

Comment

Broadcasting and Productivity

Broadcasting regulation in Australia is to be reviewed again - this time by a federal government agency called the Productivity Commission.

The Commission, which was established about a year ago, is the latest incarnation of an institution which has existed in some form for nearly 80 years. The functions and the names of its predecessors provide a neat summary of the approaches and dominant attitudes to the regulation of Australian industry through the twentieth century.

The first "Productivity Commission" was a "Tariff Board", established in 1921 to consider and make recommendations to government about applications from manufacturing industries for new or higher tariffs which would protect them from foreign competition.

Protection was, according to Paul Kelly in *The End of Certainty*, the "second pillar" of the laws and institutions which emerged in the generation after Australia's federation in 1901 - what he calls the "Australian Settlement". The first was the White Australia Policy. Protection emerged as a "creed and a dogma" whose appeal "transcended that of economic policy".

Australia's second Prime Minister, Alfred Deakin, claimed to have been convinced of the merits of protection by Melbourne Age owner, David Syme, one evening "as we crossed the old Prince's bridge". Deakin's Victorian protectionists overran their free-trading NSW opponents on the conservative side of politics, and both his Liberal Party, formed in 1909, and Labor, came to support Protection. Subsequently, the Country Party joined the compact as the party gained prominence in the 1920s. A policy designed to assist the establishment of secondary industries was adopted by the political voices of primary industry with the promise of "Protection All Round".

Until 1921, the Government decided on tariffs as it saw fit, but in that year it established the Tariff Board to provide more independent and systematic consideration of applications for tariff protection. Donald Horne, in *The Lucky Country*, described the Board's role as being to ensure that "those who want to make money get a 'fair go'". To many Australian businessmen, wrote Horne in 1964, "the way to make money has been to grab some ideas from overseas, rush them into operation, however inefficiently, and then rely on the Tariff Board for protection".

The Tariff Board approved the broad principle that an "economic and efficient" industry should be given whatever protection was necessary for local producers to survive and earn a reasonable rate of profit. The Board and its opponents argued about what these concepts might mean for the best part of half a century, with protection remaining a dominant feature of Australian economic policy, particularly under the long stewardship of Country Party leader 'Black Jack' McEwen. By the mid-1960s, even the Tariff Board itself was conceding that the structure of tariff protection it had helped to construct was "fortuitous and, in some areas, anomalous".

Gough Whitlam's Labor Government, which reduced tariffs across

the board by 25% in mid-1973, replaced the Tariff Board with an "Industries Assistance Commission" in 1974, Whitlam wanted to ensure that forms of assistance to primary industry which did not involve tariffs got the same level of scrutiny from the Tariff Board as the primarily tariff-based assistance to secondary industry. The "IAC" came to be known in some circles as the Industries Assassination Commission, because of its uncompromising line on the social and economic costs of protection.

As "assistance" to industries became unpopular in the 1980s, another Labor Government dropped it from the organisation's title. As even "industry policy" fell from favour in the liberalisation and privatisation of the 1990s, the Industry Commission became the Productivity Commission in 1998, taking over the IC's responsibility for the reviews of all areas of regulation required under the 1995 federal/state Competition Principles Agreement.

The early indications are that many big media industry players will be calling on the Productivity Commission to recommend liberalising access to the markets for media and communications services. The David Syme's of the 1990s are about as likely to label such demands as being for "protection" as Australia's latest Prime Minister is to have an epiphanous experience about industry policy, on the old Prince's Bridge or anywhere else. But they will be listened to just as intently.

The task for the Productivity Commission is to decide whether some of Syme's descendants will dominate the free markets they seek for the 21st century as comprehensively as the protected ones they have crafted so skilfully in the 20th. If it thinks they might, the Commission could ask whose interests that is likely to serve and what the government of a clever country should do about it.

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