



Against protection: Bert Kelly's legacy

The Modest
Member
Scott Ryan



As the federal Liberal member for Wakefield in South Australia from 1958-77, Bert Kelly was often a lone voice opposing the protectionist economic regime that was then almost unquestioned in Australia. While I never had the privilege of meeting Kelly, I am part of the first generation to have benefited from his life's work.

The victory of economic rationalism, to use the somewhat strange pejorative term of the time, presented my generation with opportunities our parents could not have dreamt of. We have not experienced mass unemployment or inflation, but economic growth since the early 1990s.

This is substantially due to the implementation of Kelly's ideas.

While it was often our parents who bore the cost of the collapse of the protectionist state that Kelly's ideas brought about, it is important that we properly attribute the cost of the collapse of these policies.

Today, these so-called costs of economic liberalisation are constantly elevated, as special interests once again mount a claim on the public purse and the Australian consumer. The blame for the retreat of cosseted industries belongs to former deputy prime minister "Black Jack" McEwen and his band, not Kelly.

We need to reinforce this, because the advocates of special interests continue to cloak themselves in the language of the common wealth and the betterment of the whole country.

The protectionist economic regime was always going to fail; it

was simply a matter of when and whether it would do so in a manner of our own choosing, or be forced on us. But, thanks to Kelly, its end occurred at a time of Australia's choosing, in a way we could manage. While the costs of that change, though real in human terms, belong to the protectionists, we also need to argue the case that our recent good fortune belongs to Kelly and his ideas.

Recently I visited one of Australia's larger manufacturing sites. There it was outlined to me that manufacturing industries needed support, so that Australia could have an economic base after the mining boom; that we had removed too much protection for these industries to be sustainable.

My retort was simple and informed as much by the writings of people such as Kelly as it was by anything I learned studying economics. If we hadn't ended protection, we wouldn't have a mining boom. If labour and capital were tied up making protected Valiants or shirts and our resources investors were paying higher costs for steel, we would not be enjoying the fruits of our natural resources blessing.

In his political biography, *The Modest Member*, Hal Colebatch outlines the effort Kelly went to to comprehend the indecipherable. He knew that tariff issues were made so complex precisely to keep their costs from the public. But what leaps out of Colebatch's book is that it was the moral component of protection that stands out in Kelly's speeches and writings.

Kelly understood and outlined that the protectionist regime was not only inefficient, it lacked moral legitimacy. He knew it did not protect those it claimed to. He understood it was unfair for one to subsidise another and for that

person not to know how much it was costing them. But most importantly, he mounted the case that state patronage corrupts our politics and society.

A recent prime minister famously stated he wanted to put government back at the centre of the economy. It had already been at the centre of the economy and, due to Kelly, we had removed it. But Kelly also knew that these moral arguments were not enough. He had to win the argument on practical grounds as well. He famously used farming analogies. Maybe they're not as appropriate today because there are not the same numbers with a background on the land, but the lesson is to use language that people can directly relate to.

Most notably, when Kelly was the voice of economic good sense, he was often alone. Colebatch outlines this in great detail in this book. Years later, former Liberal MP John Hyde wrote that when he arrived in Parliament, due to Kelly, he had the benefit of never being alone.

Today we have it even easier. We don't just have the force of ideas or allies — we have history to point to. We have the last 20 years and the success of Kelly and his ideas. We are not just arguing for a theory.

Hopefully this book will be yet another step in ensuring all Australians are grateful for what Bert Kelly did, as well as remember his critical role in bringing about our relative good fortune over recent decades.

■ *Senator Scott Ryan is opposition parliamentary secretary for small business and fair competition. This is an edited transcript of a speech given at the Melbourne launch of The Modest Member by Hal Colebatch at the Institute of Public Affairs last week.*