

Brand power pushes up our retail prices

All Australians lament our high retail prices, but finding a way to lower them is not easy. Grace Collier ("Driven to distraction by car lunacy", *AFR*, September 21) argues that prices would be lower if we enabled parallel imports and stopped subsidising domestic manufacturing. While superficially attractive, there is little to support this conclusion.

Parallel importing of designer handbags is relatively easy and there

are no domestic manufacturers, yet the price difference in these bags between Australia and Europe or the US is greater than it is for cars.

The Productivity Commission found a substantial gap in Australian retail sector productivity and that of the United States, a direct result of higher prices charged by distributors to Australian retailers.

Currently there is a Parliamentary inquiry into IT pricing, which also

has found substantially higher prices for software in Australia. So we find a consistent pattern across cars, retail and software of us paying more than other western markets.

But the price differential does not seem to be affected much by whether there is any Australian production, subsidies, tariffs, or even retail and support presence in Australia (eg. iTunes or Amazon). It is more related to brand power, with some brands

pushing remarkable mark-ups. Prices are set by distributors wishing to maximise their profits in Australia, and because we are relatively wealthy, this results in higher prices for Australians.

There are many good reasons for reforming manufacturing subsidies, but lower prices isn't one.

Andrew McCredie
Red Hill ACT

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Subsidies a triple blow to taxpayers

Congratulations to *The Australian Financial Review* for doggedly pursuing transparency on taxpayer subsidies to the car industry. Surely we all have a right to know which private companies benefit from taxpayers' largesse.

Alas, the car industry is only the tip of the iceberg.

Government support to business goes far beyond direct grants. Some of the big-ticket items include subsidised purchasing deals, as with Victoria's long-standing provision of electricity to smelters at below-market rates. Other examples include taxpayer-funded infrastructure like railways and coal terminals, which benefit only one or a few businesses, and accelerated depreciation and other tax breaks for mining, oil, gas and transport industries.

These subsidies are a triple impost on Australians, first

because they cost taxpayer dollars, second because they may drive up the price of carbon by artificially stimulating pollution-intensive industries, and third because they distort the structure of our economy and weaken other sectors. To the extent these subsidies are skewed towards propping up inefficient and resource-intensive industries, a strong case can be made that they are inconsistent with Australia's commitment to the G20 to dismantle fossil fuel subsidies.

Charles Berger
Carlton VIC

No need to keep us in the dark

Industry Minister Greg Combet's court action against your newspaper ("PM's adviser: local cars dying", *AFR*, September 26) to censor information released under the Freedom of Information Act pertaining to the car industry, is another undemocratic action of this federal government (add it to the introduction of the carbon tax in direct contradiction of its pre-election promises to voters).

Now we discover that there are matters considered so sensitive to the public in the documents obtained by the *AFR* that we need to be protected from them - or is it just the trusty old "mushroom approach"?

Laurence Strano
Northbridge NSW

Well played Roy Green ("PM's adviser: local cars dying", *AFR*, September 26).

So our local car manufacturing industry is in strife. Perhaps the Prime Minister can create a Taskforce into the Bleeding Obvious next time around. I would

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Is wealth creation our only goal?

The editorial "Lab or must get back on track" (*AFR*, September 27) begs the question of what is the right track and where should it lead?

Your editorial SUGgCHtR growing the economic pie rather than redistributing. However, IN thiN th real answer?

Perhaps we need a party that focuHCN more on quality of life and sustainability in wealth creat ion. After all, good technology and sustainability in wealth creat ion. After all, good technology and sustainability in wealth creat ion. After all, good technology and sustainability in wealth creat ion.

PETA ignores cultural rights

I find it disturbing the scare mongering by PETA in regard to the live sheep and cattle trade. The facts state that stock losses from this kind of operation are less than 1.5 per cent a year, probably comparable with the losses in any paddock.

The bottom line is that we live in a multicultural world and I'm sure even PETA agrees that people should be able to live the way they want to and abide by their cultural beliefs - which includes killing sheep the way they want to do it.

The problem with equality

Christopher Joye's perverse logic that inequality is good for the people and the economy ("Egalitarian distribution of income is destructive", *AFR*, September 25) makes me wonder if I've been looking at things wrong. If inequality is good, then maybe fossil fuels are good for the earth and sub-prime mortgages are a great way to build a stable economy.

Mr. Joye would he IIIIINllot tu the Harper IIUvormmell III ('IIIIIdll or tu Mitt Romney's campaign they're

Bravo to Grace Collier for shining a spotlight on just how badly the car industry is ripping us off ("Driven to distraction by car lunacy", *AFR*, September 27). Of course, the car industry and the government will return fire by NnyillK thnt ninny nUlltdcH provide IItno nllIIINtmll\~o III their car industries. Robbery may