

PROTECTION IN AUSTRALIA

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Although Customs tariffs for the purpose of Protection were first introduced with the formation of the Commonwealth it was not until 1907 that her tariff wall took on its present aggressive form. Since that date no fewer than 15 separate additions have been made to the Commonwealth tariff, in every case with the avowed intention of curing unemployment.

In 1929 the Nationalist went out and the Labour Party came into power, full of resolutions to cure unemployment

by means of tariffs. The result was the Scullin tariff, which gave the protectionist everything he asked. The policy was acclaimed by the newspapers, and almost daily headlines announced the intention of oversea industries to commence employing local workmen in local factories. Large numbers of warehousemen, wharf labourers, carriers, etc., were added to the already excessive numbers unemployed, but, said the newspapers, more men were required to manufacture and sell an article than merely to distribute it so that the displaced warehousemen would soon be absorbed in factories. Alas for the hopes of Mr Scullin and the promises of the newspapers—within one year the unemployment figure had doubled, and in New South Wales it reached the appalling rate of 25 per cent.

Australia offers us here an excellent example of how Protection works out in practice. She also illustrates the falseness of that other argument put forward by the Protectionists, who contend that Protection raises the standard of living.

Let us take the town of Mudgee in New South Wales as typical of the Australian country town, and see first of all if its citizens find life made easier by such a policy. Mudgee, like so many Australian towns, lives entirely on wool and wheat. Not one penny goes into Mudgee except for wool and wheat. But these two commodities are entirely unprotected. It follows, then, that Protection cannot put one penny into the pockets of any citizen of Mudgee, or into the pockets of the farmers in the surrounding districts who are the first producers of the wool and wheat. On the other hand, although they gain nothing by Protection, they have to pay out more for their machinery, fencing wire, home, clothing, wireless, etc., which they purchase with the proceeds of the sale of their wool and wheat, so that actually as the result of this policy of Protection their standard of living is lowered.

But the position of the citizens and farmers of Mudgee is the position of the people in every small town and district throughout the length and breadth of New South Wales, and in this respect New South Wales is typical of Australia.

It is the position of the lead and silver miner of Broken Hill and of the coal miner of Maitland. It is, in fact, the position of every individual in New South Wales outside Sydney with the exception of a few dairy farmers and banana growers on the coast and the steel workers in Newcastle. If we are to find any great number of the people of New South Wales who benefit by Protection, then we must certainly look for them in Sydney itself. But we find that the bigger secondary industries of Sydney are not protected at all. For example, the building industry, once, although no longer, alas, the biggest secondary industry in New South Wales, cannot by its very nature be protected, and the same applies to the

meat works, cordial factories, gas and electric light works, brick works, newspaper printing works, ice works, scouring works, bakeries, all amongst the larger secondary industries of New South Wales.

Nor are that great mass of the population who constitute one-seventh of the workers, the Civil Servants, protected, nor are the bank clerks, insurance clerks, shop assistants, wharf labourers, carriers, professional men, typists, etc.; and so we could go on *ad infinitum* until we found that those citizens who are actually protected could all be placed in one fair-sized suburb of Sydney. Actually a study of the numbers of employees added to those employed in factories since the introduction of Protection in New South Wales suggests that not more than 10 per cent of the people are actually employed in protected industries. The remaining 90 per cent. have their wages paid by unprotected industry, and although they gain nothing, must pay the costs of Australia's false economic policy.

If a careful analysis of any country is taken it will be found that it is extremely difficult under any conditions to protect more than 10 per cent of the people.

Protection employs two classes: a class to be protected, and a class to do the protecting; 90 per cent of the people of any country must necessarily belong to the latter.

If Protection has not given more employment or a higher standard of living, it must be described as failing, and failed it certainly has in Australia.

One of the numerous positive evils that it has created in the Commonwealth is the protected industry which taxes the whole community in the price of its product. A typical example of this is the knitting industry.

According to *The Australian Tariff; an Economic Enquiry*, issued in 1929 by the Bruce-Page Government, the increased price, due to Protection, of Australian-made knitting goods (chiefly hosiery) in 1926-27 was £1,699,000 at the factory. The revenue collected by the Customs department from imported knitted goods was £875,995, so that the increased price of all knitted goods at factory and wharf was £2,574,995. If we add to this 33½ per cent for the profits (earnings) of all distributors who handled these goods at the increased prices, we find that the Australian people paid the extra sum of £3,433,326 solely due to the tariff and for the privilege of protecting the knitting industry. Yet that industry only paid out in wages the sum of £1,269,000. If Australia shut down her knitting factories and allowed the goods in free, the saving to the Australian people would be sufficient to pay the Government its present revenue derived from imports, to keep all the workers in the industry on a pension of their present wages and yet leave in the pockets of the Australian people a sum of nearly £1,500,000.

Needless to say, it is such industries as these which are for ever acclaiming the great principle of "Buy Australian Goods." They believe in making patriotism Pay.

UNDER FREE TRADE.—At the coming-of-age of the Hercules bicycle, the brothers Crane, founders of the enterprise, received the congratulations of nearly 2,000 work-people at Birmingham yesterday on achieving the ambition of their youth to make the business the biggest of its kind in the world. It was stated that the British bicycle maintained its world-wide pre-eminence in spite of the challenges of Germany, Japan and other ("Protected") competitors.—*News-Chronicle*, 7th May.

ANOTHER PIECE OF BARGAINING POWER.—A Bill conferring extraordinary tariff powers on the Norwegian Government has been passed by the Storting. The Government is authorized to increase Customs duties by as much as 400 per cent, and to charge goods on the free list with a 50 per cent *ad valorem* duty, "whenever commercial or political circumstances require it." The Bill is stated to have been prompted by the German exchange restrictions, which have hit Norwegian exports.—*Reuter*, 30th June.

Belgium, Holland and Luxemburg have agreed among themselves to impose no fresh duties, and to lower the existing tariff barriers by a yearly reduction of 10 per cent during the next five years.