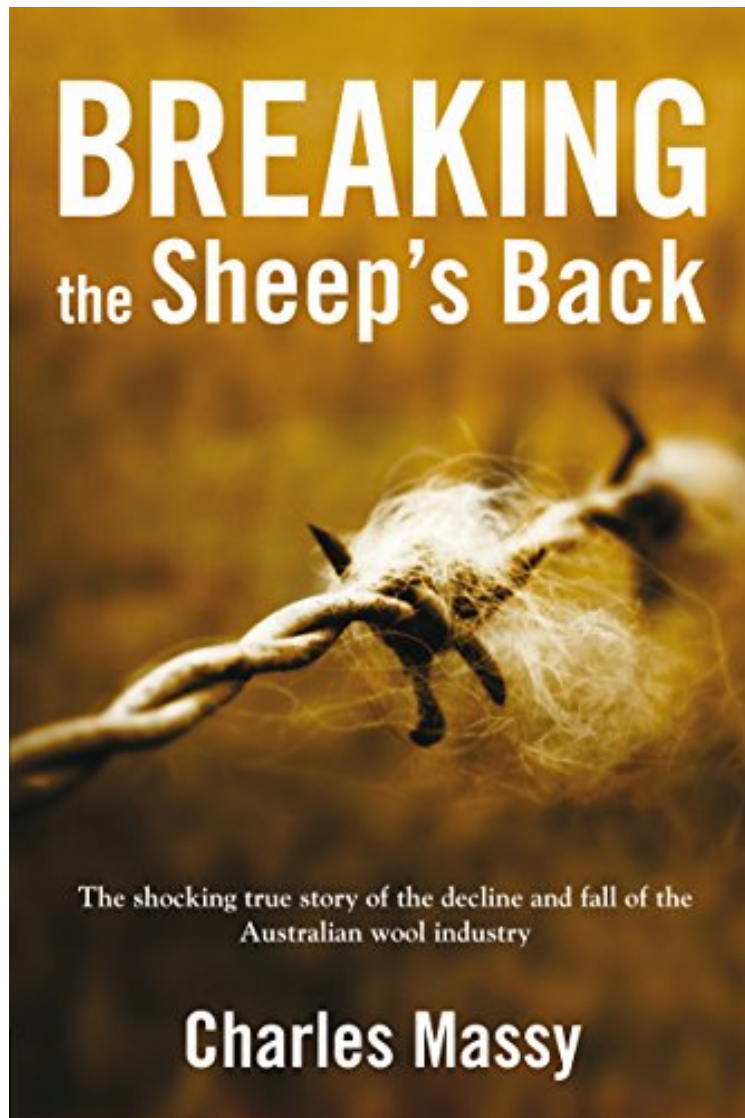


(Download ebook) Breaking the Sheep's Back

Breaking the Sheep's Back

Charles Massy

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Charles Massy : Breaking the Sheep's Back before purchasing it in order to gauge whether or not it would be worth my time, and all praised Breaking the Sheep's Back:

3 of 3 people found the following review helpful. Crash - Wool's Waltzing Matilda By Malcolm Cameron Breaking the Sheep's Back: The shocking true story of the decline and fall of the Australian wool industry. by Charles Massy
`...Down came a jumbuck to drink at that billabong, Up jumped the swagman and grabbed him with glee, And he sang as he shoved that jumbuck in his tucker bag, ... Up rode the squatter, mounted on his thoroughbred, Down came the troopers, one, two, three, ... Up jumped the swagman and sprang into the billabong, "You'll never take me alive", said he, And his ghost may be heard as you pass by that billabong, "You'll come a-Waltzing Matilda, with me". The recent

history of Australia's wool industry seems preordained in 'Waltzing Matilda'. As a case study, it would be a pity if the lessons learned in Australia, but applicable to commodity markets worldwide, were restricted by the local vernacular. Australia's ride on the sheep's back began in the 1840s and self-destructed in 1991, as related in 'Breaking the Sheep's Back'. Wool was the number one export earner for most of the century and a half prior to 1991 even after the rapid rise of mining. Then it all crashed. Today, wool stands at number 24 on Australia's export list. The nation's wool-growers now produce only one third of the wool compared to their efforts just 20 years ago. The world's consumption of fiber grew 40 per cent in the 15 years to 2004 but Australian wool production sank 50 per cent. 'Breaking the Sheep's Back' claims the cause was political, resulting from a scheme to bring price stability and higher prices through a reserve price maintained by buying and holding wool stocks funded by a producer levy and borrowings. The collapse of the Australian Wool Corporation's Reserve Price Scheme in February 1991 constitutes, by a wide margin, Australia's largest business corporate collapse with losses estimated at \$9 billion. By 1991 the Corporation was holding 4.77 million bales of wool in a stockpile that, if laid end to end, would have stretched from Sydney to Perth and halfway back again, a distance of over 6,000km. There were debts of \$3.1 billion serviced by producers paying a tax equal to 25 per cent of their wool earnings. It is one of the worst government generated policy calamities in Australian history, and provides for students an enlightening case study of a buffer-stock scheme - the world's largest and now most infamous. The book traces the unfolding of this debacle, a clear example of 'the fatal conceit' which holds that people can order things better the market. The author Charles Massy has had a long involvement in the wool industry and with sheep breeding having founded a leading merino stud in 1975. He sees a collective failure of leadership dating from before the Reserve Price Scheme in 1973 but with much of the responsibility resting with decisions made by industry leaders in the period 1984 to 1991. Fortunately, he has been able to devote ten years to research and write this clear flowing history. As Banjo Paterson relates in 'Waltzing Matilda' in 1895, almost a century earlier, swagman John 'Black Jack' McEwan greedily grabbed the jumbuck industry and shoved it in his tucker bag. Subsequent efforts of the troopers one (then Minister, John Kerin), two (then Treasurer, Paul Keating), three (then Prime Minister, Bob Hawke) were inadequate as it was not taken alive. Its ghost may be heard as you pass by that billabong. Hopefully, the book will engender debate, including other viewpoints, and that future generations may learn from past mistakes. Malcolm Cameron 4 November 2011 2 of 2 people found the following review helpful. text book classic of failing to maintain competitive advantage By david This new analysis of an industry destroyed by naive and untrained bureaucrats is a text book case of michael porters framework of 'competitive advantage' and the 'five forces'. Although not explicitly mentioned in the book, michael's book is listed in the bibliography - i reckon a great project for someone's MBA would be to 'map out' charles's descriptive narrative of the wool industry explicitly against the framework. Wool formed the mainstay of Australia's economy for many years. In an effort to smooth out booms and bust, a government sanctioned and oversighted market support mechanism was created but it only ever moved the reserve (support) price higher so that when a bust arrived, the attempt to buy all the unwanted (and now too expensive) wool basically bankrupted Australia's balance of payments. Thus the support system had to be abandoned! Too late the damage had been done! Customers who couldnt afford the artificially high price had already sought out cheaper substitutes from the improved generations of synthetic fibre. Even though the new much lower wool price was much lower, customers no longer needed the product. The artificial high price had also encouraged massive oversupply because of the apparent guaranteed profits - this included many people borrowing money to 'gear up' on the guaranteed profits! Thus when the price eventually collapsed it destroyed entire communities in the rural sector. The book is well written with many quotes and anecdotes to portray the personalities and egos that invariably also play a part in such disasters. My only criticism is that Charles continually states that wool should have pursued a differentiated 'high value' niche product pathway - based on its unique characteristics but he never actually states what these characteristics are. What is so special about wool? A spelled out practical example of the alternate pathway with specific detail rather than just the theory would have been a nice conclusion and helped better inform the current players in the wool industry who - 20 years on - are still struggling to try and increase wool market share and value a good read for government policy makers, business entrepreneurs and anyone interested in why rural australia looks so sad and depressed with falling down and abandoned buildings being common place

The 10-billion-dollar collapse of the wool industry is considered one of Australia's biggest business disasters, and for the first time, the shocking true story behind this colossal collapse is revealed. Spanning 170 years from the birth of the industry in 1840 and its boom during the 1950s through its unraveling from 1980 to 1991, this is a searing account of greed, political corruption, and heavy-handed protectionism. As it uncovers the never-before-seen archival sources, government and board papers, and private correspondence and shares exclusive interviews with key whistle blowers, this narrative unveils the gripping true story of government corruption in a seemingly untouchable industry.

About the Author Charles Massy is the founder of the leading merino stud Severn Park and is recognized as an innovator in marketing and merino genetics. He is the author of The Australian Merino and of several articles on the wool industry, merino and wool history, and the environment. He has also held positions on the

boards of the Australian Wool Research and Promotion Organization and the International Wool Secretariat.