party. This can be a part of the political scene. But whether it be the secret Basic Industries Group or a cell within the Graziers' Association, I will continue and expose efforts by wealthy people and wealthy groups operating in secrecy of their own real purpose or identity to harm our Country Party.³⁰

McEwen revelled in taking on the role of the injured party, and his references to "wealthy" people conspiring against him within grazier groups was aimed at weakening the influence of grazier

³⁰Canberra, December 7, 1968.

opinion against his policies among the smaller producers. The "bribe" first surfaced in the same speech. McEwen said:

The only remaining idea that has been put to me, and it has come from a variety of sources which include interests within this party and the graziers themselves, is to make some compensation to growers as an offset to increases in the additional costs which, year by year, the national policies of growth and development inevitably generate, in fact for the whole community".

Former economist with the AWGC, G.D'a Chislett, was cynical. Strong ministers, he said, were likely to float schemes coming from "variously qualified sources" and referred to reports that the scheme originated from an officer in the Department of Trade and Industry. Ministers, Chislett argued, were not served by "classical judicial robots" but by humans with philosophies and prejudices, but ministers could please themselves about adopting the advice of their departments.³¹ The economist with the Graziers Association, K.P. Baxter, was a little more direct and told the National Rural Policy Conference in Canberra in August, 1970, that not only had the cost compensation proposal been devised within McEwen's department but that McEwen had tried to foist it upon woolgrowers as their own policy and so improve the Government's prospects at the next federal elections. According to Baxter:

One of the Association's related bodies (the AWGC) received a telephone call from the Hon. J. McEwen early in January one year and he invited two gentlemen to join him at Kirribilli House to discuss a certain proposal devised by his department. The proposal would be a spontaneous request from the industry for a cost compensation scheme. The two gentlemen left Kirribilli House with a document, the contents of which originated in the Department of

³¹Speech to the Australian Institute of Agricultural Science, Armidale, NSW. July 14, 1971. Copy provided by Chislett.

Trade. One of them returned to his office to spread the good word around, and he induced another member of his organisation to repair to Queensland and thereupon convince a number of people that cost compensation was a very good proposition.³²

Baxter went on to explain that a deliberate attempt had been made by sections of the wool industry and "certain people at the Commonwealth level" to ensure that a prominent rural economist (Chislett) did not see it and thereby have the chance to criticise it. However, Baxter said, the Graziers' Association got hold of a copy of the document which was being withheld from them and consulted Chislett. The message from Baxter to the Canberra conference was that without the intervention of the two economists, he and Chislett, and other officials, the graziers of Australia would have been sold "a pretty hairy sort of proposition" that would have given them some income boost in return for becoming entangled in the protection web and thereby muting their protests over the cost of McEwen's policies. The policy according to Baxter, was sold to grazier leaders on one basis only:

that something was needed to rescue the Government in an election, because the wool industry was becoming restive, and if the wool industry was not given something, then the Government was going to lose seats over it.³³

Here we have an example of the Country Party leader, with the assistance of departmental officers, urging the AWGC to adopt a policy, aimed at quelling grazier complaints about tariffs, as its own and thereby help retain seats for the party. This was definitely not an example of the McEwen "doctrine" that farmers were the one's best suited to devise rural policy, with the Country Party's role being restricted to fighting for it within the Coalition.

³²Baxter's comments are reported in the conference procedures published as *National Rural Policy* by the Sydney University Extension Board, 1971. p.92.

³³*Ibid.* p.93.

However, it was an example of the fact that while pressure groups are established to put pressure on the government they, in turn, are very important to government as avenues through which to influence group members. In other words, pressure groups give the government precise points on which to apply pressure on an industry and, despite all the demands for only "one voice", where there are two or more voices purporting to speak for a particular industry a government has the opportunity to play off one against the other.

Government pressure is easier to apply if group leaders are in awe of certain politicians who can reward or punish them or their organisation for their behaviour. Consistent pressure from senior ministers on farm leaders was hard to resist, especially when some were prominent members of the Country Party. There was intense pressure on the grazier organisations for many years to both stop complaining about tariffs and to join the AWMPF in accepting a reserve price for wool. The Government, in the early 1970s, eventually succeeded in the latter.

While some AWGC leaders, long renowned for their opposition to Labor Governments, were prepared to go along with the cost compensation charade, the economists were not. The dislike of economists by Country Party, and later National Party, politicians has been a long term phenomena. They have been seen as leading the farm leaders who employed them down the path of economic rationalism, which meant increased criticism of protectionist policies and a tendency to drop traditional loyalty to the Country Party in return for a non-partisan stance that promotes a more competitive economy no matter what party is in power.

Two examples of "economist bashing" were provided by McEwen and the man who replaced him as Country Party leader, Doug Anthony. In defending Government tariff policies before his party's federal council in Canberra on December 7, 1967, McEwen said that some graziers accused him of being "a monster" with a reckless disregard for the consequences of the acceptance of Tariff Board recommendations "and bless my soul, they have on the payroll an economist who constantly supports this ridiculous

theme". That economist was Chislett of the AWGC. A year earlier, Chislett did not to endear himself to McEwen when he warned graziers that the AWGC had to get rid of the impression that it "was an arm of the Country Party" by being more active politically but in a non-party sense. He stressed that the art of Government revolved around the ability of ministers to play off one pressure group against another.³⁴

Anthony displayed his dislike of economists some years after he succeeded McEwen as party leader. He was a public advocate of "one voice" for the rural sector but had serious misgivings about the National Farmers' Federation after it opened its doors in Canberra in 1979 to represent all farmers. The NFF, he charged, was being dominated by its employed economists and they had led the NFF into "dry camp" by their hardline stance against protection and apolitical attitude. Anthony directed most of his ire towards former AWGC economist and later deputy NFF director, David Trebeck, stating that Trebeck's anti-protection views went back to the fights between McEwen and the AWGC.³⁵ Anthony told the author that the graziers unrealistically wanted no tariffs and in the argument with Trebeck and others "I did not give a bloody inch". Despite his retirement from politics in the 1980s, Anthony remained concerned that the NFF was not formally aligned with the conservative parties as the ACTU was aligned with the Labor Party. This, he argued, was because graziers were split between loyalty to the National Party and the Liberal Party.

When a government minister, Anthony had no objection to close cooperation between farm organisations and public servants but now claimed, with the ALP in power, that NFF economists and the executive were being "corrupted" by too close an association with the bureaucracy. The close relationship provided invitations to functions, access to information and other benefits. This, Anthony argued, stopped NFF criticism of the Government and added to the remoteness of the NFF from the rank and file farmers.

³⁴Address to the Graziers' Association of the Riverina, Melbourne, November 3, 1966. Copy provided by Chislett.

³⁵Interview, Canberra, June 2, 1992.

The attempt to foist a cost compensation scheme upon the wool industry was a prime example of several forces working together in the political interest of the then Government. The level of compensation (then unspecified) was nothing more than a bribe to buy silence but one that would, in the eyes of the economists, merely add another dimension to an uncompetitive Australian economy. They saw the task as reducing protection levels and removing inefficient practices from the economy and abhorred the notion that woolgrowers should be compensated for an economy that penalised export industries while reforms were cast aside.

The forces at work were those of McEwen's determination to silence his critics and bring the wool industry closer together; his departmental officers, who by that stage were long experienced in working in closely with their minister's political aims; and certain AWGC officials, close to the conservative parties philosophically and hostile to the Labor Party. They were prepared to put their short term political desires above the long term economic welfare of their members.

THE SPONTANECUS GATHERING AT MOREE

Many leading farmers were members of the Country Party and Chislett refers to them as a "party cell" working inside rural pressure groups. He claims that they, if necessary, would organise a "monster meeting" in the bush to generate a groundswell of support for a new policy and thereby overwhelm the farm organisation they belonged to.³⁶ He gave the example of the so-called spontaneous meeting at Moree, NSW, on Saturday, March 21, 1970 where woolgrowers demanded the introduction of a reserve price for wool but in this instance, he alleges, the cell members were assisted in organising the meeting by the Trade Department. The Moree meeting is described by Hitchins as the turning point in the quest for a reserve price which had been rejected at the 1965 referendum of growers. It was followed by several other meetings of woolgrowers in other NSW towns. Hitchins, a former AWMPF

³⁶Australian Institute of Agricultural Science, Armidale, 1971.

president and a strong supporter of a reserve price, said the Moree meeting had been a spontaneous gathering of 3,000 determined and hostile woolgrowers.³⁷

It strains the imagination to assume that 3,000 woolgrowers gathered in Moree spontaneously and, just happening to join them, according to the front page story in the *Land* newspaper of the following Thursday (March 26), were three members of the Australian Wool Board. They were the chairman, Sir William Gunn, chairman of the board's Wool Marketing Committee, S.S. Neville, and C.D. Renshaw, a board member and also general president of UFWA. Also sighted in the audience by the newspaper's reporter was the Country Party member for the federal seat of Wimmera, Victoria, Bob King, who was also chairman of the Government Members' Wool Committee.

There were several leading graziers present, including the president of the United Graziers' Association of Queensland, Peter Bell. In keeping with his organisation's policy, Bell spoke in favour of a reserve price scheme. The support of the conservative UGA was put down to the frequency of drought in that state's pastoral zone which created greater fluctuations in incomes. A reserve price scheme was seen as a way to smooth the income swings. Realists would believe that the Moree organisers had a little help, especially as McEwen was a determined floor price advocate and did not hesitate to use his department to fight his causes. The *Australian Financial Review* had no doubt that the Department had a hand in wool matters editorialising that:

Mr McEwen had earlier upstaged his deputy and Minister for Primary Industry, Mr Anthony, by quietly taking wool policies under the wing of the Department of Trade where short term policies may obscure the path to long term benefits to growers.³⁸

³⁷F.Eric Hitchins, *Skeins Still Tangled*, Melbourne, 1971. p.126.

³⁸April 9, 1970.

The man most prominent in organising the Moree meeting was an executive member of the NSW Graziers' Association, Ron Hunter. According to Hunter, the idea for the meeting originated with the Country Party member for the federal seat of Gwydir, Ralph Hunt. He had been telephoned by Hunt, his federal member, and told "we should start a spontaneous uprising over wool marketing".³⁹ Hunter denied Chislett's charge that he had received organisational assistance from the Trade Department, stating that he had spent \$20,000 of his own money and that Hunt had worked on his own initiative. Hunt recalled that at a regular meeting of Country Party federal members in Canberra in February, 1970, he had expressed concern to McEwen that the Government was sitting on its hands while the wool industry was collapsing, and using the excuse that it did not know what the industry wanted. McEwen replied that he had pushed two referendum bills on a reserve price through Cabinet and that they were rejected by growers. He then challenged Hunt to take action. After the meeting, Hunt rang Hunter and other prominent supporters of a reserve price scheme, including Wool Board Chairman, Sir William Gunn, who promptly informed McEwen.⁴⁰

According to Hunt, McEwen immediately put his department to work preparing legislation on a reserve price scheme to later go before Parliament. The legislation had actually been drafted before the 1965 referendum and was now to be finalised with McEwen and the department "going over the heads of wool leaders". Hunt said that McEwen told the Minister for Primary Industry, Doug Anthony, to get in touch with the Wool Board (a statutory authority) where senior officers got involved in assisting with the Moree meeting and those that followed in other towns. It is hard to prove any direct involvement by the Trade Department in the Moree meeting, but McEwen left no doubt about his enthusiasm for the Hunt-Hunter initiative and displayed his willingness to use Hunter as a "Trojan horse" within grazier organisations.

³⁹Telephone interview with Hunter, August 9, 1993.

⁴⁰Telephone interview with Hunt, August 9, 1993.

Hunter related that, after the Moree meeting, McEwen telephoned him saying that he had to get the AWGC on side. He said he wanted "AWGC's head on a plate". Hunter took his successful Moree motion for a reserve price to the Graziers' Association, where it was passed, and then repeated this at the AWGC, where he attended as a Graziers' Association delegate. Hunter then send McEwen a telegram saying "AWGC's head on a plate. Your next move". McEwen completed the "next move" when legislation was passed through Federal Parliament in quick time to set up a reserve price scheme for wool. The Country Party leader was now hearing only "one voice" on wool marketing and had, at last, drawn the graziers into his protection web and had hopefully muzzled them as critics of his economic policies.

As a later chapter will reveal, unity on wool was vital if farmers and graziers were to speak with one voice on all the issues that concerned them. Many graziers realised that by giving ground on wool they had a real opportunity of uniting all farmers under the one national banner. By continuing to fight over wool that opportunity would have been lost. Holding aloof on wool marketing reforms would have also cost the graziers' organisations a defection of some members to farmer organisations. There remained many graziers opposed to reserve prices long after they came into operation and after farmers and graziers united. They kept their criticism out of public hearing for the sake of preserving unity.

THE ROAD TO MOREE

McEwen had taken a strong interest in wool because of the inability of the various woolgrower bodies to agree on marketing and the constant barrage of criticism from graziers over tariffs. The Australian Wool Industry Conference, a recommendation of the 1962 Wool Marketing Committee of Inquiry, was to be the forum which would give government a united industry view, the "one voice" for wool that McEwen had long sought. The AWIC, as will be discussed later in this chapter, gave majority backing to a reserve price scheme but this was not enough to secure a "yes" vote at the 1965 referendum.

The 1962 inquiry opposed any change in the method of marketing wool but this had little impact on the proponents of a reserve price scheme who were highly critical of the inquiry's support for the auction system, increased promotion levies and its acceptance of private selling.⁴¹ A year after the report was released, the Australian Wool Bureau (soon to become the Australian Wool Board) declared that it was going to examine possible alternatives to the free auction system and, in its report of July, 1964, recommended a reserve price scheme, but was very short on detail declaring that this should be left to negotiation between the AWIC and the Government.⁴² Harman writes that the reserve price recommendation did not come as a surprise:

From the time the Wool Board set up its marketing committee it had been rumoured that the Board would come out for marketing reform so as to secure the continued support of wheat-sheep farmers' organisations for its promotion campaign. Some people also predicted that the Wool Board would support a reserve price marketing scheme as a means of expanding its own role and power.⁴³

It must have seemed odd to many growers that the board would recommend a scheme rejected outright by the committee of inquiry just two years earlier and notable for the absence of a plan to implement such a scheme. However, a major factor in the recommendation was the board's real concern that without a reserve price scheme its ambitious and expensive plans to promote wool against the inroads of synthetic fibres into the fibre market would be in danger. The wheat-sheep farmers of the AWMPF had

⁴¹See Hitchins, *op. cit.* pp.53-57. The term "private selling" refers to the practice of selling wool direct from the farm to buyers operating outside the auction system. It was frowned upon by both woolbrokers who conducted auction sales and the advocates of a reserve price plan.

⁴²*Australian Wool Board: Report and Recommendations on Wool Marketing Presented to the Australian Wool Industry Conference.* Canberra, July, 1964.

⁴³*Graziers in Politics.* pp.427-8.

grown weary during the post-war years of demands for higher levies per bale of wool for promotion, which they saw as predominantly favouring the large graziers who produced fine merino wool. Coarser merino and cross-bred wools, the types produced by many wheat-sheep farmers, were not expected to benefit much from promotion that stressed the finer qualities of wool. The small growers had a taste of controlled marketing during, and for a few years after, the first world war when the British Government bought the entire clip on an appraisal system. The small growers liked it because prices for their types of wool fluctuated less than under the auction system and they were paid 90 per cent of the price within two weeks of appraisal. They wanted this system to continue in peacetime and resented the opposition of graziers. Harman relates that:

From that time on wheat-sheep farmers saw the GA (the Graziers Association of NSW) as the real enemy of marketing reform. On each of the succeeding occasions when the Association played a leading role in frustrating their attempts to secure stabilised marketing, wheat-sheep farmers' antipathy towards the GA increased, and it was made even more intense by the fact that the GA and the wool brokers were always on the same side of any dispute over marketing. Wheat-sheep farmers noted that some GA members held directorships on wool broking firms and that some employees of wool firms were co-opted members of the GA General Council. Thus they developed the notion of a GA-woolbroker conspiracy.⁴⁴

This conspiracy theory surfaced in the campaign surrounding the 1951 referendum on a reserve price plan and again in the 1965 referendum campaign where strong campaigning by the Graziers' Association, with some assistance from wool firms, ensured a "No" vote. However, the 1965 "no" vote of 53 per cent was considerably less than the 78 per cent of 1951, demonstrating that the graziers

⁴⁴*Ibid.* p.418.

were on the back foot in trying to preserve the free auction system.⁴⁵

Gradually the pro-reserve price side was gaining the ascendancy and the Wool Board in the early 1960s had felt its fury. The AWMPF had agreed to a increase in the promotion levy confident that the Report of the Wool Marketing Committee of Enquiry would recommend a reserve price. However, the committee declared its opposition to a reserve price and many growers felt betrayed. When the Wool Board chairman, Sir William Gunn, addressed a packed meeting of woolgrowers in Hamilton, Victoria, in July, 1963, he was pelted with eggs and flour bombs while pamphlets were thrown from the balcony opposing a higher promotion levy and urging a reserve price scheme. Two years later he was enthusiastically welcomed back to the same town because this time he was supporting the 'yes' vote at the 1965 referendum.⁴⁶

The Moree gathering of woolgrowers to demand a reserve price, the one described by Hitchins as the "turning point" in the campaign, was enthusiastically applauded by the Country Party. Rather than wait for primary producers themselves to decide policy in line with McEwen's dictum, the party had clearly taken sides for its own political reasons. Anthony showed his enthusiasm for the Moree meeting by telling his own party that it was the first major move to unite the wool industry. He said:

Within a few weeks of that meeting, the Country Party held a meeting in Canberra and it came out in support of a statutory marketing authority (to operate a reserve price scheme) and this spread rapidly across the country. There wasn't any reservation by any member. It was an unanimous expression of a point of view.⁴⁷

⁴⁵Hitchins, *op. cit.* p.99.

⁴⁶See *The Age*, Melbourne and the *Sydney Morning Herald*, July 30, 1963

⁴⁷Speech to the Australian Country Party's Clare (NSW) Electoral Council, November 5, 1970.

With the reserve price we had a situation where the organisation with the most members and spread over more electorates got a big push from the Government and the Wool Board in its quest. The AWMPF fitted McEwen's concept of a good farm organisation; one that tamely accepted his protection all-round policy in return for, first wheat stabilisation, and hopefully, wool stabilisation. The graziers were an annoyance. They would not play the protection game and publicly attacked his policies.

It was not the Country Party that the graziers were attacking but the policies of McEwen. They were conservative landowners with a deep distrust of the Labor Party and its trade union support. The alternative party for the graziers was the Liberal Party, not the ALP, and many supported it. Malcolm Fraser, a prominent Victorian grazier, became Liberal Prime Minister in 1975 and his ministry included another Victorian Liberal grazier, Tony Street. With no Country (or later National) Party operating in Tasmania or South Australia, farmers and graziers there with political interests tended to be Liberal and some entered politics as Liberals. The small percentage of farmers openly supporting Labor tended to come from farming, rather than grazing, communities. One such farmer was the former Minister for Finance in the Hawke Labor Government, Peter Walsh.

It seems little wonder that McEwen, a mixed farmer and former soldier-settler, responded testily to the grazier attacks, accusing them in his 1967 speeches of harbouring the BIG conspirators and holding pro-Liberal sympathies. He attempted to increase divisions between the graziers and the wheat-sheep producers by declaring that he would expose efforts by "wealthy people and wealthy groups" to harm the Country Party. The use of the word "wealthy" was planned to stir deep down feelings of distrust and envy traditionally held by farmers against the squatters who had locked up vast areas of land for sheep runs last century. In the 1960s, many "squatters" still had vast holdings, sent their children to private schools and featured in the social pages of the metropolitan media.

McEwen even accused graziers of "corrupting" G.A. ("Alf") Rattigan, who he appointed chairman of the Tariff Board in 1963. He then found to his surprise that he had given the job to a reformer, rather than a person that he and the Trade Department could dominate. McEwen wrote:

It is my belief that Rattigan came to be influenced by other thinkers, especially a Mr (Richard) Boyer, a grazier who had been appointed to the Tariff Board because of his experience in the field of primary industry. Boyer, along with many graziers, had low-tariff views. He was also a very strong and determined personality. Gradually, Rattigan shifted from being basically uncommitted on the question of general tariff levels to a position in which he strongly favoured lower tariffs.⁴⁸

McEwen found it hard to believe that a significant group of farmers rejected his policies but remained determined to entice them into his protectionist web. That is why he was so keen to get a wool reserve price scheme accepted. This determination was clearly demonstrated by his hypocritical attitude to the one-vote-one-value principle. McEwen told Parliament on April 18, 1965, that it had been argued within the AWIC (but not successfully by graziers) that it would be wrong if small woolgrowers, who comprised the majority of growers but produced only a small part of the national clip, were allowed to decide the reserve price referendum.⁴⁹ There were, he said, many growers who believed that voting should be linked to the volume of production. McEwen was dismissive of this declaring that multiple voting for large growers "could be regarded as contrary to democratic principles." The 1965 referendum gave a vote to every grower of 10 bales or more or owner of 300 sheep. Voting was one-man-one-vote, with the outcome determined by a simple majority. Yet, speaking to the Electoral Bill on May 25 that year, he was scornful of those adherents to the "sacred principle of

⁴⁸*John McEwen: His Life.* p.68.

⁴⁹This account taken from *Wool and Politics*, Current Affairs Bulletin, University of Sydney, Vol.36, No.12, October 25, 1965. p.188.

one vote one value" saying that it was not the practice in Australia under any type of government.⁵⁰ McEwen was re-stating Country Party philosophy which argued that the vast size of rural electorates, compared to those in the cities, and the difficulties faced by members in servicing their scattered constituents, justified rejecting one-vote-one-value

Despite the voting system favouring small producers, the referendum was surprisingly lost, with a "no" majority of 59,235 to 51,388. The overwhelming "no" vote in NSW and South Australia easily offset "yes" majorities in the other states. The most startling result was in NSW, the biggest wool-producing state, where 27,238 out of a total 42,350 voters opposed a reserve price plan.⁵¹ In that state members of the pro-reserve price United Farmers and Woolgrowers' Association outnumbered the membership of the Graziers' Association and its Riverina and West Darling associate organisations by around 20,000 to 14,000. However, the NSW Graziers' Association, backed by woolbrokers wanting to maintain the existing wool selling system, conducted a skilful "no" campaign. It apparently convinced many UFWA members, as well as growers outside both organisations, that government interference in their industry brought risks of a massive stockpile of unsold wool and "creeping socialism". The graziers played on the political prejudice of primary producers by warning them that the proponents of a reserve price wanted it to resemble the wheat stabilisation scheme and, in NSW, were therefore 'assured of Labour (sic) Party support'.⁵²

The "no" victory was unexpected, especially as a reserve price had been supported by a 45 to 5 vote within the Australian Wool Industry Conference. It had been widely assumed that if the representatives of woolgrower organisations on the AWIC supported a "yes" vote that rank and file woolgrowers would follow

⁵⁰House of Representatives, Hansard, May 25, 1965. pp. 2031-2034.

⁵¹Voting details from press release by the Minister for primary Industry, C.F. Adermann, December 9, 1965. ANU archives N92/ Z635.

⁵²See *The Wool Marketing Referendum: Vote No. Graziers Association of NSW*. Undated but released in June, 1965. p.31. N92/ Z635. 30,000 copies distributed.

suit. This proved a mistake. The AWIC secretary, A.G. Lloyd, did not find it "particularly surprising" that only 47 per cent of woolgrowers voted "yes".⁵³ He estimated that about one third of woolgrowers were not members of farm organisations and were mostly uninformed and uninterested in marketing issues. Such people, according to Lloyd, would follow the maxim, "if in doubt, vote no". It could not be assumed, he argued, that members of wool organisations would vote according to the majority view of the AWIC. That was not intended when the AWIC was established.

The Bulletin, which took a consistent anti-reserve price line, saw the strong hand of the Country Party in the deliberations of the AWIC. The Country Party, it said, allied itself strongly with the reserve price plan, especially McEwen and Primary Industry Minister, Charles Adermann, and there were close links between the party and the AWIC, adding that:

Now it becomes clear how the Conference misrepresented the feeling of woolgrowers, through the Country Party, to the Government.⁵⁴

The referendum "no" majority of 59,235 to 51,388 was a blow for McEwen, the Country Party, Gunn and the leadership of the AWMPF, but in the longer run it proved only a hiccup in the quest for the "Holy Grail" of organised marketing. The Wool Board produced another report on wool marketing in 1967 which argued that price instability could be lessened by controlling the supply of wool to market but "there should be no stockpiling of wool".⁵⁵ By April, 1969, Gunn, as chairman of the Australian Wool Board, reported to the AWIC on the negotiations with the Government and the wool industry surrounding the 1967 report.⁵⁶ The

⁵³Letter to *The Age*, Melbourne, December 17, 1965. Lloyd was later appointed Professor of Agricultural Economics at Melbourne University.

⁵⁴December 18, 1965. The article was unsigned.

⁵⁵*Report on Wool Marketing*, presented to the AWIC, Melbourne, October 31, 1967.

⁵⁶*Wool Marketing Recommendations: Report on Negotiations*, Melbourne, April, 1969.

recommendation that small lots of wool (less than four bales) be acquired by a statutory body, an Australian Wool Corporation, and combined into larger, more attractive lots to be judiciously fed on to the market was the beginning of a renewed quest for a reserve price scheme.

The ruse of attempting to fix up the problem of small growers by acquiring their wool could not reasonably be opposed by the larger growers who resisted government intervention. Nor could they oppose the other recommendation of the Wool Board in 1970 that an emergency deficiency payment be made to growers to compensate for low prices and drought and thereby help them to carry on while a permanent marketing plan was devised for the wool industry.⁵⁷ The measure was quickly adopted by the Wool Board and the Government, which set the deficiency price for the 1971-72 season at 36 cents a pound with a upper limit on payments per grower of \$1500 and subject to a means test.

As the *Australian Financial Review* pointed out there was no way that grazier leaders, opposed to organised marketing, could attack the short term deficiency payments because of the hard times.⁵⁸ Once the news of the subsidy had reached the bush-the Wool Board had released the details of its confidential report before it was discussed by Cabinet-those large growers opposed to subsidies were reluctant to fight back. The acquisition of small lots and the deficiency payment, according to the *Financial Review*, made many graziers feel that the ground had been cut from under them:

and their opposition rather weak in the face of the wide grower support that has generated for a statutory authority by stage-managed meetings around the countryside this year.

By November, 1971, the AWIC got fully behind the call for a single authority to control the marketing of the annual clip and armed

⁵⁷ *First Interim Report of the Australian Wool Board Advisory Committee*, July, 1970.

⁵⁸ July 9, 1970.

with acquisition powers. In 1972, the final year of the 23-year unbroken reign of Coalition Governments, the industry got a single marketing authority, resulting from the amalgamation of the Wool Board and the Australian Wool Commission into the Australian Wool Corporation, and a flexible floor price scheme.

The Whitlam Labor Government, which took office late in 1972, introduced full year fixed floor prices but, like its predecessor, balked at acquisition of the national clip for fear of the heavy financial risk. Almost 20 years later the Hawke Labor Government returned wool marketing to the free auction system. Controlled marketing had proved an abject failure as wool processors resisted the practice of the Wool Corporation and the Wool Council of Australia (a constituent of the National Farmers' Federation) of continually pushing the yearly floor price higher.

By the early 1990s there were over four million bales of unsold wool in store and a massive debt to be paid by growers on loans for the purchase of that wool and storage costs. The stockpile was in itself a price depressant on the free auction system. The dream of the small-wheat sheep producers of a controlled marketing system that would give them a "fair" price for wool had become a nightmare. Woolgrowers were not only the victims of their flawed vision, but they were also the victims of the manipulations of Country Party politicians who saw more votes in taking the side of the small growers and were determined to silence their grazier critics by entangling them in the protectionist web. The politicians were well served by the senior officers of their departments.

The Australian Wool Board, under the leadership of Sir William Gunn, saw reserve prices as essential if growers were to continue paying their promotion levies. The role of Gunn in the marketing debate was crucial. He entered wool politics through the United Graziers' Association of Queensland, the one affiliate of the AWGC which had long favoured a reserve price because it could supposedly give greater income stability to growers in drought-prone regions. No one, not even his stoutest opponents in the marketing battle, ever accused Gunn of being a McEwen stooge, despite the fact that McEwen "invited" him to run for Country Party

pre-selection for the Queensland seat of Maranoa in 1965.⁵⁹ Gunn's loss to local grazier, Jim Corbett, in the middle of 1965 referendum campaign, was not a good omen for the "yes" vote.

The fact that Gunn and McEwen held similar views on the reserve price led to speculation about a less than proper relationship between the two men, but there was no proof of undue pressure being applied to Gunn. In retrospect, it appears that there was no need because he retained his advocacy of a reserve price long into retirement from wool politics.⁶⁰ Gunn made his reputation from an ability to force opposing factions to agree, even if it meant keeping meetings going long into the night. He was a tireless campaigner for increased promotion funding and market reform and never considered any battle lost. One of his strategies to keep the reserve price issue alive was to have the wool board almost constantly involved on new reports on wool marketing. The loss of the 1965 reserve price referendum was quickly followed by a fresh report on marketing. According to Watson:

The wool industry had reached a stage where an uneasy peace could only be maintained by the fact that a wool marketing report was always in the process of being commissioned, being prepared or being considered.⁶¹

The constant flow of reports (there were eight in the 20 years to 1972) put constant pressure on the graziers to fall in behind a reserve price and full acquisition. The proponents of a reserve price, which included Gunn and McEwen, lost interest in referendums after the 1965 defeat. From then on it was a case of more reports promoting reserve prices and whipping up rank and file woolgrower support to apply strong pressure on graziers inside the AWIC, the AWGC and the NSW Graziers' Association.

⁵⁹See *Bulletin*, October 23, 1965.

⁶⁰On March 1, 1993, Gunn issued a press statement from his Brisbane home calling for the re-introduction of a floor price.

⁶¹A.S. Watson, *Wool in 1980*, Australian Journal of Agricultural Science, Vol. 24. No. 2. August, 1980.

HOW A RESERVE PRICE FOR WOOL PROMOTED FARM UNITY

Before the reserve price scheme commenced in the 1971-72 wool selling season, the graziers' organisations had all fallen into line, victims of the intense pressure applied in the lead up to the Moree meeting, the so called turning point in the marketing battle. McEwen not only worked on breaking down the free market graziers by his personal support for a reserve price and his encouragement for the campaigning of Gunn and the wool board but he worked on his Country Party connections. Many graziers were members of state branches of the party and they had a loyalty to the party and their federal leader. There was pressure on them to get behind the party and support a reserve price. The Country Party has proved little different from the Labor Party in exploiting cross-membership between party and pressure group. Labor leaned on trade unions to support its policies and the Country Party did the same to farm organisations. There can be a price to pay when the pressure group and the object of its pressure have a close and historic relationship.

The reserve price scheme slipped into place without a referendum, or indeed without much protest. The opponents had relented under the constant pressure from the Country Party, the Wool Board and the small growers. Despite McEwen's dictum that growers decided the policies for their industries, they had a lot of outside help in making up their minds. However, there were other factors, such as the growing calls for farm unity, and those graziers leading the unity debate saw their cause being wrecked by further squabbling with the AWMPF and its affiliates over wool marketing.

Compromise helped to ensure progress was made towards unity. There was also a shift of power within the Graziers' Association, following the large swing by graziers into wheat growing in the 1960s, which gave them a taste for organised marketing and price guarantees. Low prices for wool in the early 1970s, and drought encouraged many more growers to look for greater income stability and a reserve price seemed worth a try. The graziers of NSW, Victoria and South Australia were handicapped by the fact that the

United Graziers' Association of Queensland (where Gunn began in wool politics) had been solidly behind a reserve price.

While time has shown that the wool reserve price scheme proved a failure, its introduction was undoubtedly a major impetus to the unity moves that gathered pace in the early 1970s. Continuing squabbles over wool would have ensured that the Graziers' Association and UFWA, the most powerful state organisations representing graziers and farmers, stayed apart and continued their fierce competition for membership. Getting the wool issue off the immediate agenda with both sides supporting a reserve price scheme meant that they could concentrate on the concerns they had long held in common, such as rising production costs, declining real farm incomes and inefficient transport and shipping systems.

Unity meant the ability to combine resources to meet the new challenges of dealing with a Labor Government in Canberra and performing creditably before the IAC, where rural assistance was coming under the public spotlight. The McEwen era, when farmers were given considerable "help" in policy making through pressures from the Country Party and its bureaucracy passed into history. The IAC was the forum in which the issues were brought into the open and primary industry assistance was considered in the wider national context not on what it might do for a political party.

As we will see in a later chapter there were leading graziers with a vision of a united farm lobby clearly in sight and they were prepared to give ground to the farmers today if it meant that all primary producers would speak with one voice tomorrow. This was a policy that not only helped achieve unity but also an eventual return to the graziers' free market philosophy.