

## THE AUSTRALIAN SUGAR MONOPOLY

By E. J. Craigie, M.P.

The sugar interests in many countries appear to have a powerful political "pull," and have been fortunate in getting favours bestowed upon the industry. Here in Australia we have watched with interest the privilege bestowed upon the beet sugar of the old land, and your readers will be interested to know how the cane growers of the Commonwealth have fared at the hands of our alleged democratic government.

### HISTORY

The first pound of sugar produced in Queensland was in April, 1862. The following year Captain Louis Hope started growing sugar cane in a substantial way. On 6th January, 1866, the first ton of raw sugar produced was disposed of and from that time the industry rapidly expanded. Up to the establishment of Federation, the industry was carried on with the help of coloured labour, consisting of Kanakas imported from the Pacific Islands, the minimum rate of pay to the Kanakas was £6 per annum and found.

In 1901 a Federal Statute was enacted forbidding the introduction of fresh coloured labour after 31st March, 1904. In the same year a Tariff Act was passed giving Queensland sugar a protection of £6 per ton.

In 1902 an Excise Tariff Act imposed a levy of £3 per ton on Queensland sugar for revenue purposes, and in 1903 a Bounty Act refunded £2 (out of every £3 collected under the Excise Act) to the growers in respect of all sugar produced by white labour exclusively.

The Excise was subsequently raised to £4 per ton, and the bounty increased to £3 per ton. By 1908 white labour produced 87·89 per cent of the total and soon afterwards the industry was entirely white.

Up to the year 1914 the industry continued to progress, but when the war came the Commonwealth Government took complete control of the sugar industry. From 1915 it commandeered the entire sugar output at a price fixed by itself, which was below the world's parity.

From 1915-19 inclusive the wholesale price of sugar did not exceed £29 5s. 0d. per ton, and the retail price was 3½d. per lb.

### PRICES RAISED

On 25th March, 1920, the wholesale price was raised to £46 1s. 6d. per ton, and the retail to 6d. per lb. These prices were confirmed in the third agreement which covered the period to 1923-24. It should be mentioned that when the agreement with the Commonwealth Government was made in 1915, an embargo was placed against the entry of foreign sugar into the Commonwealth.

In 1923 the Customs duty on sugar was raised from £6 to £9 6s. 8d. per ton, but, of course, it is not permitted to operate, because of the embargo which still remains in existence.

As a result of the spoonfeeding of the industry, the production of sugar increased from 159,681 tons in 1915 to 640,918 tons in 1934. Cane growers have produced more sugar than can be consumed in Australia at the high price ruling, with the result that whereas in 1915, 7,181 tons were exported overseas, the amount had increased to 305,687 tons in 1933-34.

A comparison of prices shows that for the sugar sold overseas the growers got £8 0s. 6d. per ton (this because of the preferential duty of £3 12s. 0d. per ton) whereas Australian consumers paid £23 18s. 6d. per ton for the same raw sugar in the country where it

was grown. This grave injustice is perpetrated with the sanction of all political parties in the Commonwealth Parliament.

The industry has now reached that stage, with such a big proportion of its production having to be sold outside Australia, that a strong effort is being made to restrict production.

### LAND VALUES INCREASE

Assignment orders are now issued by the sugar mills. Supposing that a man owns 80 acres of sugar cane land. He may have an assignment order for only 40 acres. That means that the product of those 40 acres shares in the average return secured on local and foreign sales of sugar. This average return for 1933-34 was £16 6s. 3d. per ton. If the holder of the land crops more than the 40 acres for which he holds the assignment order, he is compelled to sell all that sugar overseas at the world price (which last year was £8 0s. 6d.) and thus suffer a loss on his production.

The effect of this assignment order is made manifest in land value. Land with the order will sell at from £50 to £80 per acre, whereas without the order land of similar productive power can be purchased at £2 per acre. Fortunes have been made by gambling in land values in the sugar areas, and many of the present holders are suffering because of the excessive prices which they paid for their holdings. Naturally these men demand the retention of the agreement which artificially inflates the price of sugar to the consumer.

In addition to the benefit received as a result of the sugar embargo the Queensland Government subsidizes experimental stations, the amount contributed by the Treasury during 1933-34 was £7,776 12s. 0d. Furthermore, those interested in the sugar mills have received advances from the Government, the total advances being £2,669,958 19s. 1d. The Government has been generous enough to write off £204,443 8s. 11d. from the indebtedness of six mills.

The sugar industry has been spoonfed in a great many ways and at the present time exploits the Australian consumers to the extent of about £6,500,000 per annum.

### OTHER INDUSTRIES INJURED

The present high price of sugar not only has the effect of making that commodity dear, but it has a detrimental effect on other industries which use sugar extensively, such as biscuit factories, bakers, condensed milk, confectionery, aerated waters and cordials, and jam and fruit preserving works. As a result of the high price of sugar hundreds of tons of fruit lie rotting on the ground as it does not pay to process it.

If we compare the value of the fruit and sugar industries we find there are 273,627 acres planted with fruit, and the value of the fruit crop is £7,413,696. The number of persons employed in fruit growing is 36,221. This is an industry natural to Australia. In the sugar industry 212,842 acres are planted with sugar cane, and the artificial value of the product is £10,879,423. The number engaged in cane growing is 7,231; 6,638 are employed in sugar mills, and there are 15,000 cane cutters and field workers who find employment for a few weeks in the year. In view of the fact that this "infant" industry has reached the allotted span of 70 years it should be in a position to exist without further spoonfeeding.

We have just been through a strenuous campaign

to prevent the extension of the agreement from 31st August, 1936; when it is due to expire. Unfortunately our efforts were not successful, and a further extension until 31st August, 1941, has just been granted by the Federal Government. Notwithstanding the fact that a big number of Local Government bodies and other organizations carried resolutions of protest against the proposed extension, the agreement has again been ratified. It is surprising how all parties united to permit this continued exploitation of the public.

#### HIGH DIVIDENDS

Special reference should be made to the Colonial Sugar Refining Co. Ltd., which has been a gold mine to its fortunate shareholders. The paid-up capital of the company is £11,700,000 in 585,000 shares of £20 each. Of this amount only £2,425,000 has been *paid in cash*, and the balance consists of bonus share issues.

An investigation of the Reports and Balance sheets of the Company reveals the fact that since 1907, the reserves capitalized amounted to £13,175,000. Out of this capitalization cash returns amounting to £3,900,000 were made to the shareholders, the balance being distributed in the form of free shares.

It is interesting to note that on 28th November, 1934, there was a *free* distribution of shares to the extent of £5,850,000 on the basis of one *free* £20 share for each share then held.

During the past 10 years the Company has paid 12½ per cent dividends on its watered stock, and the shares issued free last November are quoted at £42 buyers on the Stock Exchange, and no sellers.

As a further indication of the political pull of this huge monopoly, it is interesting to note that although the Federal Income Tax Act contained a provision for the payment of Income tax on bonus shares, it did not operate until after this huge distribution last November was finalized, although the Act was on the Statute Book prior to that date.

For financial year just ended the Company has paid a dividend of 12s. 6d. per share with a bonus dividend of another 5s. per share. Yet we are faced with the fact that members of the Australian and Lang Labour parties, who claim to be in Parliament to conserve the interest of the workers, voted against a proposal to amend the agreement to reduce the price of sugar by £4 17s. 6d. per ton.

Such a traitorous action is hard to understand. In addition to this we are now advised that the Hon. Forgan Smith, the Labour Premier of Queensland, who has recently returned from a visit to England, is leaving again to look after the interest of this huge sugar monopoly at the forthcoming conference that is to be held.

We have been surprised to read in the Greene Report about the subsidies paid to the beet sugar industry in England, but the readers of *Land & Liberty* will no doubt consider they have little to complain about when they read these facts regarding the greatest political scandal in the Commonwealth at the present time.

It was interesting to see the extensive report in the *Keighley News* of Mr C. H. Smithson's address at a local meeting in which he dealt with Social Justice and Economic Equality. He is at home on that subject and made it the theme of the informing paper he presented at the Edinburgh International Conference, which to meet a special demand has been reprinted in separate pamphlet form. Interested readers should apply to our offices for a copy or copies of *The Beneficence of Natural Law in the Economic World*, price 3d. post free.

## OVER-PRODUCTION

By "L"

"Friday," said Robinson Crusoe, "I'm sorry, I fear I must lay you off."

"What do you mean, master?"

"Why, you know, there is a big surplus of last year's crop; I don't need you to plant another this year. I've got enough goatskins to last me a lifetime. My house needs no repairs. I can gather turtle eggs myself. There's an over-production. When I need you I'll send for you. You need not wait around here."

"That is all right, master. I will plant my own crop, build my own hut and gather all the eggs and nuts I need myself. I'll get along fine."

"Where will you do all this, Friday?"

"Here on this island."

"This island belongs to me, you know. I can't allow you to do that when you can't pay me anything I need. I might as well not own it."

"Then I'll build a canoe and fish in the ocean. You don't own that."

"That's all right, provided you don't use any of my trees for your canoe or build it on my land or use my beach for your landing place and do your fishing far enough away so as not to interfere with my riparian rights."

"I never thought of that, master. I can do without a boat though. I'll swim over to the rock and fish there, and gather sea-gull eggs."

"No, you won't, Friday. The rock is mine. I own it by my riparian rights."

"What shall I do, master?"

"That is your problem, Friday. You are a free man, and you know about the rugged landlordism maintained here."

"I guess I'll starve. May I stay here until I do, or shall I swim beyond your riparian rights and drown or starve there?"

"I've thought of something, Friday. I do not like to carry my garbage down to the shore each day. You may stay and do that. Then, whatever is left of it after the dog and cat have been fed, you may eat. You're in luck."

"Thank you, master. That is true charity."

"One thing more, Friday. This island is over-populated. Fifty per cent of the people are unemployed. We are undergoing a severe depression, and there is no way to end it that I can see. No one but a charlatan would say that he could. So keep a look out to sea and let no one land here to settle, and if any ship comes, do not let them land any goods of any kind. You must be protected against foreign labour. Conditions are fundamentally sound, though, and prosperity is just around the corner."—From the "*Bulletin*" published by the Australian Insurance Staffs' Federation.

The Right Hon George Barnes contributed to *Labour* of February, official journal of the Labour Party, an interesting whole-page review of Henry George and *Progress and Poverty*. "It is now over fifty years," he writes, "that I first got knowledge of *Progress and Poverty*. I espied it one cold winter's night on a wretched little contraption of a second-hand book stall in the City Road. It cost me sixpence and it opened up for me a new world."

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