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The Blighting Influence of the Tariff in Australia

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The high tariff is incompatible with the spirit of Federation. It gives benefits to privileged interests in certain States at the expense of the community generally. The effect of "Protection" has been to disturb the natural relationship existing between primary and secondary industries, to increase the cost of production, and to hamper the development of the great primary industries upon which we depend for our national well-being. The tendency of the tariff has been to concentrate secondary production in two of the States and to bring about centralization. The result is that more than one-half of the population of the Commonwealth reside within the metropolitan areas.

The Customs and Excise duties, amounting to over £40,000,000 annually, very materially add to the cost of living. The amount paid in Customs taxation, plus importers' and retailers' profits on same, is added to the price of commodities and passed on for consumers to pay. In addition to this, local manufacturers take advantage of the natural and tariff protection afforded artificially to inflate the prices of goods locally produced. It is within the mark to assert that owing to this scheme of legalized robbery, known as "Protection," the cost of the necessities of life is increased by at least £150,000,000 annually.

The purchasing power of money being reduced by this indirect taxation, the trade unions have endeavoured to secure better conditions for their members by appealing to Arbitration Courts for increased money rates of pay. After thirty years' experience of this method of attempting arbitrarily to increase the wages of labour, it is admitted by employer and employee alike that the system is a lamentable failure. So long as seasons were good and there was a fair demand for labour these Courts were regarded as satisfactory. Now there are drought conditions, stagnation in the primary industries, and unemployment rampant throughout the land, it is apparent the Courts were merely a confidence trick imposed upon men who did not possess a knowledge of the working of economic laws.

For many years the position in Australia has been as follows: Impose a tariff tax to keep out foreign goods so as to find employment for our own workers. The result was increased prices for commodities. Trade union leaders then went to the Arbitration Courts for the purpose of securing higher money rates of pay to meet these increased prices, and, when the increase was granted, prices again advanced. The higher prices again reduced purchasing power and restricted the demand for commodities. This restricted demand brought forth an appeal for still higher tariff protection, and this,

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in turn, through a further increase in prices, necessitated another appeal to the Courts for higher money rates of pay.

Thus we have been working in a vicious circle for more than a quarter of a century, and this has brought ruin and disaster upon the primary industries. The people engaged in pastoral, agricultural and mining pursuits found the prices of all their requirements advancing and their cost of production increased through the operation of the tariff taxes and Arbitration Courts. They were called upon to pay higher prices for their machinery, fencing material, and general requirements, but were unable to demand higher prices for the product of their labour. Their wool, wheat and minerals were sold under Free Trade conditions in the world's market, but they were forced to pay abnormal prices for their necessities. Whilst seasons were favourable and world prices for their products high, the producers could carry the burden imposed upon them. With the drought conditions during the past two years, and the lower price for products, the conditions of the people engaged in those industries, particularly in agriculture and mining, have become almost unbearable. Many are unable to carry the burden and are leaving the rural lands and going into the cities, there to swell the ranks of the unemployed.

Some idea of the effect of the tariff can be gained from the following facts. In the year 1916-17 the number of persons engaged in rural pursuits was 447,308. Ten years later, 1926-27, instead of there being a greater number employed, as there should have been, the number had fallen to 425,187.

The following table will show the small increase in the acreage under principle crops during the ten year period :—

Acres Under Crop.	1916-17.	1926-27.
	(acres)	(acres)
Wheat	11,532,828	11,687,919
Hay	2,671,862	2,699,631
Oats	360,072	286,178

When we turn to the copper and gold-mining industries we find a deplorable state of affairs. The total production of copper in 1916 was 41,429 tons, value £4,633,525 ; but in 1926 it had fallen to 8,729 tons, value £565,743. During 1916 we produced 1,665,816 ozs. of fine gold valued at £7,075,932 ; whereas in 1926 the production had fallen to 521,316 ozs., valued at £2,214,401.

In 1901, the first year of Federation, we had 113,462 miners employed in the mining industry, but by 1926 the number was reduced to 55,399. These lower production and employment figures are not due to the exhaustion of our mineral resources. Big deposits of copper and gold are still available, but the high costs brought about by our protective tariff policy have rendered it unprofitable to work any but the high-grade mines. The removal of the tariff duties would lower the cost of production, enable many low-grade mines to be profitably worked, provide employment for thousands of miners, and put the industry on a sound basis.

The latest annual report of the Tariff Board gives a fair indication of the increases in the tariff that have taken place since 1908. Dealing with this point, the Board in its Report states :—

“ Again and again applications are made for tariff assistance commensurate with the difference in costs of production in Australia and abroad. Many applications have succeeded, and the tariff wall is markedly

rising. In the Customs tariff, 1908, there were only eight items which provided *ad valorem* duties of 40 per cent. or over! Of these, six were 40 per cent. and the remaining two 45 per cent. In the existing Customs tariff there are 259 items or sub-items which provide *ad valorem* rates of 40 per cent. or over, as set out hereunder :—

93	providing 40 per cent.
72	providing 45 per cent.
35	providing 50 per cent.
19	providing 55 per cent.
38	providing 60 per cent.
2	providing 65 per cent.

“The disparity, comparing 1908 with 1928, in duties framed on specific lines, *i.e.*, per ton, per gallon, per pound, and the like, is probably equally as great as the disparity existing in the *ad valorem* rates.”

The following tabulated statement will show the effect of these duties upon the primary industries, upon which the economic prosperity of Australia depends :—

PRINCIPAL OCCUPATIONS.

1907—

Agriculture, Pastoral, and Dairying ...	371,962 ; equals	902 per 10,000
Mining	121,551 ; equals	294 per 10,000
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Total four principal Primary Industries	493,513 ; equals	1,196 per 10,000
Manufactures	248,859 ; equals	599 per 10,000
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Total ...	742,372 ; equals	1,795 per 10,000

Leaving 8,205 per 10,000 in all other occupations.

1917—

Agriculture, Pastoral and Dairying ...	383,333 ; equals	782 per 10,000
Mining	65,642 ; equals	134 per 10,000
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Total four Industries	448,875 ; equals	916 per 10,000
Manufactures	321,670 ; equals	659 per 10,000
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Total ...	770,545 ; equals	1,575 per 10,000

Leaving 8,425 per 10,000 for other occupations.

1927—

Agriculture, Pastoral and Dairying ...	425,187 ; equals	689 per 10,000
Mining	55,399 ; equals	89 per 10,000
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Total four Industries	480,586 ; equals	778 per 10,000
Manufactures	467,247 ; equals	758 per 10,000
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Total ...	947,833 ; equals	1,535 per 10,000

Leaving 8,465 per 10,000 for other occupations.

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This table shows in a very clear manner that employment in the secondary industries has increased at the expense of the primary industries, the mining industry suffering to a greater extent than the others.

So far as the secondary industries are concerned, despite the fact that they enjoy a high tariff privilege, many are in a parlous condition. The market for their products is limited to the Commonwealth. Australian secondary products can only be sold overseas at prices very much below the price demanded in Australia. For example, the Australian price of sugar for local consumption for the 1927-28 crop was £26 10s. per ton against £12 2s. 6d. fixed for sales outside the Commonwealth. Our butter is sold on the London market at five pence per pound lower price than we pay for it in the country where it is made. Canned and dried fruits, confectionery, condensed milk and other lines are in the same category; and many industries are spoon-fed by means of a bounty.

We have splendid deposits of coal in Australia, yet local coal mining companies are unable to supply coal as cheaply as it can be obtained from overseas. During the year 1906 we were able to export 3,550,755 tons of coal, but in 1926-27 the amount sent out of Australia was only 807,148 tons, and the position is getting worse each year.

Under the shelter of the tariff wall a number of hot-house industries have been developed, many manufacturers have continued with obsolete methods of production instead of installing up-to-date machinery, and in many instances the public have been compelled to take inferior articles and pay high prices for them. The following tabulated statement dealing with twelve industries will give some idea of the cost of Protection. The table is compiled from the official records of production and from the tariff statistics.

Industry.	No. of Employees.	Wages Paid.	Extra Cost owing to Tariff.	Extra Cost over wages Paid.
		£	£	£
Butter, Cheese, and Condensed Milk	5,490	1,244,470	2,043,896	799,426
Jams, Jellies and Sauces	6,189	902,859	1,115,418	212,559
Confectionery	8,849	1,391,114	2,152,335	761,221
Leather	4,189	906,492	1,128,410	221,918
Boots and Shoes... ..	21,220	3,235,877	3,587,823	351,946
Matches	715	110,761	234,554	123,793
Musical Instruments	1,647	335,502	898,455	562,953
Hats and Caps	3,340	493,349	899,620	406,271
Tobacco, Cigars, and Cigarettes	4,325	800,615		
Value of Tobacco Crop ...		167,903		
		968,518	7,303,100	6,334,582
Sugar	7,322	1,676,718	2,913,741	1,237,023
Woolens and Tweeds	8,735	1,222,596	2,970,857	1,748,261
*Timber			1,327,870	
	72,021	12,488,256	26,576,079	12,759,953

* No official figures are available regarding the number of persons employed in the timber industry, therefore it is not possible to show how much is the excess of cost over wages.

An examination of the above figures will show that, in the twelve industries cited, the added cost of those commodities by reason of the tariff taxes was £26,576,079. In other words, the consumers could have pensioned the 72,021 workers engaged in those industries to the extent of the wages they received, secured the goods under Free Trade conditions, and would then have saved £12,759,953 on the year's purchases. Is it any wonder there is stagnation and misery whilst such a pernicious policy is allowed to operate? The only way to reduce the cost of living, increase production, and improve the condition of the people is to abolish these tariff taxes and adopt a Free Trade policy.

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