

Protection in Australia

AUSTRALIA and the United States have several points in common. They are both about the same size, both have erected lofty tariff walls to protect them from the outside world, both are paying a very high wage, and in both countries the manufacturers are profiting at the expense of the primary producers. The increase here in the number of factories and of employees, as well as in the amount of output and of wages, is something remarkable.

But the progress in the manufacturing districts has been attained at the expense of the country producers, who are everywhere protesting against the extra charges which they have to pay for everything they require in order to swell the profits of the manufacturers. Basic wages fixed by industrial courts, shorter working hours, compulsory compensation for all sorts of injuries, and the high cost of living brought about by an excessive tariff, have "forced wages beyond a point that the rural industry can carry on," says the President of the Town and Country Union (Mr. Macmahon), with the result that "the rural inhabitants are leaving the country and flocking to the towns, attracted by the wages paid by highly protected industries."

The opinion is growing stronger every day that the excessive tariff, which is the cause of much if not all of this, should be very considerably lowered. The Tariff Board, a believer in extreme protection, confessed, in its recent published annual report, that it "could see nothing but economic disaster ahead, and that at no very distant date." Its remedy was, not to lessen protection, but "to clothe the Prime Minister or the Minister for Trade and Customs with power to increase the tariff rates to any extent found desirable after report and recommendation by the Tariff Board." This view is by no means generally entertained. "Any country must be in a bad way," wrote Mr. Vickery, Chairman of the Stockowners' Defence Association, "when the expansion of its principal industries is retarded by the bolstering up of the primary intermediate, secondary and artificial industries," and he described the decrease in the numbers employed in the rural industries as a calamity for which the tariff was solely responsible.

Another correspondent put the matter still more strongly when he wrote that "Industries such as grazing, farming, mining, and timber have in the last few years been penalized quite 50% in cost of production solely attributed to the ridiculously high protective tariff. "Practically," he writes, "the whole of our exports are made up from the four industries named, therefore any policy which retards them must react upon the community as a whole, for if the export of our primary products is stopped Australia would at once become bankrupt."

According to Mr. Gregory, a leading member of the Country Party in the House of Representatives, the whole

tendency of our legislation and administration is to attract people to the overcrowded cities, and it had moreover almost entirely destroyed our mercantile marine. A still stronger view was expressed at a public meeting held at Perth which vigorously denounced the excessive Customs duties, the Navigation Act, and the recent iron and steel imposts, while Senator Lynch at the same meeting declared that the tariff was the biggest fiscal monstrosity he had heard of in any young country in the world. But the well known clergyman, the Rev. J. D. Jones, formerly Chairman of the Congregational Union, writing to the *London Daily News* from Melbourne, went to the root of the matter when he asked what would our protected industries do when the Australian market was fully supplied? Australia cannot, he wrote, compete in the world market owing to the expense of manufacture. That is really the gist of the matter. The East calls on us to supply some of her most pressing needs, and, with the exception of our primary industries, we cannot do so, and are losing one of the greatest opportunities that ever came in our way solely because our industrial conditions are radically wrong.

The problem is one affecting both Australia and the United States, but it is and will be a much more pressing one here because America is the biggest internal free trade country in the world and has a tremendous population to supply, whereas in Australia we have only a little over 6,000,000 people scattered over a vast area, and the moment the home market is supplied and saturation point is reached our manufacturers will have to sell their products to other countries at a loss, as the Colonial Sugar Refinery Company is doing, so that in Australia we have the singular paradox that the more (sugar) we produce the less profit we make. And the same thing will apply to our manufacturers unless our policy of excessive tariff taxation is reversed.

No one so far has asked how the revenue is to be found if Customs taxation is reduced, perhaps because such an enormous and unexpected surplus was obtained last year (£3,559,140; in addition to an accumulated surplus amounting to nearly as much) that it hardly seemed necessary to collect any more for some time to come. The great point is that the fight against Customs' taxation in Australia is fairly under way, that it will increase in strength as the disastrous effects of the present system become more apparent. It must help on the day when a very strong feeling will be aroused that will sweep away the tariff and substitute in its stead a tax on land values without exemptions and without graduations which will initiate that reign of economic justice which we Single Taxers have struggled to bring about ever since our Great Teacher first led us into the right path and showed us the more perfect way. The Australian Single Taxers are fighting tooth and nail against tariff, for we recognize that so long as a single Custom house remains no country can be perfectly free.

Mr. Arthur Henderson, the popular and extremely able representative of the Labor Party in England, visited here a short time ago and speaking of conditions in England said that since 1920 there had been an abnormal reduction in wages, the national wages bill (except for agricultural and clerical workers, civil servants, and shop assistants) being only half what it was prior to that date. Then, between 1921 and 1923, in addition to the Government dole, £27,000,000 had been paid by the Unions for unemployment relief, and yet the emigration figures for 1925 showed a reduction of 240,000 compared with those of 1912. Mr. Henderson is an ardent advocate of emigration, his views on which may be gathered from his pregnant phrase—"We can transfer population to the land but we cannot transfer land to the people."

That Great Britain is beginning to realize the economic importance of the Dominions may be inferred from the statement made by Sir Frank Nelson, another of the English delegates, who pointed out that Australia, with her 6,000,000 population, takes more goods from Great Britain than the United States, France and Germany combined, with their aggregate population of 220,000,000! It is evidently, therefore, of the utmost importance to both Britain and Australia that this tremendous trade should at any rate be maintained and if possible improved, and that the surplus population of the one should fill the surplus places of the other, increasing the productivity here and reducing the unemployment there, to the enormous benefit of both.

But in order to bring about that mutual and very desirable state of affairs we in Australia will have to radically alter our present course. In the first place, before we can honestly ask people to leave their English homes to settle here we must be able to offer them good land within easy reach of a market on reasonable terms, and it must be comparatively easy for an experienced man to make a living off the land when he comes. Our present federal system of exempting land values up to £5,000 from taxation while super-taxing up to 9d. in the land values above that amount is radically wrong, as is shown by its evil effects. It has enabled land holders to hold their land out of use pending a rise, it has encouraged land monopoly, it has prevented would-be settlers from obtaining access to land, and it has deprived the Commonwealth of a source of revenue which rightfully belongs to it, and the appropriation of which would have enabled us to meet most of our expense and to pay off a much larger proportion of the national debt than we are now doing.

If we want to settle, not our waste places, but our fertile and easily accessible lands to the best advantage, we must abandon a system which has admittedly borne such rotten fruit, and substitute in its stead a uniform flat rate on land values in the federal sphere, as has been done with such beneficial effect in the municipal sphere both by Queensland and New South Wales. By so doing we

would not only be able to transfer population to the land, as we are certainly not doing now, but we would be transferring land to the people in a way which was probably not in Mr. Henderson's mind when he coined the significant phrase quoted above.

—PERCY R. MEGGY.

Officers of the Henry George Foundation at Work in Delaware and the West

THE past month or two has witnessed a rather marked extension of interest in the Pittsburgh tax plan as a concrete example of the policy of concentrating the principal weight of taxation upon land values, and the Henry George Foundation has therefore been giving special attention to this department of its work.

The most important development was the introduction in the Delaware Legislature by Senator Kramer of a "graded tax" bill which would apply the Pittsburgh tax plan to the City of Wilmington. This movement is ably led by Frank T. Stirlith and John F. Thomas, of Wilmington, supported by Frank Stephens, of Arden, and a number of other loyal friends of the cause, most of whom were prominent in the famous Delaware campaign of 1896.

In response to official invitations extended, Secretary Percy R. Williams, a former member of the Pittsburgh Board of Assessors, went to Delaware and, on the 3d of March, addressed a joint assembly of the Senate and House of the Delaware Legislature at Dover in the morning, and that evening spoke at a public hearing before the City Council of Wilmington, explaining the nature, operation and effects of the Pittsburgh tax plan and advocating the application of this system to the City of Wilmington. The presentation was received in a very friendly manner in both instances and generous newspaper publicity given by all local papers. The March issue of the Wilmington Chamber of Commerce Journal contains an article by Mr. Williams entitled "A Graded Tax Law for Wilmington," setting forth the benefits that may be anticipated by the adoption of the measure pending in the Delaware Legislature.

The act, as drawn for Wilmington, is mandatory (the same as the Pittsburgh act) but, if adopted in its present form, would mean much more rapid steps than were taken in Pittsburgh. The law would become effective with the fiscal year beginning July, 1928, and a ten per cent. step would be taken every year, instead of every third year, so that the half-rate on improvements would be effective in 1932. * * * Strong support is being enlisted, but some serious opposition may, of course, be anticipated before the bill is brought to a vote.

[A telegram from Mr. Stirlith says that the bill, amended to be permissive only, passed the Senate March 29 without a dissenting vote.]