
THE TARIFF AND ITS EFFECTS ON INDUSTRY.

SPEECH BY MR. E. J. CRAIGIE, M.P.

In the House of Assembly, July 22nd, 1931.

[From *Hansard*.]

REPORT OF SPEECH BY MR. E. J. CRAIGIE, M.P.

THE TARIFF.

Mr. CRAIGIE (Flinders)—I move—

That, in the opinion of this House, the present high tariff policy of Australia is detrimental to the best interests of the Commonwealth, particularly in relation to its agricultural, pastoral, and mining industries, inasmuch as it has the effect of increasing the cost of production and reducing the purchasing power of money, and is one of the main causes of unemployment. Therefore this House enters an emphatic protest against the continuance of the existing high Customs duties, and respectfully requests the Federal Government to bring about a substantial reduction at an early date; also to abolish the bounties, subsidies, and embargoes which give privileges to certain industries.

That this resolution be forwarded to the Right Honorable the Prime Minister.

Members will agree that the consideration of this motion is one of paramount importance. Everyone realises that Australia is going through a severe crisis, and from all shades of political thought we hear the opinion that the prime cause for the position we are in is the very high tariff policy placed upon the Commonwealth by the various Federal Governments. Even people who have held a lifelong view that a protective tariff is in the interests of the community to-day are publicly admitting that the high tariff policy has gone altogether too far. I propose to submit some details regarding the effects of the tariff, which will cause members to understand the great trouble caused by such legislation. I propose to deal with the question first in connection with its relation to State instrumentalities. The present crisis in connection with South Australia particularly is mainly due to the unsound position of our railway finance. I will try to show that the tariff question has played an important part in bringing the railways into this unsound condition. We have spent something like £28,000,000 on the capital cost of the system. This in an altogether abnormal amount to pay for the transport of facilities for the general community, and I direct attention to the fact that practically everything which is required for the maintenance of our railway system is heavily burdened with protective duties. To give some idea of the number of articles that are dealt with in this way I quote the following figures:—

Locomotives, 40 to 75 per cent.; rails, 125s. per ton; fishbolts, 27½ to 60 per cent.; fishplates, ties, rounds, 48s. to 125s. per ton; cranes, hoists, and lifting appliances, 10 to 75 per cent.; electric equipment, 25 to 60 per cent.; cables, 25 to 40 per cent.; switches, points, crossings, and intersections, 27½ to 40 per cent.; conveyors, 27½ to 50 per cent.; cement, 30s. per ton; paints and varnish, 25 to 45 per cent.; brushes, 40 to 55 per cent.; railway and tramway vehicles, 35 to 55 per cent.; chassis, 25 to 35 per cent.; shock absorbers, 40 to 55 per cent.; batteries and accumulators, 27½ to 40 per cent.; cable and wire, 25 to 40 per cent.; electric motors, 45 to 60 per cent.; dynamos, electric machines, 40 to 60 per cent.; galvanised iron, £7 10s. per ton; and water piping, 10 to 50 per cent. Clothing that is needed by the Railway Department for uniforms for its employees is taxed at the rate of 40 per cent. It may be claimed that as some of the requirements of the Railways Department are produced at Islington or elsewhere locally the effect of the tariff duty does not come into the price of the commodity, but I submit that the raw material that is needed by the Australian manufacturer, and in connection with production at Islington workshops, is heavily taxed. For instance:—Bars, rods, &c., 70s. to 130s. per ton; ingots, blooms, billets, 32s. to 75s. per ton; pig iron, 20s. to 45s. per ton; scrap iron, 20s. to 25s. per ton; and structural iron, 70s. to 135s. per ton. As the result of this form of levying revenue it is interesting to make comparisons between the prices of raw material needed for railway requirements in Australia and the prices ruling for the same products overseas:—

	Per Ton.					
	Australian.			United Kingdom.		
	£	s.	d.	£	s.	d.
Pig iron	6	10	0	3	5	0
Steel joists	12	12	6	7	7	6
Bar steel	12	12	6	7	15	0
Spring steel	24	0	0	14	5	0
Bolts and nuts	31	0	0	19	0	0

On looking through the annual reports of the Commissioner of Railways I find that since 1924 to the end of June, 1928, the Railways Department paid in Customs duties on new railway requirements, roll-

ing-stock for rehabilitation purposes, no less than £500,579 6s. 1d. In addition to that on machinery needed for the Islington Workshops £100,000 was paid in Customs duty. Members will see that as a result the interest on the railways capital investment was considerably increased, in fact, for that four years period the interest bill was increased by £30,336. In other words the railways have to earn £30,336 per annum for the purpose of paying interest on the amount of Customs duties that went into the Federal Treasury for railway requirements. That does not take into account the burden of interest on Customs duties paid before 1924. Further, it does not take into account the interest on Customs duties paid on every-day railway requirements.

Mr. Anthony—That does not appear to be a very nice Federal spirit.

Mr. CRAIGIE—It is certainly not a sound financial position so far as the South Australian Railways are concerned.

Mr. Fitzgerald—Men were walking the streets while manufactured goods were brought here.

Mr. CRAIGIE—I direct the honorable member's attention to the fact that Australia has the highest tariff system in the world.

Mr. Fitzgerald—Not quite high enough for me.

Mr. CRAIGIE—The honorable member is unreasonable on the tariff issue. I am appealing to the reasonable section and hope that as the result of my efforts this absolutely unjust method of collecting revenue will be abolished. Despite the fact that Australia has the highest tariff system of any nation, despite the fact that the exponents of the high tariff policy have always declared that the effect of such a tariff is to provide employment and solve the problem of unemployment and that since January, 1929 there have been four increases in the tariff duties, the unemployment statistics have risen from 9 per cent. to 25.8 per cent. That completely explodes the theory that a high tariff policy is the solution of the unemployment problem.

Mr. Fitzgerald—Did the high tariff policy bring wheat to its present low level?

Mr. CRAIGIE—I am not dealing with the price of wheat. I am showing that the tariff has lowered the purchasing power of money. Wherever you do that of necessity you restrict the demand for commodities. When that happens fewer people are required to make them,

and the logical sequence is unemployment. Any member interested in the Tariff Board's reports will find that the representatives of the Australian manufacturers of locomotives stated that their company's engines cost 20 per cent. more than the price at which the same locomotives could be landed from Great Britain, plus 40 per cent. duty that was levied upon them. Members will see that it is not in the interests of South Australian railways to be called upon to pay excessive prices for rolling-stock. When you inflate the cost of railway construction and maintenance your interest bill increases and as a result freights and fares are increased, thus inflicting a very great hardship upon the users of the railways. The rise in freight and fares was a prime factor in bringing about the disaster that has overtaken the primary producer. Railway freights are so exorbitant that they have become an intolerable burden. Other factors, besides the tariff taxation on railway requirements, affect freights and fares. If persons engaged in railway operations find that the taxation levied on commodities has reduced the purchasing power of their pound from 20s. to 11s., and that in consequence they cannot get a sufficiency of the good things of life, they go to the Arbitration Court and seek an increase in their money rates of pay, and the railway department is compelled to pay a money rate which is altogether different from the purchasing power of money. Every time such an increase takes place freights and fares are affected. If we take a look at the railways coal bill we find that coal which at one time was supplied at 21s. a ton now costs 42s. to 43s.

Mr. Fitzgerald—The tariff has had nothing to do with that.

Mr. CRAIGIE—The honorable member ought to know that the tariff has played an important part in relation to the money rates of pay given to the Newcastle miners. The honorable member should see the thing in its true light. I am hoping that the time is not far distant when the economic scales will drop from his eyes and enable him to enter into the fullness of a knowledge he should have had many years ago. Not only is the railways system affected as the result of the tariff, but our tramways are likewise burdened on account of the very high taxation levied on electrical equipment, rails, timber, glass, and other goods needed for tramway purposes. To give members an idea of how the tramways are affected I ask them to carry their

minds back to the time when the South Terrace to Glenelg Railway was electrified. At that time we were putting 30 cars on the line, and the cost of those cars to the people was £5,000 each. Out of the £5,000 the official records of the Trust show that £1,700 represented the cost of the imported portion of the car, and of the £1,700 no less than £600 represented Customs duties. In other words the 30 cars which work on the line from Victoria Square to Glenelg have to earn £17 16s. a week to pay interest on the Customs duties paid on the imported portion of each car. Applying that argument to the whole of the tramways system and the necessities of the tramway workers, you begin to see why we pay exorbitant fares on our tramways to-day. It is because of the unsound economic policy adopted in Australia. Although as representatives of the people we are charged specifically with looking after State interests, it is also our duty to see what we can do to protest against the continuation of a system which is bringing disaster to South Australia. We are very much concerned in connection with our Highways Department and water and sewerage supplies. We pay a tax of from 40 to 55 per cent. on road rollers, 35 to 60 per cent. on road-making machinery, 20 to 30 per cent. on road scoops and scrapers, 35 to 60 per cent. on stone-crushing machinery, 10 to 50 per cent. on water piping, and 30s. a ton on cement. In regard to cement, we do know that as the result of the tariff duty an honorable understanding has been arrived at by certain cement companies. Recently the Government had to threaten to import cement from Tasmania to prevent local companies from exploiting them in connection with their requirements. As the result of these things water rates and the cost of providing roads are increased, and generally the taxpayer is called upon to carry a very heavy burden. Take a comparison of the prices as revealed in the evidence given before the Tariff Board. The Australian price for a road roller is £1,450, whereas the price for a similar machine in England is £550. The Australian price for an excavator with a half-yard capacity is £2,300, whereas the English price is £1,450. Is it any wonder that the finances of this State are getting into such a parlous

condition whilst we continue to adopt an un-economic policy which enables the cost of all these things to be so inflated?

Mr. Anthoney—Even the Tariff Board is in despair regarding the tariff.

Mr. CRAIGIE—Yes. We find the board goes to the trouble of making investigations into the various lines submitted for their consideration, they make a report to the Federal Government as to the amount of tariff which should be levied, but the Government ignore their wishes and place higher duties on the lines. What applies to the departments I have mentioned also applies to the Harbors Board and Forestry Department. Quite recently the Forestry Department installed a gangsaw at Mount Burr Forest. On that saw the sum of £1,500 had to be paid in duty to the Federal Government.

Mr. Reidy—It could not have been made in Australia.

Mr. CRAIGIE—Quite so. As the result of paying £1,500 in duty on that one saw it must earn £75 per annum to pay interest on the duty alone. It is absolutely absurd for us as representatives of the people to sit quiet when these glaring injustices are being perpetrated on them.

Mr. Fitzgerald—Neither you nor Mr. Reidy can say it could not have been made in Australia.

Mr. CRAIGIE—We know the honorable member has information which is not available to every other section of the House and the country, and we compliment him on the wonderful amount of knowledge he has relative to the tariff, but we unfortunate individuals who have not risen to the great heights of knowledge he possesses must be forgiven if we cannot see things in exactly the same light. We know our public hospitals are a big charge on the taxpayers, but what do we find? Only recently a very spirited discussion took place in the Federal Parliament relative to the proposal to impose very heavy duties on cotton wool, which is used extensively in hospitals. Textile goods, surgical instruments, furnishings, and food-stuffs all carry very heavy taxes at present, and are very important factors in causing the costs of hospitals to be seriously increased.

Mr. Giles—There is the sales tax in addition.

Mr. CRAIGIE—Yes. If you are prepared to view the question from an unprejudiced standpoint you must recognise that these heavy customs duties must inevitably have a very impor-

tant bearing in raising taxation, railway freights and water rates, and other requirements, and placing the people of this State at a very serious disadvantage. It must be conceded by every member, irrespective of the brand he carries, that it is upon our primary industries that the national wellbeing of Australia depends, and yet the uneconomic policy we have adopted is one which has placed these industries in a very parlous position, and is making it unprofitable for production to take place in many lines. The value of the agricultural industry to Australia for the year 1928-9 was £89,440,000. The value of pastoral production for the same period was £116,733,000. When members realise the enormity of these figures they will see that these two industries are of very great importance. The legislators of Australia who are charged with the wellbeing of this country should see that nothing in the way of burdensome taxation is placed on the requirements of these two industries. What do we find? Let me give a list of the articles required for primary production and the rates of tariff imposed upon them under the existing schedule:—Mowers, 30 to 45 per cent.; drills, 22½ to 35 per cent.; harvesters, 35 per cent.; chaff cutters and horse gears, 20 to 30 per cent.; corn sheller and bagger, 20 to 30 per cent.; cultivators, 20 to 35 per cent.; harrows, 20 to 30 per cent.; hay rakes, 30 to 45 per cent.; metal parts, machinery needed for replacement, 2d. per lb.; ploughs, 20 to 35 per cent.; reapers and binders, 45 per cent.; scarifiers, 30 per cent.; winnowers, 22½ to 35 per cent.; wire netting, £10 per ton; chains 35 to 60 per cent.; rope, 30 to 50 per cent.; binder twine, 6s. to 7s. per cwt.; leather goods, 10 to 45 per cent.; water piping, 10 to 50 per cent.; vehicles, 35 to 55 per cent.; galvanized iron, £7 10s. per ton; lubricating oil, 3½d. per gallon; petrol, 7d. per gallon; bolts, nuts, &c., 35 to 65 per cent.; motor car bodies, £40 to £95 each; chassis, 12½ to 35 per cent.; tyres and tubes, 25 to 40 per cent.; tractors, 10 to 55 per cent.; cement, 30s. per ton; and fencing wire, 44 to 55 per cent.

Mr. Fitzgerald—Why not say the percentage for galvanized iron, 7½ per cent. would be too small I suppose?

Mr. CRAIGIE—If the honorable member were conversant with the subject he would know that those figures are taken from the trades and Customs return, but we all know

that he rises superior to trades and Customs returns. He has a fertile imagination and draws upon that. Galvanized iron is of great importance to the men engaged in primary production. These men are struggling for their existence and are making a strong appeal for a considerable reduction in their costs. Galvanized iron is particularly necessary for new settlers on account of its strength in relation to its weight, the speed with which it can be erected, its price under free conditions, and its capacity for catching and storing water. These things make galvanized iron of fundamental importance. In the 1908 to 1911 tariff galvanized iron was 20s. to 30s. a ton, but that did not satisfy the people who wanted to make this commodity in Australia, and so they prevailed upon the Federal Government to lift the duty to £7 10s. a ton. It is computed by the Tariff Board in their official report that the requirements of the Australian public for galvanized iron is in the vicinity of 100,000 tons per annum. It will therefore be seen that a tariff duty of £7 10s. represents a burden of £750,000 on the people who require it in Australia. If we look at the item fencing wire, we know how important it is to the pastoralists and agriculturists. Where fencing wire in 1914 was selling at £8 10s. a ton the price in 1931 was up to £17 15s. Iron posts which were sold in 1914 at 7½d. are now 1s. 3d. Wire netting has advanced from £13 to £33 a ton. In many parts of the West Coast and other parts of Australia wire netting is absolutely essential to protect crops from vermin, and instead of the Government making it available to people at the lowest possible cost, we find they are placing this exceptionally high tariff duty upon it. The Australian price to-day for galvanized iron is in the vicinity of £29 15s. a ton, despite the fact that the f.o.b. price in England is £11 5s. a ton. and the total charges, including freight, insurance and exchange primage duty, wharfage charges, and agent's profits, £5 0s. 1d. Therefore the manufacturers of galvanized iron in this country have a very fine privilege in exploiting the public. According to the evidence given to the Tariff Board by John Lysaght they are in a favorable position because they have this power of artificially increasing the price. Then again, iron and

steel needed in connection with the manufacture of windmills, implements, bridges, trucks, etc., is costing at least 50 per cent. more than overseas. At Iron Knob we have wonderful deposits of iron ore and the surprising thing is that these abnormal duties should be necessary seeing that the raw material is available under favorable conditions. In a book entitled "From Silver to Steel," issued by the B.H.P. Company, is set out the amount of iron ore necessary to produce one ton of pig iron in various countries of the world:—In the United States 2 tons, Sweden 2 tons, Great Britain 2.4 tons, Germany 2.4 tons, France 2.7 tons, Belgium 2.7 tons, and Australia 1.5 tons. We have a very high percentage ore here, but despite that it is necessary to give high protective duties to this industry. In 1915 a Select Committee was appointed by the New South Wales Parliament to inquire into the question of iron and steel. Mr. Delprat, then General Manager of the B.H.P. Company, said his company did not require any duty, bounty, or help. Mr. Baker, Manager of the Newcastle Steel Works, in his report to the Directors, said:—"In our case I find that we can assemble at Newcastle the iron, coke, and limestone necessary for pig iron production at a lower cost per unit ton produced than is possible by the United States Steel Corporation, the cheapest producer in the world." Mr. Delprat said, "The raw material delivered at the foot of the furnace will be as cheap as in any works I have seen during my travels." Yet, in face of these statements, we find the duty to-day is something like 120s. a ton. The general effect is that people who require implements and machinery to assist production are considerably handicapped under the present system, and for that reason I would like to quote figures by Professor Perkins in relation to the comparative costs of farm implements from 1913 to 1930. Dealing with the value of essential farm machinery, the costs are:—1913, £518 17s.; 1930, £826 19s. 4d.—increase 59.38 per cent. Value farm harness.—1913, £21 16s. 9d.; 1930, £31 1s. 8d.—increase 42.34 per cent. Value miscellaneous tools.—1913, £3 9s. 3d.; 1930, £6 3s. 1d.—increase 77.73 per cent. Value materials concerned in growing wheat.—1913, £91 13s.; 1930, £113 7s. 10½d.—increase 23.72 per cent. These figures indicate clearly the big increase which has taken place in the price of requirements to the agricultural industry, and it should be a warning to us not to let this system continue without protest.

Whilst the price of requirements has been advancing to the highest points another very interesting comparison is that of the price levels for the primary products. If we take 1926 and base it on a mean of 100 we find that the price has fallen from 181 down to 117, whilst the prices for industrial products has advanced from 171 to 188. In addition to that, the sales tax primage tax and exchange rates provide additional shelter for the secondary industries. As a result of this system farming operations have been rendered unprofitable. I have taken the trouble, in conjunction with some of my constituents on the West Coast, to prepare a statement showing how farming is affected under this system. It is as follows:—Capital value of land, 1,500 acres at £4, £6,000. Interest on £6,000 at 6 per cent., £360. Plant—8ft. harvester, £185 15s.; combine, 18, £93 15s.; plough, 6-furrow, £69; scarifier, 17 tyne, £87; harness, 10 horses, £56; harrows, £21 12s.; binder, 6ft., £84 10s.; grader and pickler, £44 15s.; trolley, 5in. tires, £127 10s.; chaff-cutter and engine, £276 12s. 6d.; 10 horses, £150; sundries, £20; total, £1,218 9s. 6d.; interest, 6 per cent., £73. Depreciation of farm buildings and fences (residence excepted), £800; 6 per cent., £48; repairs fences and plant, £20; depreciation on plant, 10 per cent., £121; insurance crops, buildings, fodder, £15. Rates and taxes—District rates, £18 11s.; land tax, £12; water rates, £15; total, £45 11s. Seed wheat—420 bushels at 2s. 6d. per bushel, £52 10s.; seed oats, 200 bushels at 2s. per bushel, £20; superphosphates, 15 tons at £4 16s., £72; 208 dozen bags at 10s. per dozen, £104; sewing twine, £1 10s.; binder twine, £16. Sundries—Oil and grease, £17; machinery parts, £8; pickle, £4 10s. Salaries and wages—Farmer at £5 per week, £260; permanent hand, 30s. per week and £1 board, £130; extra harvest hand, six weeks, 50s. per week and £1 board, £21; total, £411. Fodder for horses—50 tons hay at £2 10s. per ton, £125; 20 bags oats at 4s. per bag, £4; total, £129. Total expenditure, £1,518 17s. I am working on the basis that this farmer crops 500 acres of wheat and gets a return of 15bush. to the acre. With wheat at 2s. per bushel the return is £750. Taking 150 tons of hay at £2 10s. a ton, giving a return of £375, it will be seen that he gets £1,125 as against £1,518 17s. In other words, the foregoing figures show that with a 15bush. crop sold at 2s.

a bushel a farmer would lose £393 17s. On a 10bush, return the loss would be increased to £643 17s.

The Attorney-General—Would he get 2s. a bushel on the farm?

Mr. CRAIGIE—I have used that basis. Members, however, will realise that the average yield in South Australia is in the vicinity of 8.7bush. and not 15bush. Further, there are many farmers on the West Coast who get only 1s. 5d. or 1s. 6d. a bushel. For each reduction of one penny a bushel the farmer's income is reduced by £31 5s.

The Hon. T. Butterfield—What about stock?

Mr. CRAIGIE—I am not taking stock into account. I am simply taking hay and wheat and showing what is required to produce it, and what the return will be under certain given conditions. If the farmer gets the conditions I have indicated he must receive 3s. ½d. per bushel to give him back what he has put into the acreage of crop. Members will see that there is nothing in the growing of wheat under existing conditions, and the representatives of the people of this Parliament should raise their voices in condemnation of a system that has put the farmers in their present plight. Now I come to the dairying, bee and poultry farming industries, which are worth £50,700,017 to Australia. Yet we find that milking machines are taxed 20 to 30 per cent.; churns, cheese presses, dairy coolers, refrigerators, 22½ to 45 per cent.; testers and pasteurisers, 10 per cent.; incubators, foster mothers, and brooders, 30 to 35 per cent. In addition the general requirements of the industry carry a very heavy burden of taxation. The Government have been trying to foster the mining industry because it is generally regarded as one of great importance. Unfortunately for our finances mineral production is not as good as it was. Official records show that the present production of Australia is £19,597,000. The mining industry is in a bad way, but how did we treat the people engaged in mining operations? The duty on gas and diesel engines is 75 per cent.; electric equipment, 25 to 60 per cent.; explosives, 5 per cent.; detonators, 10 per cent.; earth and rock cutting machinery, 27½ to 60 per cent.; ore dressing machinery, 27½ to 40 per cent.; rock boring machines, 27½ to 40 per cent.; rotary and percussion drills, 10 per cent.; smelting, leaching, and metal refining appliances, 40 per cent.; timber, 5s. 6d. to

8s. per 100 super feet; machinery, 25 per cent.; stone crushing machinery, 35 to 60 per cent.; and general mine stores, from 20 to 80 per cent. Is it any wonder the mining industry is suffering? In 1901 the value of Australia's gold production was £14,017,538, but in 1929 it had dropped to £1,807,411. In 1901 copper production was valued at £2,215,431, but in 1929 it had fallen to £1,075,146. It is interesting to see the effect that the drop in production has had on labor, and in this connection the following table is interesting:—

Miners employed—

1901	113,462	or	3,007	per	100,000
1911	94,762	or	2,109	per	100,000
1921	53,164	or	974	per	100,000
1927	52,332	or	843	per	100,000
1928	47,511	or	757	per	100,000

I do not claim that the slump in the mining industry is wholly due to the tariff, but I do say that there is quite a number of half ounce gold shows and low grade mining propositions which could be profitably worked if the cost of production was lower. The tariff has the effect of disturbing the natural relationship that exists between one form of wealth and another. Supposing, for the sake of argument, a ton of copper is selling in the world's market at £60 a ton and a machine can be bought for £60, the mining company would give one ton of copper to put the machine in its mine. However, because we have machine interests in Australia and levy taxation amounting to 50 per cent., thereby inflating the price of machinery, the mining company has to supply one and a half tons of copper to get a machine which, under free trade, could be secured for one ton. Apply that argument to all mining requirements, and you will immediately see how the mining industry is seriously handicapped in relation to its requirements. Let us look at the matter from the standpoint of the mining employees. Assuming, for the sake of illustration, that the share of the copper that went to a miner for a year's work is four tons expressed in money tokens, the wages of a miner would be £240 a year. But the trouble is that that is the free trade price reflected in the world's market, and when the miner comes to take that £240 into the social services of Australia to buy food, clothing, and shelter he finds that the purchasing power of his money is reduced by nearly one-half, and that his actual wage expressed in commodity value is nearer £120 than £240. The employees then go to the com-

pany and say, "You are not giving us as much as we require to get the necessities of life." That is true. The mining companies retaliate by saying that they cannot afford to pay more because they have to take the world's price for their products. That also is true. Instead of the companies and employees joining hands in an attempt to secure the repeal of the tariff taxation that is responsible for increasing the cost of production, there is a lot of argument and abuse by both sides, and the company goes out of existence. We should show a better understanding of the

position and realise that the tariff question is one of great importance which must be dealt with at the earliest possible moment. I have shown the effect of the tariff upon industries which make for our national well being, and I now propose to deal with the prices received for our exported primary products. During the last decade Australia's chief exports have commanded a relatively high price in the markets of the world. That, however, is no longer the position. The following comparison of prices ruling in the United Kingdom shows the seriousness of the position:—

Commodity.	June, 1929.		June, 1930.		June, 1931.	
	£	s. d.	£	s. d.	£	s. d.
Wool Tops, per lb.	0	3 5	0	2 4½	0	2 0
Wheat, per qr.	£2 to £2	2s.	£1 16s. to	£2 1s.	1	2 3
Butter, per cwt.	8	8 0	6	15 0	5	7 0
Tallow, per ton	28	10 0	25	10 0	22	0 0
Spelter, per ton	23	17 9	16	3 9	12	17 6
Lead, per ton	23	7 6	18	3 9	12	18 9
Copper, per ton	84	5 0	55	10 0	38	3 1
Tin, per ton	201	12 6	136	13 9	112	11 3
Beef, per lb.	0	0 6	0	0 5½	0	0 3½
Mutton, per lb.	0	0 5¾	0	0 3¾	0	0 4
Lamb, per lb.	0	0 8¾	0	0 7¾	0	0 5¾

The big drop in the price of primary products indicates a very serious position. Those engaged in the production of the lines quoted have to sell the product of their labor in open competition on the world's market, and as the result of the increase in the tariff duties, coupled with the big drop in the price of primary products, they are in an exceedingly bad way. If we compare production on the basis of 1911 prices, per head of population, we find that primary production decreased from £32.326 in 1908 to £26.042 in 1928-29; and factory production values increased from £10.084 in 1908 to £10.430 in 1928-9. It is interesting to note that factory production is about one-third the value of primary production. An important point that we have to consider is that the value of factory production includes all repair work, and that the value is an inflated value brought about by reason of the fact that prices can be artificially increased because of the tariff protection manufacturers have got. Getting away from the effect of the tariff and its relation to particular primary industries, I shall now deal with the question in relation to the general well being of the community. We all realise that in the interest of public health all sections of the community should be decently housed. Further, it is charged that it is a duty of

government to see that those who require homes are able to secure them at the lowest possible cost. What do we find? On cement there is an imposition of 30s. a ton. On timber the duty is 200 per cent., on galvanized iron £7 10s. a ton, glass 45 per cent., nails and screws 25 to 35 per cent., stoves 45 to 60 per cent., paints and varnish 25 to 45 per cent., electrical and gas appliances 15 to 45 per cent., while on most household fittings there is a duty of 50 per cent. With regard to foodstuffs and clothes, anyone who is interested enough to look up the tariff schedule will find that out of 125 lines of foodstuffs no less than 118 are very heavily taxed. Why is it that the people have tamely submitted to this burden? It is because the taxation is levied in an indirect manner and the people do not know the extent of the robbery of their earnings. The matter was well put by William Pitt years ago when he said:—

To levy a direct tax is a dangerous experiment and one likely to incite revolt. But there is a system of taxation whereby you can tax the last rag from the back and the last bite from the mouth without raising a murmur against high taxes, and that is to tax a great number of articles of daily use and necessity so indirectly that the people will pay them and not know it. Their grumbling will then be of hard times, but they will not know that those hard times are caused by taxation.

The hard times we are troubled with at present are mainly due to the indirect system of taxation which is directly responsible for increasing the cost of machinery and the necessities of the people of Australia by no less than £150,000,000 a year. In addition to the heavy Customs duties, etc., we find the Federal Government is paying bounties for certain industries. The bounties paid for the year 1928-29 were:—

	£
Fencing wire	114,141
Galvanized sheets	89,561
Wire netting	56,486
Traction engines	199
Sulphur	55,018
Wine	83,210
Cotton	70,307
Cotton yarn	48,660
Coffee and cocoa beans	1,059
	—
Total	£518,641

Mr. Hopkins—Would you abolish the wine bounty?

Mr. CRAIGIE—Yes.

The Hon. M. McIntosh—Naturally you would abolish the excise duty, also.

Mr. CRAIGIE—Yes, and the winegrowers would be in a better position. The old rate of bounty on galvanized iron was £3 12s. 6d. a ton, and the amount paid represented a payment of £188 per annum for each of the 545 men employed by John Lysaght at Newcastle. When the change of Government took place the bounty was increased to £4 10s., which meant £235 for each man employed in producing galvanized iron in Australia. John Lysaght received no less than £404,816 as bounty for the manufacture of galvanized iron. If we express it in terms of wheat and wool this is the result. It is equal to 27,000 bales of wool at £15 a bale, which would take 833 growers one year to produce on a basis of 32 bales annually. Expressed in terms of wheat it is equal to four million bushels at 2s. 6d. a bushel, and would represent the product of 1,400 growers producing 2,857 bushels each per annum. Surely this grave scandal should be abolished at the earliest possible opportunity, and we should move towards a greater freedom. We have about 20 different lines of machinery on which embargoes have been placed, and as a result practically a monopoly of the sale of agricultural implements has been produced in Australia. The sugar embargo is perhaps the worst robbery taking place in Australia at present. We have been told that spoon feeding

an industry is necessary during its infant stage, but we cannot claim this is an infant industry, because the first crop was grown in 1862 and the first ton of sugar disposed of in 1866. We produced for the year ending June 30 last 537,574 tons of sugar and exported 199,496 tons. The average price realised for the whole crop was £20 11s. 11d., and that average price was obtained by bleeding the people of Australia to the extent of £37 6s. 8d. a ton and allowing foreigners outside Australia to buy it at £10 10s. a ton. If we allowed sugar to come into Australia and paid the existing high rate of £9 6s. 8d. we could get it landed in stores at £18 18s. a ton as against £37 6s. 8d. paid to-day. I have made an analysis of the increased prices resulting because of the tariff duty on sugar during the past 10 years. It would have paid the consumers of sugar to have paid the cost of the value of land and buildings of sugar mills, £1,011,916; value of plant and machinery at sugar mills, £6,852,808; value of land and buildings of refineries, £929,687, value of plant and machinery of refineries, £1,605,529, and to have given the growers £100 an acre for each of the 299,314 acres planted with sugar cane, and after doing that we would have had £30,000,000 in our pockets which we have not got at present. As a result of this system we are penalising the people engaged in fruit production and generally making conditions very bad. Unless something is done at the earliest possible moment to have a complete alteration made of this system things generally will go from bad to worse. It is very interesting to know that there has been a large increase in the number of items on which the rate of duty has been increased. If we take the report of the Tariff Board for the year 1930 we find the following is the result:—

Rate of Duty. Per Cent.	Tariff, 1921-28.		Amendments to June 19, 1930.
	Items and Sub Items.	Items and Sub. &c.	Items and Sub. &c.
40	93	66	
45	72	62	
50	35	38	
55	19	64	
60	38	67	
65	2	46	
70	—	5	
75	—	70	
	—		
Total	259	418	

In addition to the above increases in duties, a special duty at the rate of 50 per cent. of the existing duties was imposed on 132 items and sub items as on and from April 4, 1930, while by a proclamation operating on and from the same date the importation of certain goods was prohibited unless the consent of the Minister has first been obtained in writing. The attempt on the part of the Government to deal with the adverse trade balance by means of a prohibition of imports was altogether wrong. They should have allowed the exchange position to deal with the question instead of having a prohibition and bringing about monopoly conditions which have been created in Australia under that changed state of affairs. Various arguments are advanced by members who believe the high tariff policy is in the interests of Australia, but they overlook the fact that it is very essential that two persons shall be interested in trade before any trade can possibly take place. When the people of Australia are very anxious to purchase goods at a reasonable price they certainly should have the right to do so without any interference on the part of those in Government control. Another important point to be considered is that we are frequently told that the policy of protection is very essential to protect a nation. They overlook the fact that a nation as such does not do any trade and that all trade which takes place between different countries is conducted by individuals, and that when you have a high tariff policy you do not protect the nation as a whole but certain privileged individuals within the nation at the expense of every other member of the community. We are also told that the high protective policy is very necessary in order to give encouragement to an industry in its infancy, but my experience of tariff history in Australia and my reading of tariff history of other parts of the world is that the infant very rarely grows up. Instead of doing away with the bottle it seems to go into the Parliamentary halls, use its influence in the lobbies, and secure high tariff favors instead of getting a reduction. It is further asserted that in a new country it is particularly necessary that we should have a tariff to give industries a start. If there is one country more than another which needs a complete remission of tariff duties it is a new country, because when people undertake the development of a new country they do not start by erecting factories for production of boots, machinery, &c. They

are more concerned about the production of foodstuffs necessary for their social well being. They find it is more advantageous for them to concentrate on producing the necessities of life and exchange their surplus products for machinery which can be more advantageously produced in other parts of the world. One of the fancy arguments we hear in relation to the high protective tariff is that it will prevent dumping on our shores. If you heard the ordinary high tariff exponent outlining his ideas on this point you would imagine a number of foreigners waiting their opportunity and coming in with ships on a dark night, unloading bags and bales, and getting away in a hurry before we knew anything was doing. Unfortunately for Australia that is not taking place. It would be rather a good thing if it were, because then we would be able to get all the good things of life without any exercise whatsoever. I particularly wish to direct attention to the argument advanced that we need a high tariff policy for the purpose of keeping money within our own country. It is a favorite argument with a number of people, but it will not bear logical examination. Every person really conversant with the principles of trade is well aware of the fact that money plays a small part in international trade. When we send our wheat, wool, minerals, and other surplus products to foreign countries we do not expect the French to send their francs, the Germans their marks, the Japanese their yens, or the Americans their dollars, because while these money tokens might be perfectly good legal tender in their own countries they are not legal tender in Australia. Just as we have no desire to accept foreign money to pay us for our produce we send away, in similar manner when we buy from other countries they have no desire to accept Australian monetary tokens.

Mr. Fitzgerald—We have surplus products now which we cannot sell overseas.

Mr. CRAIGIE—That is quite true and it is mainly due to the iniquitous high tariff policy supported so admirably by the honorable member. It has had the effect of reducing the purchasing power of the worker to the extent that he is really not in a position to buy the things he needs. That is really the reason why we find people are producing commodities and others have not the wherewithal to buy them.

Mr. Giles—And the retaliation by other countries.

Mr. CRAIGIE—That has an important bearing, but the chief reason is that the purchasing power has been so restricted that we have apparently over-production of wealth when as a matter of fact it is under-consumption due to a low purchasing power. We cannot possibly increase the purchasing power until we remove the iniquitous duties which are so great a hardship on mankind. We are also told that the high tariff duty is necessary for finding work for our own people, but who wants work? It is not work which people want so much as the results of their labor, and any economic policy which will give a greater amount of the good things of life is undoubtedly the policy in the interests of those who toil. Under a free trade system we could buy a hat in Australia for 10s. Because we have the virtues of protection we now pay 15s. for that hat. Supposing a worker is at the bench and gets 1s. an hour. Under free trade he would exchange the product of ten hours' labor for that hat, but because we have a policy of protection it is necessary for him to give 15 hours of labor to obtain it. Under free trade a man engaged in the production of wheat and getting 2s. 6d. a bushel would give four bushels of wheat for that hat, whereas under protection he is compelled to give six bushels of wheat. Protection makes people work long hours for very poor results. As you increase your tariff policy you add to the number of unemployed and lower the general standard of living. Some people think Great Britain is a free trade country, but it has never been. In pre-war days she collected approximately £70,000,000 in customs and excise duty, and taking advantage of the national hatred engendered during the war period the privileged classes of England threatened to entrench themselves more firmly in their privileges by acts to safeguard industries, &c., so that to-day she has a revenue from customs ranging from £200,000,000 to £300,000,000. The reason for the poverty in Britain is that the land in England is the close preserve of the aristocrats of that country, and is denied to the people. It is generally recognised that what we require to establish is a condition which will make for permanent peace. As a result of the high tariff policy put into existence in Australia we have had retaliation by other countries. We refused to buy their surplus products, and they have refused to buy our products. International strife and discord, engendered by protective

tariff, is one of the frequent causes of war. If we are ever going to establish permanent peace it can only be by moving along in the direction of abolishing tariff duties. It is frequently claimed that if we had low tariff duties in Australia we would throw out of employment the people engaged in manufacturing industries, and simply be a nation composed of hewers of wood and drawers of water. Fortunately we have not to depend on theory to disprove the truth of this contention. In the ten years preceding Federation New South Wales was the closest approach to a free trade country. There was plant to the value of £4,800,000 in the secondary industries of Victoria under protection against £5,700,000 in New South Wales under free trade. In addition there were 7,000 more men employed in the factories of New South Wales than in those of Victoria. The usual rates of pay were from 1s. to 1s. 3d. a day higher under the free trade system than for similar classes of industry in Victoria, and the purchasing power of money was 25 per cent. greater. If we take the movement of population at that time, which is a true reflex of the conditions of the people, we find that under the high protective policy of Victoria the population increased by 60,000 as against 220,000 in New South Wales with freedom of trade. If this policy were given effect to in connection with the whole of the Commonwealth it would be advantageous to the people. When Federation was established we did away with the interstate border duty. No one would suggest it would be a good policy to restore those duties and prevent the free flow of commerce between the States. If the removal of such border duties has proved beneficial to Australia and has had the effect of giving a wider market for Australian products does it not follow that if we remove international duties it would make for better conditions for all? The fact that the high tariff duty is operating to the disadvantage of this State has been made manifest even by members of the Government. In the case which they presented to the Disabilities Commission they made this very clear in the following statement:—

States have benefited from the tariff to the extent that protected industries have been established within their borders behind the shelter of the tariff. Statistics show that the benefit arising in this way has been obtained mainly by Queensland, Victoria, and New South Wales. With the exception of the expansion

in the motor industry, which is now seriously threatened, it has been mainly industries catering for the local market that have shown signs of development in South Australia, and many of these are in the nature of repair shops which would have developed just as rapidly under conditions of free trade.

It is interesting to note how South Australian factories have fared even under our high tariff policy, and the following is a statement showing the number of hands employed in factories in this State in 1908 and 1929-30:—

Factory.	Number of Hands Employed—	
	1908.	1929-30.
Boot	1,077	491
Flour mills	532	471
Tanneries	282	152
Agricultural implements . .	1,092	769
Butter, cheese, condensed milk	212	227
Chemical fertilisers	334	645
Engineering, ironworks, foundries	1,683	1,932
Clothing (tailoring and slop	2,257	1,805
Woollen, cotton, tweed mills	177	338
Billiard tables, cabinetmaking, and furniture	282	4,023
Tobacco and cigars	175	—

They have a much larger population in the other States to cater for, and are able to go in for mass production methods better than the manufacturers of this State. Our population in 1908 was 389,403. We increased it to 581,096, and yet we have gone back as a manufacturing State under a high protective policy. We are called upon to pay tribute to the manufacturing industries in the eastern part of the Commonwealth. So far as the relative merits of protected versus unprotected industries are concerned the total value of the production in Australia in 1928-29 was £447,863,000, and of this the total primary production amounted to £288,104,000. We have seen the effect of high tariff policies upon the secondary industries of this State and the crippling effect on primary industries, on which the well being of the Commonwealth depends. We must move in a different direction if we are to do anything to bring about a better condition. The report of the Disabilities Commission, page 36, paragraph 79, states:—

Since 1908 Australia has evolved from a low protectionist country to one with a very high protection. As a result of this policy there has been stimulated in Australia a great

growth of secondary industries, in which it has been possible for the Arbitration Courts of Australia to award comparatively high wages and conditions. Production costs in manufacturing industries in Australia are probably the highest in the world, and the gap which separates them from similar costs in other countries is being continually made wider. This is very largely a consequence of the high protectionist policy of the Commonwealth, with its tendency to divert labor and capital into uneconomic industries and the opportunities it affords the Arbitration Courts to increase wages, shorten hours, and improve conditions, and so increase costs of production, without regard to corresponding costs in similar industries in other countries.

As a result of the high tariff policy providing certain shelter for the manufacturing industries they have been able to make abnormal profits. The men working in those factories have made an effort to participate in those profits by going to the Arbitration Courts and asking for increases in the money rates of pay. When those money rates of pay have been increased it has inevitably been followed by an increase in the cost of living and that increased cost, brought about in the first place by tariff laws and secondly through the Arbitration Court endeavoring to permit the workers to overtake the rise in prices, has finally rested upon the men engaged in primary production. So long as they enjoyed good seasons and high prices for their produce they could stand up to the unsound economic policy we have been following, and whilst we could go on borrowing they could keep going. Recently we experienced a drought, and there has also been a serious falling off in the price of staple products, with the result that a big section of the primary producers are facing insolvency. We would be lacking in our duty as representatives of the people if we did not do our best to see that these conditions are changed at the earliest possible moment. We have been working in a vicious circle. First the tariff, then the increased money rates of pay to the workers; when that is granted the manufacturers come along seeking a higher tariff, and so this game has been going on. In the words of the Disabilities Report, we have been diverting labor and capital from its natural channels, with the result that we have brought disaster upon this

country. On page 36, paragraph 80 of the same report, this appears:—

According to Mr. Justice Powers, if the Arbitration Court fixed wages which an industry could not afford to pay, this industry would have recourse to the Tariff Board, which has been created by the Federal Parliament to make recommendations for the granting of whatever protection was necessary. This system has been made possible by the infliction of penalties on unsheltered export industries, a great proportion of which obviously has no refuge such as the Tariff Board from which to seek protection

since the products have to be exported and sold at world parity. Thus the high protectionist policy of Australia has benefited and fostered protected industries at the expense of the export industries. Owing to the recent price movements the export industries are to-day in a very parlous condition and are unable to meet the increased costs due to protection. Naturally those States largely dependent upon such industries are placed in a difficult position.

I have a table prepared showing the value of Australian production and exports in respect of industries from 1919-20 to 1928-29:—

Industrial Group.	Value of Production during 10 Years.	Percentages on Total Production.	Value of Exports during 10 Years.	Percentage on Total Exports.	Percentage Exported of the Production in each Industrial Group.
	£1,000	%	£1,000	%	%
Agriculture	900,663	2.01	340,238	25.16	37.78
Pastoral	1,077,872	26.34	719,068	53.16	66.71
Dairy and farmyard . .	462,940	1.31	92,512	6.84	19.99
Mining	218,945	5.35	129,110	9.55	58.97
Forestry and Fisheries .	116,044	2.84	19,222	1.42	16.56
Total primary produce	2,776,464	37.85	1,300,150	96.13	46.83
Manufacturing	1,315,733	32.15	52,300	3.87	3.97
Total	4,092,197	100.00	1,352,450	100.00	33.05

In these figures a period of 10 years is embraced and the values of production and of exports therein give a very fair index of the relative importance of the several industrial groups. Of the total production 67.9 per cent. was classified as primary produce and 32.1 per cent. as manufactured goods. The main contributing groups in the primary produce section were pastoral with 26.3 per cent. and agriculture with 22.0 per cent. of the total production. Exports of primary produce represented 96.1 per cent. of the total exports. The pastoral group, with 53.2 per cent. of the total, shows the highest percentage, followed by the agricultural and mining groups with 25.2 per cent. and 9.6 per cent. respectively. Export of goods classified in the manufacturing group represented only 3.9 per cent. of the total. The figures in the last column of the table are of special interest, as they show the percentage exported of the production of each industrial group. Of the total primary production during the period 46.8 per cent. was exported. Over one-third of the agricultural production and two-thirds of the pastoral production was sent abroad. Fifty-nine per cent. of the total production of the

mining industry and 20 per cent. of the produce included in the dairy and farmyard group were exported. The percentage of manufactured goods exported was comparatively small, only 4 per cent. of the production during that period being sent abroad. It will be seen from the table that out of the total production of Australia we exported 96.13 per cent. of primary products as against 3.87 per cent. of manufactured products. We depend entirely on the export of our primary exports to maintain our credit overseas and meet overseas commitments, and yet the economic policy of Australia at present is having the effect of making unprofitable our primary industries has brought a great deal of our trouble upon us. The report of the Disabilities Commission goes on to say (page 38, paragraph 87):—

While prices for export were high, this burden was not felt so severely as it is now that the prices of our exports have collapsed. On a population basis, the excess costs due to the tariff borne by the people in South Australia amount to about £3,700,000 per annum. Actually the sum is materially greater, because the costs are borne principally by the unsheltered

export industries upon which South Australia is more independent than any of the other States, except Western Australia. The burden, however, is borne by the individual citizens of the State, and it is difficult to estimate how it affects the finances of the State Treasury. Naturally, it reduces the taxable capacity of the people of South Australia, but probably its worst effect on State finances is due to a curtailment of the production of commodities for export. The effect is felt not only in reduced taxation received by the Treasury, but also in the reduced receipts of the railways, Harbors Board, and other public utilities. Had it not been for these excess costs, the export industries in South Australia would have had a greater output than they now have, and would have provided for a larger population in the State, and thus helped to make more profitable her public utilities, and particularly the railways, which to-day are such a cause of embarrassment.

There you have the justification of the contention made in the opening part of my address where I showed the effect of the tariff, not only as it affects private individuals, but as it also affects our State instrumentalities, increasing the rates the people had to pay, and placing them in a serious position altogether. We are facing the greatest crisis we have ever experienced, and realising that something out of the ordinary was necessary, I felt I was justified in bringing this motion before members of this House and asking members to join with me in sending a protest to the Federal Parliament against a continuation of the policy which is bringing disaster upon us. This Parliament has from time to time devoted considerable sums of money to the purpose of assisting the man on the land to go on trying to balance his budget, but it seems to me a wrong policy for us to keep on voting money for the encouragement of primary production whilst the Federal Parliament is doing its best by an unsound economic policy to drive men off the land. For this reason I make no apology for bringing this matter forward. I particularly wish to make an appeal to the members who constitute the great Australian Labor Party. I know their policy stands for

a measure of protection. I have not framed this motion to ask for complete free trade, although I believe the more we approximate to it the better it will be for all sections. I am merely asking that there be a substantial reduction in the high tariff duty now ruling, because I believe a policy of this nature is in the best interests of the workers. It is a surprising thing to me that the Australian Labor Party is the only Labor Party in the civilised world that stands for a high protective policy. I will quote from the remarks of Mr. J. Ramsay MacDonald, Prime Minister of England, on protection:—

Whatever may be the fiscal policy for Australia every labor political party in Europe is opposed to protection on the ground that it strengthens the hands of the capitalist monopolists, and enables the landlords to increase their rents, while European experience has shown that it does nothing to steady trade, nothing to increase wages, nothing to improve the lot of the workers; nay, on the contrary, protection only forges more chains for the wage-earners to wear. No labor or working class party in Europe can associate itself with an economic policy so advantageous to the most worthless and anti-social sections of the community so antagonistic to the most industrious.

There you have the opinion of this great Labor leader who has made a keen study of the question and who is satisfied that a high protectionist policy is detrimental to the worker, who sometimes fallaciously thinks it is in his interest. Mr. Philip Snowden, Labor Chancellor of the Exchequer, says:—

The ease for protection can be presented with great plausibility. It makes its appeal to the selfish interests of particular individuals and classes. Free trade, on the other hand, makes its appeal to the wider welfare of the whole community Protection is the foster-mother of monopoly, and monopoly in all its forms when enjoyed by individuals is the robbery of the community for the benefit of private interests.

I think I have provided convincing evidence that the tariff is opposed to the best interests of the people of Australia, and I respectfully ask that all sections of the House will support my motion.