



CONSUMERS v PROTECTIONISTS

Australia's creative industry has again shown its canny ability to frame a debate.

The recent dispute over lifting restrictions on parallel book importation has been cast as a classic good versus evil battle. On the one side, we apparently have the noble educated patriots, boldly standing on the last line of defence for Australian culture, and on the other we have a mounting tide of sub-standard (foreign made) literature and a cabal of neo-liberal charlatans hell-bent on unleashing it on the young impressionable minds of Australian readers.

Author Tim Winton says the Productivity Commission is "hostile to Australian rights." Louise Adler, CEO of Melbourne University Press, launched a shrill attack on the Productivity Commission as "neo-liberals and economic fundamentalists."

Author Richard Flanagan bemoaned the "big end of town" (Coles and Woolworths) for trying to extend their "pernicious hold" over retail into the book selling business. Flanagan also claimed that adopting the Productivity Commission's recommendations would send Australia back 40 years into a "colony of the mind as we were then, reading American books now instead of English." Tara June Winch, also an author (sensing a pattern here?) feared that Big W would start to "feed [Australians] crap literature."

All of this sparked by an innocuous report from the Productivity Commission which recommends Australia loosen restrictions on the importation of books. No doubt the mild-mannered Commission economists would have been surprised by the barrage of abuse they were about to receive.

Adler recently used a book launch at Parliament House to lecture the Prime Minister about the need to protect her industry. In doing so, she used the typical shop-worn tactics of all protectionists – the need to protect Aussie jobs – but also the protectionist's last retreat: the need to protect Australian "cultural identity" from being undermined by obviously culturally inferior foreigners.

These cries for cultural protectionism are eerily similar to the scare-mongering campaign by the arts community against the Australia-US Free Trade Agreement in 2004. Many predicted then that we would be "swamped" by American content and Australian drama would wither on the vine.

Australian actress Toni Collette, in an interview on the FTA, even suggested that she would "slit her wrists" if the Howard Government was re-elected in 2004.

Her criticism of "vacuous American fodder" and desperate pleas to stop Aussie kids growing up with American accents would carry a bit more weight if she wasn't cashing cheques from her current US drama series (replete with dreaded American accents), *United States of Tara*, which is being screened on the ABC.

But the ongoing success of home-grown dramas like *Packed to the Rafters*, *City Homicide* and *Underbelly* clearly put those hysterical claims into perspective.

Putting aside the disturbing cultural myopia of those arguments for just a moment, let's ask ourselves how the current arrangements actually protect Australian literary content.

Current restrictions prevent book sellers from importing books manufactured overseas if the book is published by an Australian copyright holder within 30 days of overseas release.

It's not a bad little earner for Australian publishers, who are effectively granted a monopoly over any book they choose to publish, as they are immediately protected from foreign competition. They can charge any price they like and need not fear competition from overseas publishers who may be able to print the book at a lower cost than they can.

The Productivity Commission report showed the impact of this – the retail price of books in the United States are on average 35% lower than Australia and 18% cheaper in the United Kingdom. The victims of this racket are Australians who purchase books, who are paying far higher prices than they should for books.

And how do Australian authors benefit from this process? It's not clear. Publishers argue that the higher profits they extract from selling competition-free imported books allows them to bestow their benevolent largess on Australian authors, and nurture local literary talent.

They assure us it is this altruistic goal, not hoarding their artificial excess profits, that motivates their activism on this issue. Yeah right.

We know that free trade works. The theory supports it. Protecting inefficient industries hurts Australian consumers via higher prices and misallocates Australia's resources away from their most productive uses. The decades of economic growth we've enjoyed since the process of trade liberalisation began in the 1970s backs it up.

It's time that the debate was reframed. This is just another argument in a long line of battles between consumers on the one hand, and protected special interests on the other.

The Government faces a clear choice on this issue. They can side with struggling students purchasing textbooks, parents wanting to fill their homes with books for their children, or a small group of inefficient rent-seekers who are desperately clinging to government protection for their artificially high profits.

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