

THE CATHOLIC UNIVERSITY OF AMERICA

BRITISH IMPERIAL
PREFERENCE IN RELATION
TO AUSTRALIA

BY

REV. VINCENT F. CLEARY, M.A.

A DISSERTATION

SUBMITTED TO THE FACULTY OF THE GRADUATE SCHOOL OF ARTS
AND SCIENCES OF THE CATHOLIC UNIVERSITY OF AMERICA
IN PARTIAL FULFILLMENT OF THE REQUIREMENTS
FOR THE DEGREE OF
DOCTOR OF PHILOSOPHY



X:5311.8
G4
025726

THE CATHOLIC UNIVERSITY OF AMERICA
WASHINGTON, D. C.

1934

THE CATHOLIC UNIVERSITY OF A

BRITISH IMPERIAL
PREFERENCE IN RELATION
TO AUSTRALIA

BY

REV. VINCENT F. CLEARY, M.A.

A DISSERTATION

SUBMITTED TO THE FACULTY OF THE GRADUATE SCHOOL OF ARTS
AND SCIENCES OF THE CATHOLIC UNIVERSITY OF AMERICA
IN PARTIAL FULFILLMENT OF THE REQUIREMENTS
FOR THE DEGREE OF
DOCTOR OF PHILOSOPHY



THE CATHOLIC UNIVERSITY OF AMERICA
WASHINGTON, D. C.
1934

NIHIL OBSTAT:

H. Ignatius Smith, O.P., ST.Lr., Ph.D., LL.D.
Censor Deputatus.

IMPRIMATUR:

✠ Philippus R. McDevitt,
Episcopus Harrisburgensis.

Harrisburgi, die 28 Maii, 1934.

Copyright 1934

by

THE CATHOLIC UNIVERSITY OF AMERICA

TO THE MOST REVEREND JAMES DUHIG, D.D.,
ARCHBISHOP OF BRISBANE,
ZEALOUS PROMOTER OF THE SPIRITUAL AND
TEMPORAL WELFARE OF A NOBLE PEOPLE.

CONTENTS

	PAGE
PREFACE	vii
CHAPTER 1 HISTORY OF IMPERIAL PREFERENCE IN GENERAL	1
CHAPTER 2 HISTORY OF IMPERIAL PREFERENCE IN AUSTRALIA	10
CHAPTER 3 THE OTTAWA CONFERENCE OF 1932	14
CHAPTER 4 THE TREND OF AUSTRALIAN TRADE	27
CHAPTER 5 RESULTS OF PREFERENCE ON AUSTRALIAN TRADE	51
CHAPTER 6 AUSTRALIA AND EMPIRE SELF-SUFFICIENCY	65
CHAPTER 7 CONCLUSIONS	80
BIBLIOGRAPHY	82

PREFACE

British Imperial preference, according to Sir William Ashley, consists in "the charging, by States belonging to the British empire, of lower import duties on goods coming from another State of the empire than on like goods coming from countries outside the empire, or in exempting empire goods from duty altogether."¹

To consider British Imperial preference in its relation to Australia, as is the purpose of this dissertation, the history of Imperial preference in general must be traced, at least in outline, and its history in Australia in particular must be reviewed. This is done in Chapters I and II.

Chapter III gives a sketch of the Imperial Economic Conference at Ottawa in 1932 in somewhat greater detail, because this Conference was of special interest and importance in the history of Imperial preference.

After this historical background the subject of the trend of Australian trade is discussed in Chapter IV. In a study of preference in relation to Australia, it is important to know on what countries Australia has depended in the past in her trade relations, and on what countries she now depends, to observe the trend of Australian trade, and to see how the various products have figured in that trade.

In Chapter V the results of preference on Australian trade are considered. The first part of the Chapter is devoted to the more general question of the effect of preferential tariffs on colonial trade, and the latter part deals with the effects of preference upon imports to Australia from the United Kingdom and on exports from Australia to the United Kingdom.

Chapter VI deals with Australia and Empire self-sufficiency. In this Chapter the economic self-sufficiency of the British Commonwealth of Nations is discussed, so that it may be decided if it is sound policy for Australia to aim at a greatly extended preferential system, for extended preference, in the end, means

¹Sir William John Ashley, "Imperial Preference," *Encyclopaedia Britannica* (ed. 14; London and New York, 1929) XII, 122.

Empire self-sufficiency. Then the question of the abandoning of preference by Australia is considered. This question is fittingly discussed here, because such a policy would be a complete negation of a self-sufficient Empire. The last section of this Chapter discusses the acceptance by Australia of a limited preferential arrangement, that is, an arrangement intermediate between the two positions already considered in this Chapter. In the final Chapter—VII—the conclusions suggested by this study are presented in a brief manner.

From a background of historical, political and commercial considerations the dissertation treats of Imperial preference from the Australian point of view, in order to suggest what should be the future policy of Australia concerning preference. Most of the previous work done in this field has treated Australia's attitude towards preference only incidentally, and usually as an appendix to broader economic or tariff studies.

The writer is happy to acknowledge his indebtedness to Doctor Frank O'Hara for his University courses of the past three years. He is also grateful to his other Professors of the Catholic University—Monsignors E. A. Pace and J. A. Ryan, Doctors O'Grady, Rolbiecki, Smith, Walsh, Coutinho and Cooper. For the special work of the dissertation he wishes to express his thanks to Dr. O'Hara, who suggested and directed the work, and to Dr. Coutinho, Dr. Wright, Mr. J. A. Ball and Mrs. Frank O'Hara for their valued criticisms and help.

CHAPTER I

HISTORY OF IMPERIAL PREFERENCE IN GENERAL

(a) First period, 1651-1846.

The history of preference in Great Britain goes back to the middle of the seventeenth century to the Navigation Acts, the first important one of which was passed in 1651. At that time Great Britain had become a colonial power, and she adopted the theories and practices of mercantilism and monopoly which were prevalent with the colonial powers, such as Portugal, Spain, the Netherlands and France. The Navigation Acts were designed to give a monopoly of the colonial trade to Great Britain, especially by the use of British ships. During this period—which lasted roughly for two hundred years—preferences were given in the Colonies to British goods, and similar and increasing preferences, as well as bounties, were given in Great Britain to imports from the Colonies.

(b) Second period, 1846-1897.

The Industrial Revolution wrought a great change in Great Britain, converting it into a manufacturing country. More and more it became good policy to import raw materials from an ever expanding market. The levying of duties on foreign products did not suit this new development, and the year 1846 saw the repeal of the English corn laws. This marked the beginning of the end of preference to colonial products. From this time we may say Great Britain was a free trade nation.

In treaties with France (1850), Belgium (1862), and the German Zollverein (1865), Great Britain established the policy of free trade, and also obliged her Colonies to give to the products of these treaty countries the same treatment as to British goods.

From the year 1887, when a Colonial Conference was held in London,¹ until the World War, the question of closer Imperial

¹ Great Britain, Parliamentary Papers, *Proceedings of the Colonial Conference of 1887*. C. 5091, 1887.

commercial relations was repeatedly brought forward by the Colonies. These countries, still largely agricultural, favoured preference, but it was opposed by Great Britain as a manufacturing nation because she was dependent on outside sources for most of her raw materials and foodstuffs, and considered her trade with foreign nations more important to her than intra-imperial trade.

In 1894, at a Colonial Conference at Ottawa,² and in 1897 at a Colonial Conference in London,³ resolutions were passed urging the denunciation of any treaties which should hamper commercial relations between Great Britain and her Colonies. As a result Great Britain denounced her treaties with Belgium and Germany,⁴ and by July, 1898, no treaty existed to bar the way to the acceptance of the principle of Imperial preference.

It is to be observed that during this period, from the abolition of the English corn laws in 1846, or more particularly from the year 1860,⁵ when all traces of preference to colonial products disappeared from the British tariff, up to the year 1897, while Great Britain definitely followed a free trade policy, allowing free entry to almost all imports from whatever source, the Colonies adopted the opposite policy, chiefly for revenue purposes, of imposing duties on all imports.

(c) Third period, 1897-1914.

In 1897 Canada gave tariff concessions to all countries that gave her equally favourable terms, and in 1898 this tariff was changed from one of general reciprocity to one distinctly of British preference.

New Zealand⁶ and South Africa⁷ imitated this policy of British

² Great Britain, Parliamentary Papers, *Colonial Conference of 1894*. C. 7824, 1895.

³ Great Britain, Parliamentary Papers, C. 8596, 1897.

⁴ Great Britain, Parliamentary Papers, Cd. 1630, 1903.

⁵ By 1855 all the Colonial preferences to British imports had disappeared. Five years later, the abolition of the last British preference to Colonial products is to be noted.

⁶ *New Zealand Statutes*, III Edw. VII (No. 78).

⁷ Great Britain, Parliamentary Papers, Cd. 1640, 1903.

preference in 1903, and Australia in 1908,⁹ and at the Colonial Conferences of 1902⁹ and 1907¹⁰ the principle was approved by the Colonies generally. It was also urged that reciprocal treatment should be given by Great Britain, but the British Government gave no preferences, on the ground that a preferential system would mean altering the fiscal system of the country.¹¹

The history of preference up to the year 1914 may thus be summarized:¹²

By the middle of the nineteenth century Great Britain had become a free trade country. Practically all her customs duties were abolished, and with their abolition preferential duties to the products of the Colonies were also abandoned. Even when the Colonies wished to give preference to goods from the United Kingdom or from other Colonies, Great Britain would not agree to such proposals. But from about the year 1880 there was a definite swing in Great Britain to nationalistic and protectionist ideas, following the trend of world opinion. In the "fair trade" discussions, which date from this time, the idea of protection was dominant, yet for a period of about twelve years after the Ottawa Conference of 1894, in the discussion of fiscal questions most emphasis was placed on their Imperial and preferential aspects. An important figure in the history of Imperial preference at this time was Joseph Chamberlain, Colonial Secretary in Great Britain from 1895 to 1903. Chamberlain became persuaded in 1903 that Imperial preference was sound policy for the Empire, and resigned from the Cabinet in September, 1903, to be more free in the attempt which he now made to win the country to his ideas of preference and protection. The movement thus begun by Chamberlain in 1903, with preference as its main feature, developed by degrees into a movement for protection to British

⁹ Australia, *Customs Tariff 1908* (No. 7 of 1908).

⁹ Great Britain, *Parliamentary Papers*, Cd. 1299, 1902.

¹⁰ Great Britain, *Parliamentary Papers*, Cd. 3523, 1907.

¹¹ Colonial Conferences gave way to Imperial Conferences, of which the first was held in 1911. By this time Australia, Canada, Newfoundland, New Zealand, and South Africa were known as Dominions. The status of a Dominion was given to the Irish Free State in 1922.

¹²Cf. United States Tariff Commission, *Colonial Tariff Policies*, (Washington, D. C., 1922) 657.

industries, with preference to the Colonies as an incidental feature.

Up to the year 1914 the preference-protection movement in Great Britain had secured no important results by legislation or political action. Tariff reform had not been a part of the platform of a dominant party—the Conservatives having adopted it only after their defeat in 1906. The Conservatives had been in power from 1895 to 1905, and although they did not give formal approval to the principle of preference, yet it was at this time that the only tangible successes of the movement before the World War were gained. They may be summed up thus:

(1) In 1897 Great Britain denounced her treaties with Belgium and the Zollverein which had stood in the way of the establishing of preferential tariffs in the Dominions. (2) In 1898 and 1899 limitations upon the tariff rates upon British products were included in the charters of Rhodesia, and these later produced a differential tariff in that colony. (3) In 1902 Great Britain signed the Brussels sugar convention. This resulted in her paying a higher price for beet sugar, to the advantage of her colonies; but the convention pledged her to the policy of granting no preference upon sugars produced in her colonies. (4) In 1903, reversing the policy pursued for half a century, the British Government assented to the introduction of preferential tariffs in the Crown colonies in South Africa and of differential duties upon tin ore exported from the Federated Malay States. Indeed, the British Government seems to have been an active agent in establishing the preference in the South African customs union. It may be considered a fifth success of the preferential movement that the British Government threatened to retaliate in case Germany penalized the British Empire for the preferential tariff policies of the Dominions. But in this case, as in the four others, there was, in fact, no departure from the free trade and non-preferential tariff policy so long enforced in the United Kingdom—unless the condemnation by the Brussels convention of bountied sugar be considered a departure from free trade principles.

Up to 1914, therefore, it may be said that the preferential-protectionist movement in Great Britain had won the Government to the support of preferential tariffs in the colonies but had had no effect upon the tariff in force in the United Kingdom. Whatever tangible successes the movement had obtained were won while the Conservative party was in power, but from the end of 1905 to the beginning of the war the Liberals were in control, and they were so hostile that they prevented even the discussion of the subject at the Imperial conference in 1911. None the less the movement made

distinct headway in these years and scored a notable success in that the Conservative Party committed itself definitely to "tariff reform," though it left the scope of the promised reform uncertain.¹²

(d) Fourth period, 1914—

No substantial development took place until the period of the World War. In three ways the war helped the movement to establish protective and preferential tariffs in the United Kingdom.

It stimulated the national sentiment of the people and their interest in and appreciation of the people of the Dominions and the colonies. It brought to power as members of the coalition cabinets the leaders of the movement for "tariff reform." And it led to the imposition of duties and of import restrictions which, though avowedly temporary, presented free traders with *faits accomplis*, putting them at the disadvantage of opposing vested interests.¹³

Early in 1917 a committee appointed by the British Government to consider commercial policy after the War recommended that the Government declare its adherence to the principle of Imperial preference as regards any duty then in force or afterwards to be established.¹⁴ In the same year the Imperial War Cabinet and the Imperial War Conference announced acceptance of the principle along these lines.¹⁵ In September, 1918, Britain gave six months' notice of withdrawal from all obligations of the Brussels sugar convention, for the reason that she now approved of the principle of giving preference to Empire sugar,¹⁶ and finally, in the Finance Act of 1919, preferential treatment was given to the Dominions and to the Colonies on practically all articles dutiable under the existing tariff.

The Finance Act of 1915 had enacted new customs duties—the McKenna duties—on cinematograph films, clocks and watches, motor cars, and musical instruments. On these duties the Act

¹² *Ibid.*, 657-58.

¹³ *Ibid.*, 831.

¹⁴ Great Britain, Parliamentary Papers, *Resolutions Passed by Committee on Commercial and Industrial Policy after the War*. Cd. 8482, 1917.

¹⁵ Great Britain, Parliamentary Papers, *Imperial War Conference, 1917*. Cd. 8566, 1917.

¹⁶ *Board of Trade Journal*, (London, Eng.) Sept. 5, 1918, 305.

of 1919 gave a preference of one-third of the general rates. On most of the other duties the preference was one-sixth of the full rate. The following table shows what preferences were given, and to what extent:

TABLE I. <i>Preferences given by the United Kingdom in 1919^a</i>	
Goods	Rate of Duty
Tea	Five-sixths of the full rate
Cocoa	
Coffee	
Chicory	
Currants	
Dried or preserved fruit (within the meaning of s. 8 of the finance (No. 2) act, 1915)	
Sugar	
Glucose	
Molasses	
Saccharin	
Motor Spirit	
Tobacco	
Articles chargeable with the new import duties imposed by s. 12 of the finance (No. 2) act, 1915.	Two-thirds of the full rate
Wine:	
Not exceeding 30% of proof spirit	60% of the full rate
Exceeding 30% of proof spirit	66% of the full rate
Sparkling wine in bottle (additional duty)	70% of the full rate
Still wine in bottle (additional duty)	50% of the full rate
Spirits	Rates equivalent to the full rates as chargeable under this Act up to Sept. 1, 1919. The general rates on and after Sept. 1, 1919, were to be 2s. 6d. higher.

The preferential rates came into operation:

- (a) in the case of tea, on and after June 2, 1919.
- (b) in the case of any other goods, on and after Sept. 1, 1919.

^a Great Britain, *Finance Act, 1919*, Sec. 8.

Apart from the McKenna duties of 1915, the United Kingdom did not begin its protective and preferential program until after the War.

Since the war the following preferential measures have been put in force: (1) The finance law of 1919 established, in favor of products of any part of the Empire, preferential reductions to the extent of one-third or one-sixth through the restricted tariff schedule of the United Kingdom; (2) until the system was declared void in December, 1919, the general prohibition upon importations, except as licensed, was not applied to products of the colonies; (3) the dyestuffs act, effective January 15, 1921, prohibits the importation, except as licensed, of large classes of dyestuffs unless they have been produced wholly within some British possession. The preferential feature of this law is of minor importance compared to its protective effects. In addition to the protective measures already mentioned, protective duties of 33 1-3% ad valorem have been authorized for the following purposes: (1) To protect enumerated key industries; (2) to penalize goods which are sold in the United Kingdom at prices below the cost of production so as to threaten with unemployment the workers in a British industry; and (3) to exclude goods which by reason of the depreciation of the currency of the country in which they are manufactured are produced at lower prices than those at which similar goods can be profitably manufactured in the United Kingdom. Further protection is contained in the German reparation act which established what is, in effect, a special duty upon goods produced, to the extent of 75 per cent or more of their value, in Germany. The duty is levied by requiring the British importer to pay into a special fund, instead of to the German exporter, 26 per cent of the purchase price, i. e., as long as the German Government does not reimburse its exporters the duty becomes, in effect, a protective tariff at the rate of 35 per cent ad valorem, the value being measured by the price received by the German exporter.¹⁰

Imperial Conferences were held in London in 1923, 1926, and 1930, when the question of Imperial preference was a prominent feature of the deliberations, but Great Britain was still a free trade nation, though not completely so. Foodstuffs and raw materials continued to enter the country free of duty. Preferences were given to the Dominions and to the Colonies where duties were levied, and the list of dutiable articles gradually became somewhat

¹⁰ United States Tariff Commission, *Colonial Tariff Policies*, 831-832.

more extended, but Great Britain was opposed to a general tariff. What particularly concerned the chief Dominions—Canada and Australia—was preferential treatment for wheat and flour. So long as Great Britain held to the general policy of free trade no great headway could be made with the extension of preferences, and to this general policy Great Britain held until the year 1931.

To get a more complete picture of the movement it should be remarked that from the year 1906 the question of Imperial preference was largely a party question in Great Britain, the Conservatives being strongly in favour, with the Liberal and Labour parties more or less hostile. The Liberal Party was in power from 1905 to 1915. During the War two coalition Cabinets held office, and from 1919 to 1923 the coalition forces (composed chiefly of Conservatives) were in power. It was during this period, the War having greatly added to the growth of preference feeling, that the principle of preference was accepted by Great Britain, and brought into operation with the limitations already explained. Yet the Conservatives were not prepared to introduce a general tariff, and were pledged not to do so when they were again in the majority from 1924 to 1929. The Labour Party, unfriendly to preference, ruled from 1923 to 1924 and from 1929 to 1931. During their period of office from 1923 to 1924 they allowed the McKenna duties to lapse on August 1, 1924, and reduced the general duties on sugar, tea and dried fruits to such an extent as to make preference to these products of little value.²⁰

The McKenna duties were re-imposed by the Conservatives on July 1, 1925. In addition to these duties the other chief duties in Great Britain of a protective nature, before the year 1931, were the Safeguarding (and Key Industries) Duties, 1921 and 1926; the Dyestuffs (Import Regulation) Act, 1920; and the Silk and Artificial Silk Duties, 1925.²¹ The principle of preference was accepted in these measures, but it did not help Australia, which was not an exporter of the goods in question.

²⁰ Sir William John Ashley, "Imperial Preference," *Encyclopaedia Britannica*, XII, 123.

²¹ Members of a Joint Study Group of the Royal Institute of International Affairs and the London School of Economics and Political Science, *British Tariff Policy, 1932*, (London, 1932) 14.

In the year 1925 existing preferences were increased on dried fruits, sugar, glucose, saccharin, tobacco and wines, and in this same year the preference on sugar was stabilized for ten years.²² By the Finance Act of 1926, all preferences were stabilized for a period of ten years from July 1, 1926, or for so long within that period as the full duties do not fall below the value of the preferences. If the full duty in any case becomes equal to the preferential rate, or should fall below it, the Empire product is to become free of duty.²³

The general election of 1931 gave a sweeping majority of seats to Conservative members, though the Government was nominally a coalition Government, known as the second National Government. The Conservatives, following their traditional policy and obeying the mandate of the people, introduced general protection in a series of three measures, of which the first two were temporary measures, the Abnormal Importations (Customs Duties) Act, 1931 and the Horticultural Products (Emergency Customs) Duties Act, 1931. The third and main measure, the Import Duties Act, 1932, imposed a general tariff of 10 per cent ad valorem on all imports not already dutiable at higher rates, with the exception of a few primary products like raw cotton, raw wool, wheat, meat, tea, British-caught fish, and a few other items, which were admitted duty free. Imports from British sources were exempted until Nov. 15, 1932, that is, until after the holding of the Economic Conference at Ottawa when the question of intra-Imperial commercial policy would be determined.

By an order (No. 1) effective April 26, 1932, the ten per cent ad valorem general duty was increased to rates ranging from 15 to 33 1-3 per cent ad valorem on a wide range of goods, chiefly manufactured goods. Semi-luxuries were taxed at 25 and 30 per cent, toys, etc., at 25 per cent, and a duty of 33 1-3 per cent was imposed on certain iron and steel manufactures.²⁴ Since April 26, 1932, numerous increases, involving a sweeping range of goods, have been made in the rates of the British tariff.²⁵

²² *British Finance Act, 1925*, 15 and 16 Geo. V., Ch. 36.

²³ *British Finance Act, 1926*, 16 and 17 Geo. V., Ch. 22.

²⁴ Great Britain, *Statutory Rules and Orders, 1932*, 257.

²⁵ *Additional Import Duties Orders 1932-1933*, Nos. 2-22.

CHAPTER II

HISTORY OF IMPERIAL PREFERENCE IN AUSTRALIA

Before Great Britain adopted free trade the Australian Colonies received preferential treatment in Great Britain and were required to give tariff preference to British imports into Australia. But after free trade was adopted the Australian Colonies were not allowed to impose differential duties on foreign imports or even to set up differential duties in favour of each other. This restriction continued until the federation of the Australian Colonies in the Commonwealth.

On January 1, 1901, the States of New South Wales, Victoria, Queensland, South Australia, West Australia and Tasmania were federated under the name of the "Commonwealth of Australia." Under the constitution by which the Commonwealth was created, free trade between the States was obligatory; otherwise Australia was free to determine its own tariff policy.¹ From the time of the first tariff Act of 1902² Australia has followed the policy of protection. British preference was granted for the first time by the tariff Act of 1908,³ though the measure was not received with great favour by British manufacturers generally, as the general rates were first raised, and British goods received preference from the fact that part of the duty, but not the whole of it, was remitted.

Amendments were subsequently made to the tariff Act, a notable one being the War measure of 1914,⁴ by which the extension of

¹ Great Britain, *Commonwealth of Australia Constitution Act*, 63 and 64 Victoria, Ch. 12, 1900.

² Australia, *Customs Tariff Act*, 1902, (No. 14 of 1902). This Act was effective from the time it was introduced in the House of Representatives, Oct. 8, 1901.

³ Australia, *Customs Tariff*, 1908, (No. 7 of 1908). Preference to the products of the United Kingdom came into force provisionally on August 9, 1907, when the bill was introduced in Parliament. This bill became the tariff law of June 3, 1908.

⁴ The provisions of this tariff act were effective at once provisionally, and were validated by the *Customs Tariff Validation Act*, 1917.

preference to British products was very material, and was accompanied in many instances by an increase in the margin in favour of the United Kingdom. Certain Australian industries were created or greatly augmented during the War, and the tariff Act of 1920^a increased the general rates, and at the same time gave a still greater measure of preference to the United Kingdom. It also listed an Intermediate Tariff, that is, a schedule of rates intermediate between the British preferential tariff and the general tariff. The Intermediate Tariff might be applied, so the Act stipulated, wholly or in part to any portion of the British Dominions or to any foreign country by negotiation. But it was not to apply to any country where, in the judgment of the minister for trade and customs, economic conditions were substantially less favourable than in Australia. The *Melbourne Age* declared that this condition would prevent the granting of the Intermediate Tariff to any countries except America and one or two of the Dominions.^b When introducing the bill the Minister explained that while Australia was quite willing to give this large measure of British protection to British industry, he believed the policy could not go on forever without reciprocity.^c

At the Imperial Conference of 1923 Australia was represented by its Prime Minister, S. M. Bruce, who proposed a number of plans designed to extend Imperial preference and to insure its reciprocal character.^d The plans were not accepted, and at the next Conference in 1926 Mr. Bruce urged that much might be done to extend preference by voluntary action, such as research, the preparation of statistical returns and advertising. He pointed out the wide range of preferences granted by Australia to British goods. "We shall," he said, "in every way give preference to British trade over that of any other country in the world."^e

The central idea in all Commonwealth tariffs, increasingly true in recent years, has been the protection of home industries and

^a Australia, *Customs Act of 1920*, (No. 41 of 1920).

^b *Melbourne Age* (Melbourne, Australia), March 25, 1920.

^c Commonwealth of Australia, *Parliamentary Debates*, first session, 1920, 712.

^d Great Britain, *Imperial Economic Conference, 1923*, Cmd. 2009, 78-83.

^e Great Britain, *Imperial Conference, 1926*, Cmd. 2769, 70-75.

home standards of living. In pursuance of this general policy imports from the United Kingdom, though they have been given a nominal preference, have been heavily taxed where they compete with home manufactures.

The Australian tariffs of 1929, 1930 and 1931 were of an emergency character, prompted by the desperate economic condition of the country. Certain goods were totally excluded, as it was felt that the financial commitments of Australia called for a drastic restriction of imports. Professor Copland, in a recent work, says that the first impact of the world crisis of 1929 on the Australian economy was a dislocation of the balance of payments. He explains the position thus:

The extent to which Australian income from abroad was disturbed has been strikingly illustrated by a comparison of the balance of payments in gold currency for the year 1931/32 and the average for the years 1923-29. In the latter years, the debits were: imports £151m. and interest and sinking fund £26m., making a total of £177m. The credits were: exports £147m., loans £27m., leaving a 'deficiency' of £3m. For 1931/32, imports at the same volume as for 1923-29 would have amounted to £83m. and interest and sinking fund to £30m. Exports at the old level would have amounted to £48m. As long-term borrowing had ceased the 'deficiency' was £65m. This comparison, though crude, demonstrates the nature of the problem confronting Australia in adjusting her balance of payments to the new conditions imposed by the crisis.¹⁰

The year 1932 saw in Australia the repeal of many of the special taxes and prohibitions of the years 1929-31, but at the end of the year many general duties were increased as a means of giving greater preferential margins to Empire goods.¹¹ In all tariff regulations, the principle of Imperial preference has been retained, though at present (April, 1934) it operates over a restricted volume of trade.

At the Imperial Conference of 1930 Australia was represented by its Labour Prime Minister, J. H. Scullin. At that Conference

¹⁰ D. Copland, *Australia in the World Crisis, 1929-1933* (New York, Macmillan, 1934), 92.

¹¹ U. S. Department of Commerce, *Foreign Tariffs and Commercial Policies During 1932* (Washington, D. C., 1933), 13.

Mr. Scullin made it clear that Labour in Australia has always followed the policy of Australia first, which means high protective duties, and has favoured the policy of Imperial preference, like the British Conservative Party. The policy of Australia has been, he explained, firstly to encourage and support Australian manufactures, and secondly to secure to British industry the lion's share of the import trade of the Commonwealth.¹²

From time to time Australia has made preferential trade agreements with other Dominions, notably with Canada, New Zealand and South Africa,¹³ and also with New Guinea and Papua. A feature of these agreements has been the reciprocal character of the preferences granted. It is further to be added that intra-Dominion trade has not been of any considerable magnitude, chiefly because the interests of the Dominions have not been sufficiently diversified.

¹² Great Britain, Imperial Conference, 1930. *Summary of Proceedings*, Cmd. 3717, 1930, 90.

¹³ The Customs Tariff (South African preference) 1906 was repealed by the Customs Tariff 1926. The repeal came into operation on July 1, 1926. Cf. Commonwealth Bureau of Census and Statistics, Canberra, *Official Year Book of the Commonwealth of Australia*, No. 23, 108.

CHAPTER III

THE OTTAWA CONFERENCE OF 1932

The marked decline in the export trade of England after the World War did much to cause many Englishmen to revise their free trade principles and to show more interest in intra-Imperial markets. Even in 1928, an exceptionally good year, British exports, on the pre-War price level, were 15.6 per cent below those of 1913.¹ British trade declined further because of the ever increasing tariff walls throughout the world. A movement called the Empire Crusade had for its leaders the wealthy newspaper publishers, Lords Beaverbrook and Rothermere. It stood for free trade within the Empire and protection against foreign countries. Yet, when an Imperial Conference met in London on October 1, 1930, it failed to develop any far-reaching policy for greater economic cooperation within the Empire.

An event of major importance in the history of Imperial preference was the overwhelming victory of the Conservative Party on a protectionist platform in the British general election of October 27, 1931.² Within a month Parliament passed the Abnormal Importations Bill authorizing the Board of Trade to impose ad valorem duties up to 100 per cent to prevent the dumping of manufactured goods in anticipation of higher duties. On December 10, 1931, the Horticultural Products Act was passed, placing a substantial duty on various luxury foodstuffs, and this was followed by the Import Duties Act, which went into effect March 1, 1932. Dominion imports were specifically exempted from duty under the Abnormal Importations Act, and were exempted until November 15, 1932, under the Import Duties Act. These excep-

¹ League of Nations, Economic and Financial Organization, *Memorandum on International Trade and Balances of Payments, 1927-29* (Geneva, 1930). I, 101.

² The Conservatives won 471 seats; the Simon Liberals (who cooperate with the Conservatives in the national government and support its protectionist policies) won 35 seats; the Samuel Liberals (who support the national government, but oppose tariffs) received 33 seats; while Labour and the other opposition parties won only 61 seats.

tions were made in view of the discussions to be held at Ottawa, and the preferential arrangements that might possibly be made there.³

Between the holding of the Imperial Conference of 1930 and the Ottawa Conference of 1932 other events occurred which made agreement on Imperial policy more likely in 1932 than in 1930. There was the victory of the United Australia and Country Parties—which advocated more moderate tariffs—over the Labour Government of Premier J. H. Scullin in the Australian elections of Dec. 19, 1931; and also the victory of the Coalition Government in New Zealand on Dec. 2. In Canada the Conservative Party, under Premier R. B. Bennett, a strong advocate of Imperial preferences, had been in power since the summer of 1930. Thus the political atmosphere in 1932 was distinctly favourable for agreement on Imperial policies.

The opening addresses at Ottawa were delivered on July 21, 1932. From the beginning Great Britain and the Dominions differed in their points of view. The Dominions were willing to increase tariffs in order to make preferences possible, while Great Britain wished to prevent further tariff increases against foreign countries. Mr. Stanley Baldwin, head of the British delegation, said:

... we hope that as a result of this Conference we may be able, not only to maintain existing preferences, but in addition to find ways of increasing them. There are two ways in which increased preference can be given—either by lowering barriers among ourselves or by raising them against others. The choice between these two must be governed largely by local considerations, but subject to that, it seems to us that we should endeavour to follow the first rather than the second course. For, however great our resources, we cannot isolate ourselves from the world. No nation or group of nations, however wealthy and populous, can maintain prosperity in a world where depression and impoverishment reign. Let us therefore aim at the lowering rather than the raising of barriers, even if we cannot fully achieve our purpose now, and let us remember that any action we take here is bound to have its reactions elsewhere.⁴

³*Abnormal Importations (Customs Duties) Act, 1931* (22 Geo. V. Ch. 1), Section 2, (2). *Import Duties Act, 1932* (22 Geo. V. Ch. 8), Pt. 1, Section 4.

⁴Great Britain, Imperial Economic Conference at Ottawa, 1932, *Appendices to the Summary of Proceedings*. Cmd. 4175, 1932, 75.

The chief difficulty during the Conference was to reconcile the British and Canadian points of view. The original Canadian proposals, submitted on August 4, 1932, did not satisfy the British delegates, who thought there was no parity between the concessions offered and the advantages sought.⁵ During the next two weeks of the Conference it often seemed that no agreement would be reached. But on August 18, 1932, on the eve of adjournment, agreements were ready for signing.

Basically, the obstacles to agreement were the same as those which had wrecked the 1930 Imperial Conference and all other previous attempts to achieve greater Empire economic unity, namely, England's need for cheap food and raw materials, and Dominion insistence, especially by Canada, on protection for their industries and a market for raw materials, while at the same time they wished to avoid any action that would interfere with trade between the Empire and foreign countries. Although the British Government had accepted protection, it did not wish to put a substantial tax on foodstuffs, while Canada virtually demanded preferences on its food exports. Australia's demands concerning the meat trade, frozen beef and mutton, and especially chilled beef, conflicted with British trade in the Argentine.

But a greater difficulty was Canada's insistence that imports from Soviet Russia be restricted. The British Government, while willing to increase the tariff on Soviet lumber and to restrict its importation in case of dumping, was unwilling to enter into a formal agreement which might be considered discriminatory by the Soviet Government, for fear of reprisals.⁶

On August 20, 1932, the Ottawa Conference came to an end with the signing of eleven bilateral agreements between various parts of the Empire. Seven were between the United Kingdom and India, Southern Rhodesia, and the Dominions—Canada, Aus-

⁵ Canada wanted substantial preferences on lumber, bacon, cheese, butter and wheat, and promised to give increased preferences on iron, steel, coal and chemicals, and partial preferences on textiles. The Canadian Government estimated that this would increase the sale of British goods in Canada from \$100,000,000 to \$150,000,000 annually. The British delegates, however, placed the figures between \$35,000,000 and \$50,000,000 (*Cf. New York Times*, Aug. 5 and 10, 1932.)

⁶ *Cf. New York Times*, Aug. 3, 8, 16, 17 and 18, 1932.

tralia, New Zealand, Union of South Africa and Newfoundland. Canada made three additional agreements—with the Irish Free State, the Union of South Africa and Southern Rhodesia. The eleventh agreement was between the Union of South Africa and the Irish Free State. The agreements are for a period of five years and will continue in force after that time until six months after denunciation by either party. The United Kingdom and Indian agreement is an exception, as it is subject to a six months' notice of denunciation at any time.

In the agreements the British Government undertook: (a) to continue the free entry into the United Kingdom of Empire goods, in accordance with the provisions of the Import Duties Act of 1932, subject to certain reservations;⁷ (b) to impose new duties on certain foreign imports;⁸ and (c) not to reduce the general ad valorem duty of 10 per cent imposed by the Import Duties Act of 1932 on certain foreign goods⁹ without the consent of the Dominion Government concerned.

In the agreements with Australia and Canada, the United Kingdom agreed to give a preference of 2s. per quarter to Dominion wheat, by taxing all foreign wheat to that extent. This preference, like that on copper,¹⁰ lead and zinc, is conditional on the ability of

⁷ Eggs, poultry, butter, cheese and other milk products from Canada, Australia, New Zealand, Union of South Africa, Newfoundland and Southern Rhodesia were to be allowed free entry for three years. At the end of three years, if it seems necessary in the interest of the United Kingdom producer to do so, the British Government reserves the right to review the basis of preference, and to impose a preferential duty on Dominion produce while maintaining the existing preferential margins, or to bring this produce within any system for the quantitative regulation of supplies from all sources.

⁸ Duties are specified on wheat, maize (flat white), butter, cheese, raw apples and pears, canned apples, other canned fruits, dried fruits, eggs, condensed milk, milk powder, honey, unwrought copper, raw oranges and grape fruit (April 1 to November 30), raw peaches, plums and nectarines (December 1 to March 31). Cf. Table.

⁹ Among the principal articles affected are: Leather, zinc, lead, timber, fish, tallow, canned meat, barley, sausage casings, wheat flour, dried peas, asbestos, macaroni, dressed poultry, casein and dried fruits (other than currants).

¹⁰ The duty on copper, other than electrolytic copper, has been temporarily postponed under this clause. (Cf. *New York Times*, Nov. 16, 1932).

the Dominion producers to offer it at a price not exceeding the world price, and in sufficient quantities to meet the requirements of British consumers. To protect and help home production, provision is also made in the Australian agreement for the establishment of an import quota restricting the entry of frozen mutton and lamb, and frozen and chilled beef from foreign countries, in return for Australia's promise to limit the export of frozen mutton and lamb to the United Kingdom for 1933 to an amount equivalent to the total imports from Australia during the year ending June 30, 1932. At the end of the ensuing year, after consultation between the two Governments, the question of limitation is to be re-examined.¹¹

In return for these concessions by the United Kingdom, the Dominions undertook in their tariffs to protect only those industries which have a reasonable hope of success. It was understood, too, that for the duration of the agreements, United Kingdom producers should be given the opportunity of reasonable competition with Dominion producers on the basis of relative cost of economic and efficient production and provided that, in applying the principle, special consideration be given to industries not fully established. The Tariff Board in each Dominion as soon as practicable, was to revise existing protective duties, and bring them into harmony with the above principles. No new protective duty would be imposed, and no existing duty increased on United Kingdom goods, beyond the recommendations of the Tariff Board. The United Kingdom producers were to have full rights of audience before the Tariff Board. The Dominions also to some extent

¹¹ The following table (Great Britain, Imperial Economic Conference at Ottawa, 1932. *Summary of Proceedings and Copies of Trade Agreements*. Cmd. 4174, 1932, 55) shows the maximum quantities of foreign meat to be imported into the United Kingdom during each quarter of the period between January, 1933, and June, 1934, expressed as percentages of the quantities imported in the corresponding quarters of the twelve months ending June 30, 1932:

	1933				1934	
	Jan.- March	Apr.- June	July- Sept.	Oct.- Dec.	Jan.- March	Apr.- June
Frozen mutton and lamb	90	85	80	75	70	65
Frozen beef	90	85	80	75	70	65
Chilled beef	100	100	100	100	100	100

increased the tariff preferences to British exports, and agreed to abolish certain super-taxes against Empire trade.¹²

AUSTRALIA

During the progress of the Ottawa Conference it was stated on behalf of Australia by S. M. Bruce that Australia intended to continue the preferences being granted to the United Kingdom, and even to extend them in certain cases. Also the Australian tariff would be reclassified to enable preferences to be given to the United Kingdom regarding certain goods not manufactured in Australia. It was intended, too, to widen the preference to the United Kingdom as to the admission of essential goods not produced in Australia. The prohibition of surcharges imposed by Australia on United Kingdom goods during the depression would be removed, and consideration would be given to any requests made by the British Government for additional concessions. Australia would do all this, provided Great Britain reciprocated in a reasonable measure.¹³

What Australia hoped to receive from the United Kingdom was expressed by Mr. Bruce in this way:

It is clear to us that Great Britain can give effective assistance with those commodities, the Empire production of which falls short of Empire requirements—that is to say—goods in which the Empire is a net importer. I refer to such commodities as meat, dairy products and fruit. On the other hand, the possibility of obtaining effective assistance is much less with those commodities in which the production within the Empire is considerably in excess of Empire requirements, products in which the Empire is a net exporter.¹⁴

Australia expected no assistance from the United Kingdom for her chief export, wool. Empire production of wool far exceeds Empire requirements, and the bulk of Australian wool is sold outside the Empire. The Australian Government recognized that the granting of effective preferences to wheat was also a difficult

¹² Cf. M. S. Stewart, "The Ottawa Conference," *Foreign Policy Reports*, VIII, No. 21 (1932), 248-249.

¹³ Great Britain, Imperial Economic Conference at Ottawa, 1932, *Appendices to the Summary of Proceedings*. Cmd. 4175, 1932, 104.

¹⁴ *Ibid.*, 107.

question, and Australia had no definite proposal to offer concerning wheat. But effective preferences were expected for meat, dairy products, and fruit. Australia was also interested in preferences to sugar, base metals, and certain other products. Because of the fact that in the depression years trading conditions have been quite abnormal, it might be found that the only way in which to secure Empire markets for certain important commodities, such as meat and butter, would be by adopting a scheme of restrictions upon imports from outside the Empire.¹⁶

FINANCIAL AND MONETARY PROBLEMS

Financial and monetary problems were discussed at length by a special committee, but it was felt that the cooperation of the chief nations of the world was required to make effective any action in the monetary sphere. The Conference went on record as favouring a general rise in prices throughout the world, and urged international cooperation in maintaining an ample supply of short term money at low interest rates as a valuable aid in this direction.¹⁶ It also recognized that it was desirable to stabilize exchange rates over as wide an area as possible until a satisfactory international standard could be established.

EMPIRE CONTENT AND THE MOST-FAVoured NATION CLAUSE

It was decided to leave to the separate Governments the matter of the percentage of Empire content necessary in order to obtain preferential treatment,¹⁷ yet the standard should not be such as to defeat the intention of the preferential rate.¹⁸

The Conference condemned in principle export bounties and anti-dumping duties, and hoped that, as prices rose, these bounties

¹⁶ *Ibid.*, 108-110.

¹⁷ Great Britain, Economic Conference at Ottawa, 1932, *Summary of Proceedings and Copies of Trade Agreements*. Cmd. 4174, 1932, 11-14.

¹⁸ If a high percentage of Empire content were required, it would have driven out many American branch factories from Canada and England. (Cf. *New York Times*, Aug. 16, 18, 1932.)

¹⁹ Great Britain, Imperial Economic Conference at Ottawa, 1932, *Summary of Proceedings and Copies of Trade Agreements*. Cmd. 4174, 1932, 9.

and duties would be withdrawn. The Conference agreed that no treaty obligation should be undertaken in the future which would interfere with the granting of Imperial preferences, and if any existing treaties did so interfere, they should be corrected.

CONFERENCE EFFECTS

It is an open question whether the Ottawa agreements in the long run will prove of advantage to the British Empire. The official position of the British Government was that the Conference was a success, that it was of benefit to the Dominions and to the United Kingdom. The Conservative Press in Great Britain and the Dominions concurred in this attitude.¹⁹ The Labour and Liberal press were generally antagonistic.²⁰ The opposition of the Liberals to the tariff policies resulted in the resignation of Sir Herbert Samuel, Sir Archibald Sinclair, and eight junior Liberal ministerial officials. Lord Snowden also resigned from the Cabinet because of disagreement with the Imperial agreements.

Supporters of the Conference declare that the reduction of many duties, the increase of preferences, and the removal of various trade restrictions will expand British exports. The fact that British markets are made more secure for Dominion products will help Dominion purchasing power, and this in turn will help British manufacturers. Increased trade and prosperity within the British Empire will stimulate international trade and thus help in the work of restoring world prosperity. The political gains, they affirm, will be even more important than the economic gains. The fact that so much agreement could be reached lays the foundation for closer Imperial unity in the future.

Opponents claim that as a result of the Ottawa pacts tariffs will be raised, not lowered, and so total trade will be restricted. The agreements limit the bargaining powers of Great Britain and the

¹⁹ Cf. *The Times* (London) Aug. 22, 1932; *The Ottawa Journal*, Aug. 22, 1932; *The Melbourne Age* and *The Sydney Sun*, Aug. 22, 1932. cf. also *The Morning Post* (London) Aug. 21, 1932, and *The Melbourne Age*, Sept. 8, 1932.

²⁰ Cf. *The News Chronicle*, *The Daily Herald*, Aug. 21, 1932; *The Manchester Guardian Weekly*, Aug. 26, 1932; *The Economist*, Aug. 27, Oct. 15 and 22, 1932.

Dominions for at least five years. Increased duties on food-stuffs and raw materials will raise the cost of living and industrial costs in Great Britain, and no comparable advantage will result. Existing Dominion tariffs are so high that even after a reduction of duties or an increase in preferences, British producers will still be unable to compete in Dominion markets. The most that can be hoped for is a transfer of Dominion purchases from foreign countries, such as the United States, to Great Britain, and an increase of British purchases from Empire countries, at the expense of Europe and America.²¹

It is interesting to note that the Ottawa Conference was scarcely over when at least sixteen nations, including the Scandinavian countries, France, Germany, Finland, Argentina and Uruguay entered into tariff negotiations with the United Kingdom, or expressed their intention of doing so.²²

The following table gives the chief new duties to be imposed, according to the Ottawa pacts, by the United Kingdom on foreign imports:

²¹ See M. S. Stewart, *op. cit.*, 252.

²² *New York Times*, Oct. 26, 1932.

TABLE II. *New Duties to be Imposed by the United Kingdom after the Ottawa Conference of 1932 (a)*

COMMODITIES	DUTIES TO BE IMPOSED BY GREAT BRITAIN BY AGREEMENT WITH				
	Australia	New Zealand	Canada	South Africa	Southern Rhodesia
Wheat (b), per quarter.	2s		2s		
Maize, flat white.				10% ad val.	10% ad val.
Butter, per cwt.	15s	15s	15s	15s	15s
Cheese	15% ad val.	15% ad val.	15% ad val.	15% ad val.	15% ad val.
Raw apples and pears, per cwt.	4s 6d	4s 6d	4s 6d	4s 6d	
Canned apples, (c) per cwt.	3s 6d		3s 6d	3s 6d	
Other canned fruits (c).	15% ad val.			15% ad val.	
Dried fruits, now dutiable at 7s. per cwt.	10s 6d		10s 6d	10s 6d	
Eggs in shell, not exceeding 14 lbs. per great hundred (120)	1s	1s	1s	1s	1s
Eggs in shell, over 14 lbs., but not exceeding 17 lbs., per great hundred	1s 6d	1s 6d	1s 6d	1s 6d	1s 6d
Eggs in shell, over 17 lbs., per great hundred	1s 9d	1s 9d	1s 9d	1s 9d	1s 9d
Sweetened condensed whole milk (c), cwt.	5s	5s	5s	5s	5s
Unsweetened condensed whole milk per cwt.	6s	6s		6s	
Milk powder and other preserved milk, not sweetened, per cwt.	5s	5s		5s	
Honey, per cwt.	7s	7s			
Unwrought copper ingots, bars, blocks, slabs, cakes and rods (b), lb.	2d		2d	2d	2d
Raw oranges (Apr. 1 to Nov. 30) per cwt.	3s 6d			3s 6d	3s 6d
Raw grape fruit (Apr. 1 to Nov. 30) per cwt.	5s			5s	5s
Grapes, other than hot-house, (Feb. 1 to June 30) per lb.	1½d			1½d	
Raw peaches and nectarines (Dec. 1 to Mar. 31) per cwt.				14s	
Raw plums (Dec. 1 to Mar. 31) per cwt.				9s 4d	

- (a) Great Britain, Imperial Economic Conference at Ottawa, 1932, *Summary of Proceedings and Copies of Trade Agreements*, Cmd. 4174, 1932.
- (b) Conditional on Empire producers offering these commodities on first sale in the United Kingdom at prices not exceeding the world price and in quantities sufficient to meet the requirements of United Kingdom consumers.
- (c) In addition to duty on respect of sugar content.

UNITED KINGDOM-AUSTRALIA AGREEMENT

Almost all the new duties to be imposed by the United Kingdom on foreign goods are given above in Table II. It was also agreed that the United Kingdom Government would invite Parliament to pass the necessary legislation to give to Australian wine, not exceeding 27 degrees of proof spirit, a margin of preference of two shillings per gallon.²³

The United Kingdom Government undertook to provide that, without the consent of Australia, there should be no reduction of the general 10 per cent ad valorem duty imposed by Section I of the Import Duties Act, 1932, on the following foreign goods: leather, tallow, canned meat, zinc, lead, barley, wheat flour, macaroni, dried peas, dressed poultry, casein, eucalyptus oil, meat extracts and essences, copra, sugar of milk, sausage casings, wattle bark, asbestos, dried fruits (other than currants, and except those specified in Table II.)²⁴

The arrangements about the importation of foreign meat into the United Kingdom are given previously in this chapter. The Australian Government agreed to limit the export of frozen mutton and lamb to the United Kingdom for the year 1933 to an amount equivalent to the total imports from Australia during the year ended June 30, 1932. It further agreed to use its best endeavours to ensure that during the year 1933 the exports of frozen beef from Australia to the United Kingdom should not be increased to an extent exceeding 10 per cent of the quantities exported from Australia for the year ending June 30, 1932.²⁵

The United Kingdom Government agreed to invite the Governments of the non-self-governing Colonies and Protectorates to grant to Australia any preference being given to any other part of the Empire. (This was not to apply to preferences given by Northern Rhodesia to the Union of South Africa, Southern Rhodesia and the Territories of the South African High Commission by virtue of the Customs Agreement of 1930). Certain Colonies

²³ Great Britain, Imperial Economic Conference at Ottawa, 1932, *Summary of Proceedings and Copies of Trade Agreements*. Cmd. 4174, 42 and 46.

²⁴ *Ibid.*, 42 and 47.

²⁵ *Ibid.*, 54 and 55.

and Protectorates were to be invited to give Australia new or additional preferences stipulated in Schedule E of the United Kingdom-Australia Agreement.²⁸

On behalf of the Australian Government it was agreed that Parliament should be invited to pass legislation along the following lines: Subject to some specific exceptions, goods produced or manufactured in the United Kingdom and imported into Australia shall receive preferential rates of duty according to the following formula:

(a) When goods which are the produce or manufacture of the United Kingdom are free of duty, or are liable to duties of customs not exceeding 19 per cent *ad valorem*, the difference between the British Preferential Tariff rate and the rate upon similar goods from the most favoured foreign country shall be at least 15 per cent *ad valorem*.

(b) When goods the produce or manufacture of the United Kingdom are liable to duties of customs exceeding 19 per cent *ad valorem*, and not exceeding 29 per cent *ad valorem*, the difference between the British Preferential Tariff rate and the rate upon similar goods from the most favoured country shall be at least 17½ per cent *ad valorem*.

(c) When goods the produce or manufacture of the United Kingdom are liable to duties of customs exceeding 29 per cent *ad valorem*, the difference between the British Preferential Tariff rate and the rate upon similar goods from the most favoured foreign country shall be at least 20 per cent *ad valorem*, provided that in no case shall this margin be applied so as to result in a rate of duty exceeding 75 per cent *ad valorem*.²⁹

Schedule F, Part II, of the Agreement gives a detailed list of exceptions to the above formula,²⁸ and Schedule F, Part III gives a list of goods where the Australian Government reserves the right to reduce the existing margins of preference, and also gives the maximum amount of preference reduction, expressed in *ad valorem* percentages.²⁹

The Australian Government undertook to give to the non-self-governing Colonies and Protectorates and the Mandated Territories of Tanganyika, the Cameroons under British Mandate,

²⁸ *Ibid.*, 43 and 47-49.

²⁹ *Ibid.*, 49.

²⁹ *Ibid.*, 49-51.

²⁹ *Ibid.*, 51-52.

and Togoland under British Mandate, certain preferences indicated in Schedule G.²⁰

The Australian Government further agreed that protection by tariffs would be afforded by Australia only to those industries reasonably assured of sound opportunities for success, and that

... during the currency of this Agreement the tariff shall be based on the principle that protective duties shall not exceed such a level as will give United Kingdom producers full opportunity of reasonable competition on the basis of the relative cost of economical and efficient production, provided that in the application of such principle special consideration may be given to the case of industries not fully established.²¹

The Australian Tariff Board was to review, as soon as practicable existing duties in the light of the above principles, and after its Report and Recommendation have been submitted, the Australian Commonwealth Parliament will be invited to vary, where necessary, the tariff on United Kingdom goods, in order to give effect to these principles. No new protective duty was to be imposed and no existing duty increased on United Kingdom goods beyond the recommendation of the Tariff Board. United Kingdom producers shall be entitled to full rights of audience before the Tariff Board.

So far as concerns goods that are the produce or manufacture of the United Kingdom the Australian Government agreed to repeal, as soon as practicable, the Proclamation published in *Commonwealth Gazette* No. 46, May 19, 1932, prohibiting the importation of certain goods, and to remove, as soon as practicable, the surcharges imposed by resolution introduced into the Parliament of Australia, May 24, 1932, and to reduce or remove primage duty as soon as the finances of Australia will allow.²²

²⁰ *Ibid.*, 45, 52-53.

²¹ *Ibid.*, 44.

²² *Ibid.*, 44.

CHAPTER IV

THE TREND OF AUSTRALIAN TRADE

In acquiring a correct view of Imperial preference in its relation to Australia it is indispensable to study Australian trade. It is important to know what products are exported from Australia and to know to what countries they are exported. The nature of the import trade must also be studied, and the countries from which the imports come must be noted. Not only is the present position of the import and export trade to be examined, but also the trend.

Ninety per cent of Australian trade is with the following groups of countries: the United Kingdom, North America, the Eastern Pacific, Western Europe and India. The most important single country in the trade of Australia has been, and still is, the United Kingdom.

TRADE WITH THE UNITED KINGDOM

Tables III and IV show that the United Kingdom both as a market and as a source of supply for Australia has been declining in relative importance almost continually from 1906 to 1928-29. Imports into Australia from the United Kingdom in 1906 were 51.21% of Australia's total imports; by 1928-29 this percentage had dropped to 39.70%. In the year 1906 Australia's exports to the United Kingdom were 47.12% of her total exports; by 1928-29 this percentage was only 38.09%. After the year 1928-29 there was an upturn in exports, but shipments of gold helped to swell them. In recent years the following shipments of gold specie have gone from Australia to the United Kingdom: 1927-28, £1,157; 1928-1929, £2,002,684; 1929-30, £22,947,022; 1930-31, £11,800,494; 1931-32, £2,440,686.¹

¹ Commonwealth Bureau, etc., *Overseas Trade*, Bulletin No. 29, 507.

TABLE III. Annual Imports into Australia, from Chief Countries of Origin, Expressed as Percentages of Total Values of Australian Imports (a).

COUNTRY	1906	1909	1913	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932
British Countries:							(b)	(b)	(b)	(b)	(b)	(b)	(b)	(b)	(b)
United Kingdom	51.2	50.5	51.8	51.4	51.9	45.2	48.9	48.4	41.1	42.6	39.7	41.8	39.8	40.0	40.0
Canada	0.6	1.3	1.2	3.0	3.8	3.5	2.1	2.4	2.5	2.2	3.3	2.7	2.8	3.2	3.2
Ceylon	1.3	1.4	1.1	0.9	0.7	0.8	1.0	1.0	1.3	1.8	1.3	1.6	1.7	1.3	1.3
India	3.8	3.5	3.8	3.6	3.3	3.4	4.0	4.3	4.0	3.7	4.2	3.8	6.3	6.3	6.3
Malaya (British)	(c)	(c)	(c)	0.5	0.2	0.3	0.3	1.1	1.2	1.2	0.7	0.6	0.4	0.6	0.6
New Zealand	6.6	4.0	2.7	1.6	1.5	1.7	1.4	1.7	1.9	2.2	1.5	1.8	1.6	2.2	2.2
Ter. of New Guinea	(c)	(c)	(c)	0.6	0.3	0.0	0.1	0.2	0.3	0.3	0.3	0.2	(c)	(c)	(c)
Papua	(c)	(c)	(c)	0.1	0.1	0.2	0.1	0.2	0.1	0.0	0.0	0.0	(c)	(c)	(c)
South African Union	(c)	(c)	(c)	0.3	0.6	0.7	3.3	0.5	0.5	0.4	0.4	0.2	0.1	0.1	0.1
Foreign Countries:															
Belgium	1.0	1.2	1.4	0.9	0.6	0.6	0.5	0.5	0.5	0.6	0.6	0.7	0.5	0.6	0.6
China	0.6	0.5	0.5	0.9	0.6	0.6	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.7
France	3.2	3.4	2.7	2.6	2.4	2.9	2.6	2.4	2.8	2.6	2.5	2.3	2.5	2.6	2.6
Germany	8.7	8.8	8.8	0.0	0.4	0.9	1.4	1.8	2.6	3.1	3.1	3.3	3.3	3.3	3.2
Italy	(c)	(c)	(c)	0.9	0.8	0.8	0.9	0.9	0.9	0.9	1.0	1.0	1.1	1.0	1.0
Japan	1.0	1.2	1.1	3.4	2.9	2.5	2.6	2.3	3.1	2.8	3.2	3.2	4.0	5.5	5.5
Netherlands	0.5	0.5	0.5	0.4	0.4	0.4	0.4	0.5	0.6	0.6	0.3	0.8	1.0	0.8	0.8
Netherlands E. Indies	(c)	(c)	(c)	3.1	3.3	3.2	3.5	4.0	3.9	3.8	4.9	4.8	6.7	6.9	6.9
Norway	0.9	0.9	1.1	0.6	1.2	1.0	0.9	0.7	0.6	0.6	0.6	0.5	0.3	0.4	0.4
Philippine Islands	(c)	(c)	(c)	0.1	0.1	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.0	0.0
Sweden	0.4	0.8	0.9	1.2	1.2	1.4	1.0	1.2	1.1	1.2	1.0	1.2	1.3	1.6	1.6
Switzerland	1.0	1.6	1.4	1.7	1.6	1.6	1.4	1.3	1.4	1.4	1.3	1.2	1.5	1.0	1.0
U. S. of America	12.5	11.6	13.6	18.2	18.8	24.5	24.6	24.5	25.1	25.6	24.5	23.4	19.2	16.1	16.1

(a) Commonwealth Bureau etc., *Official Year Book* etc., Various years. (Imports of bullion and specie are included. Figures for 1930-31 and 1931-32 are from Commonwealth Bureau, etc., *Oversea Trade*, Bul. No. 29, 453).

(b) Exclusive of Irish Free State.

(c) Not listed.

TABLE IV. Annual Exports from Australia to Chief Countries of Export, Expressed as Percentages of Total Values of Australian Exports (a).

COUNTRY	1906	1909	1913	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932
British Countries:							(b)	(b)	(b)	(b)	(b)	(b)	(b)	(b)	(b)
United Kingdom	47.1	47.3	44.9	45.1	44.1	39.0	42.6	41.4	33.3	37.9	38.0	32.9	50.6	53.0	53.0
Canada	1.0	0.1	0.2	0.2	0.3	0.2	0.4	0.5	0.8	0.6	0.5	0.5	0.9	0.9	0.9
Ceylon	5.2	1.3	1.4	0.6	0.6	2.0	0.5	0.3	0.3	0.3	0.4	0.7	0.5	0.3	0.3
Fiji	0.4	0.5	0.5	0.4	0.3	0.3	0.2	0.3	0.3	0.3	0.3	0.3	(c)	(c)	(c)
Hong Kong	1.0	0.8	1.0	0.4	0.4	0.6	0.3	0.4	0.3	0.3	0.4	0.2	(c)	(c)	(c)
India	5.0	3.0	1.7	5.3	2.6	1.0	1.2	2.2	2.4	1.8	5.1	4.3	3.0	0.3	0.3
Malaya (British)	(c)	(c)	(c)	1.4	1.1	1.3	0.9	1.4	1.3	1.4	1.3	1.1	0.7	0.3	0.3
New Zealand	3.4	3.5	3.0	3.6	3.6	4.1	3.5	3.3	2.9	2.6	2.5	3.1	2.8	2.4	2.4
Papua	(c)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	(c)	(c)	(c)
South African Union	(c)	(c)	2.4	1.3	1.6	1.7	1.6	1.4	1.3	1.9	1.3	0.8	0.4	0.3	0.3
Foreign Countries:															
Belgium	6.8	7.2	9.5	3.9	3.6	5.4	4.4	4.1	5.7	6.5	6.2	4.4	4.0	3.3	3.3
China	0.3	0.2	0.2	0.4	0.2	1.6	0.3	0.5	0.2	0.2	0.7	0.2	3.2	4.5	4.5
France	7.9	9.9	12.8	6.8	10.4	12.4	12.3	12.4	12.1	10.5	10.4	8.1	6.4	4.3	4.3
Germany	5.3	9.7	8.7	3.1	3.5	3.6	4.5	4.7	6.8	8.4	6.7	4.9	5.0	3.6	3.6
Italy	0.2	0.3	1.1	6.2	5.0	3.8	6.1	3.1	3.8	3.6	3.5	2.3	3.3	3.3	3.3
Japan	1.7	2.3	1.8	6.2	7.9	9.6	7.1	7.4	7.1	8.7	7.9	5.3	9.1	10.8	10.8
Netherlands	0.4	0.3	0.4	0.6	0.5	1.6	1.1	0.7	0.9	0.3	0.4	0.3	0.3	0.4	0.4
Netherlands E. Indies	(c)	(c)	(c)	1.8	1.5	1.3	1.2	1.4	1.4	1.3	1.4	1.7	1.3	1.2	1.2
Philippine Islands	0.6	0.8	0.0	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
U. S. of America	6.2	3.9	3.3	6.5	8.1	5.9	5.6	8.7	12.8	6.2	4.0	4.1	2.8	3.7	3.7

(a) Commonwealth Bureau, etc.; *Official Year Book*, etc. Various years. Exports of bullion and specie are included. Figures for 1930-31 and 1931-32 are from Commonwealth Bureau, etc., *Oversea Trade*, Bul. No. 29, 453).

(b) Exclusive of Irish Free State.

(c) Not listed.

First let the United Kingdom be considered as far as it is a market for Australian products. Why has there been an almost continual relative decline, and what will the future probably mean? The reason for the decline is chiefly this—wool, wheat, hides and skins are the chief exports of Australia and United Kingdom imports of these commodities have not grown in proportion to the growth of Australian exports. Pushing the enquiry still further, the decline has resulted because of the relative inelasticity of demand for certain foods, especially wheat, the falling off in British exports of woollen textiles, and the development of manufacturing industries in other countries, especially Western Europe and Japan. Also there has been a decrease in re-exports from the United Kingdom of Australian products, that is, since the War there has been an increasing tendency towards direct shipment from Australia of staple commodities, such as wool, skins, wheat, flour and butter, to the consuming countries.

Australia's greatest advantage in export is in animal products, fruit, wheat and silver lead ores. Now those countries that have a lower standard of living than the United Kingdom, a growing population, and whose home production in these products is not likely to expand, are likely to be more important markets for Australia than the United Kingdom. Again, it is the newer secondary industries that will develop chiefly in the United Kingdom, and the raw materials for these industries cannot be produced for export in Australia. The trend will probably be, for the Australian export trade, towards an increasing diversity of markets, and this will mean that the proportion of Australian exports taken by the United Kingdom will continue to decline.

Turning now to Australia's import trade, we must ask why has the United Kingdom shown a relative decline in this trade, and what of the future? The decline has been due chiefly to the growth of manufactures in Australia,³ and because the United Kingdom holds a relatively weak position internationally in specialized trade and in the newer industries. Australia has turned to the manufacture of textiles and steel, and common household

³ Cf. Commonwealth Bureau, etc., *Production*, Bulletin No. 23, 157-158. Also cf. A. W. Ferrin, *Australia: A Commercial and Industrial Handbook* (Washington, D. C., Govt. Print. Off., 1922), 100-107.

goods. Total imports in these classes, where the share of the United Kingdom was high, have declined considerably.³

The Australian imports which have shown most expansion in post-War days are artificial silk manufactures, electric machinery and apparatus, motor vehicles, petrol engines, petroleum oils, and less important products like gramophones and photographic supplies, and also raw materials like silk and rubber. Now the share of the United Kingdom in all this trade has averaged considerably less than half the total. In the two most important groups—motor vehicles and petroleum oils—her share has been negligible. The United States has been the chief competitor in most of this trade.⁴

The manufactured goods which are likely to predominate among Australian imports in the future are machinery, motor vehicles, electrical apparatus, cotton and silk goods, structural steel, plain and tinned plates, steel sheets, pipes and tubes and fittings, and special steels. Other items, though of less importance, are paper, gramophones, films, plate glass, gloves, carpets and linoleums, drugs and chemicals.⁵

Of these goods some are specialized products of particular countries, like plate glass for Belgium, pure silk cloth for Japan and China, and fancy trimmings for France and Belgium. These countries will still, in all likelihood, hold the Australian market, even though the tariff be higher against them than against the United Kingdom.

In certain classes of products, such as plates and sheets, wrought iron pipes and tubes, structural steel, fine cotton goods, certain machinery, and floor coverings, the United Kingdom has held a dominant position in world trade. In these classes she will continue to be Australia's chief source of supply.

Since the end of the World War an important branch of Aus-

³ Great Britain, Department of Overseas Trade, *Report on the Economic and Commercial Situation of Australia to June, 1927*, 67-71. Great Britain, Dept. of Overseas Trade, *Economic and Trade Conditions in Australia to August, 1929*, 135-142. Great Britain, Dept. of Overseas Trade, *Economic and Trade Conditions in Australia to December, 1930*, 141-145.

⁴ Commonwealth Bureau, etc., *Oversea Trade*, Bulletins for various years.

⁵ N. Windett, *Australia as Producer and Trader 1920-32*, (London, Oxford University Press, 1933), 38.

Australia's import trade has concerned the newer industries—motor cars and accessories, electrical apparatus and artificial silk goods. Australia will probably continue to be a heavy importer of these goods. In the past, United Kingdom manufacturers were slow to appreciate the possibilities of trade in these lines, but they are now making a more determined bid for the Australian trade, and it seems that at least for a time the United Kingdom will obtain a greater share of Australian imports of the newer industries, and also of total trade.⁶

TRADE WITH WESTERN EUROPE

Australian imports from Western Europe (excluding the United Kingdom) have been mainly confined to lines in which the countries specialized. These were the chief:

From France: Mainly fancy textiles, such as velvets, trimmings and lace. To a less extent wines, motor cars and parts, rubber manufactures and perfumery.

From Germany: Fancy textiles, as gloves, trimmings and silk piece goods. Also electrical and metal-working and other machinery; pianos and a variety of small manufactures.

From Belgium: Similar textiles and glass.

From Italy: Hats, silk piece goods and gloves.⁷

Australian exports to these countries have been chiefly wool, wheat, hides and skins, pig lead and apples—and of these the chief was wool. The share of Western European countries (excluding the United Kingdom) in Australian exports of greasy wool has risen from under 40 per cent just after the War to over 50 per cent in recent years. It is this which makes these countries such an important market for Australia. The proportion of hides and skins exported to the Western European countries now being considered has risen considerably over the post-War period, while wheat has steadily fallen. Belgium is the only country of Western

⁶ The Australian Association of British Manufacturers, *The Australian Market*, (London, King, 1932), 4; Great Britain, Dept. of Overseas Trade, *Report on the Economic and Commercial Situation of Australia to June, 1927*, 76-77.

⁷ Commonwealth Bureau of Census and Statistics, Canberra, *Overseas Trade*, Bulletins for various years.

Europe which takes an appreciable amount of Australian meat. Fresh apples and pig lead have been going in increasing amounts to Germany.⁸

TRADE WITH COUNTRIES IN THE PACIFIC

To present a picture of Australian trade in the Pacific two periods will be taken: 1905-09 and 1923-27. It is convenient to start with the year 1905 because in that year imports into Australia were first recorded against the country of origin of the goods. It is convenient, too, to stop at the year 1927 to avoid abnormal effects of the depression years.

Omitting imports and exports of gold, Australian imports from the Pacific countries for the period 1905-09 formed 21.63% of her total import trade, while for 1923-27 they were 37.38%. For the earlier period, 1905-09, Australian exports to the Pacific countries were 14.20% of her total export trade, while in 1923-27 they were 23.99%.⁹ The younger trading countries bordering on the Pacific in this second period have a much greater share in the total trade of Australia than the older commercial nations of the world. This increase, which was natural to expect, was helped by the fact that in the War years Australia's trade with the United States and with Japan increased very notably.¹⁰

TRADE WITH THE UNITED STATES OF AMERICA

The outstanding feature of the trade between Australia and the United States is its one-sided nature. The average registered value of imports from the United States for the period 1923-27 was £34,227,096 and the recorded average value of exports was £8,809,101.¹¹ In the year 1909 (selected for the purposes of comparison) the value of total imports into Australia from the

⁸ *Ibid.*

⁹ Cf. E. T. McPhee, "Australian Trade in the Pacific," *Studies in Australian Affairs*, (Melbourne, Macmillan, 1928), 138.

¹⁰ Cf. G. Wood, *Borrowing and Business in Australia*, (London, Oxford University Press, 1930), 184.

¹¹ E. T. McPhee, *op. cit.*, 143-144.

United States was £5,003,130,¹² and that of exports £2,599,063.¹³ Before the War the balance was greatly in favour of the United States, and during the War the United States increased her advantage over other industrial countries. It is especially in the new manufacturing industries that the United States predominates in international trade, and Australia's chief imports from America are the products of these industries. Thus motor vehicles, petroleum products, and engines form nearly half Australia's imports from the United States.¹⁴ Then, on the side of Australian exports, Australia has little to offer in which American supplies are deficient, except merino wool and hides and skins. Total quantities of hides and skins imported into the United States have increased only slightly in post-War years, while imports of wool have declined considerably. Australia's exports of wool to the United States averaged fifty-one million lbs. for the years 1922-26; then, in thousands of lbs., the figures were for 1927-28, 27,886; for 1928-29, 20,030; for 1929-30, 19,932, and for 1930-31, 20,754.¹⁵

Table V shows the average annual values of Australian imports from the United States by chief classes of goods, for the period 1923-27, and also the values of the chief imports for the year 1909.

¹² Commonwealth Bureau of Census and Statistics, Melbourne, *Trade and Customs and Excise Revenue of the Commonwealth of Australia for the Year 1909*, (Melbourne, 1910), 658.

¹³ *Ibid.*, 660.

¹⁴ Cf. Great Britain, Dept. of Overseas Trade, *Economic and Trade Conditions in Australia to August, 1929*, 140; also Cf. Great Britain, Dept. of Overseas Trade, *Economic and Trade Conditions in Australia to December, 1930*, 137-138.

¹⁵ Commonwealth Bureau, etc., *Official Year Book*, etc., No. 25, 618.

TABLE V. *Australian Imports from the United States of America by Chief Classes of Goods for the Period 1923-27 (Average Annual Values), and for the Year 1909.*²⁸

Import Item	1923-27	1909
	£	£
Foodstuffs of animal origin, chief items fish and sausage casings	451,530	181,435
Foodstuffs of vegetable origin	248,642	103,560
Tobacco	2,202,057	433,718
Animal substances, mainly unmanufactured, not foodstuffs	40,297	6,460
Vegetable substances and fibres	129,010	38,432
Apparel, textiles and manufactured fibres	2,138,394	355,768
Oils, fats and waxes	4,891,600 (a)	852,610
Paints and varnishes	155,417	54,714
Stones and minerals, including ores and concentrates	168,014	(c)
Metals, metal manufactures and machinery	15,814,741 (b)	(c)
Rubber and manufactures of rubber	1,223,722	} 294,128
Leather	248,057	
Wood and wicker, raw and manufactured	2,706,854	723,233
Earthenware, cements, china, glass and stoneware	200,125	41,866
Paper and stationery	666,742	231,215
Jewellery, timepieces and fancy goods	276,174	97,125
Optical, surgical and scientific instruments	694,980	199,076
Drugs and chemicals	710,716	132,596
Miscellaneous	1,256,904 (d)	369,840

(a) Including petroleum spirit £2,936,394 and lubricating oil £850,378.

(b) Including motor car bodies and parts, £846,263; chassis £5,967,535, and motorcycles, £273,253.

(c) Not listed under this heading.

(d) Including musical instruments and parts, £680,333.

Table VI shows the average values of exports of Australian produce to the United States, made up almost entirely of raw materials, for the period 1923-27, and also the exports for the year 1909.

²⁸ Figures for 1923-27 from E. T. McPhee, *op. cit.*, 144-145; figures for 1909 from Commonwealth Bureau, etc., *Trade and Customs, etc., for 1909*, 654-658.

TABLE VI. *Australian Exports to the United States of America, by Chief Classes of Goods, for the Period 1923-27 (Average Annual Values) and for the Year 1909.*^a

Export Item	1923-27	1909
	£	£
Wool	5,205,059	1,691,389
Hides and skins	2,461,862	363,776
Pearlshell	251,155	78,361
Tin	157,372	8,028
Copper	25,037	238,306
Osmium, iridium, etc.	25,037	(a)
Leather	20,819	(a)
Eucalyptus oil	16,008	2,205

(a) Not listed.

It may be seen that motor vehicles and petroleum products have formed the basis of the growth of United States exports to Australia. American cars have sold well in Australia because they are well suited to Australian conditions, and also because they have been well marketed and careful attention has been paid to service requirements. A number of factors, including increased tariff preference, have helped the sale of British cars in Australia since 1931, and some think that the United States will not regain her former position in the Australian market. Australia's import trade in petroleum oil is supplied almost entirely by the United States and the Netherlands East Indies in the proportion of three to two.

Because of the nature of the American export trade to Australia it is doubtful if it will be so important to Australia as it has been in the past decade. New sources of supply of the primary products, tobacco and petroleum, are likely to be developed in Australia or elsewhere, and it is probable that the advantage formerly held by the United States in the new industries is vanishing.¹⁸

¹⁸ Figures from 1923-27 from E. T. McPhee, *op. cit.*, 145; figures for 1909 from Commonwealth Bureau, etc., *Trade and Customs, etc.*, for 1909, 659, 660, 683-698.

¹⁹ Cf. The Australian Association of British Manufacturers, *The Australian Market*, 21; N. Windett, *Australia as Producer and Trader 1920-1932*, 266-268; but cf. A. W. Ferrin, *Australia: A Commercial and Industrial Handbook*, 7.

TRADE WITH CANADA

The trade between Canada and Australia is of comparatively little importance to either country. The balance of trade is greatly in favor of Canada, as the following table clearly shows:

TABLE VII. *Trade Between Australia and Canada 1924-25 to 1931-32, by Years, in £000's.*¹⁹

	1924-25 £000	1925-26 £000	1926-27 £000	1927-28 £000	1928-29 £000	1929-30 £000	1930-31 £000	1931-32 £000
Total Australian exports to Canada	608	678	865	708	737	748	958	1,088
Total Canadian imports from Canada.	8,884	8,754	4,824	8,278	4,871	3,502	1,877	1,892

The one-sided nature of the trade arises from the similarity of resources and primary production of the two countries and from the fact that Canada is industrially more advanced than Australia.

In 1925 Australia's main exports to Canada, except wool, obtained a preference. Since that time the exported quantities of butter, mutton and lamb, and dried fruits increased up to 1931-32, though wool and sugar declined. The 1925 agreement was annulled in 1930 and a new agreement made in 1931, which included more commodities on both sides. An increase in Australian exports of dried fruit and merino wool can be expected, and an export trade in citrus fruits and pineapples may develop.

Canada has specialized in four chief classes of goods for export—printing paper, motor vehicles, agricultural machinery and rubber manufactures. The first three, wherein Canada obtains preferences, form the chief part of her export to Australia. Manufactures in Canada have progressed partly because of invested capital from the United States, and because branch factories have been established therein by United States firms. Two great incentives to this movement were the advantage of being inside the tariff walls of Canada in order to supply the Canadian market, and the advantage of being inside the Empire so as to enjoy the advantage of Imperial preferences in the Empire markets.²⁰

¹⁹ Commonwealth Bureau of Census and Statistics, Canberra, *Overseas Trade*, Bulletin No. 29, 446-447.

²⁰ Cf. L. C. A. Knowles, *The Economic Development of the British Overseas Empire*, (London, Routledge, 1924-1930), II, 75-76.

TRADE WITH NEW ZEALAND

There is little basis for trade between Australia and New Zealand. There is much similarity between the products of the two countries. Any future expansion of trade will probably be one-sided, arising from increased exports from Australia to New Zealand.²¹ The increased exports will be manufactured goods in which Australia will have to compete with other manufacturing countries.

For the period 1923-27 the average annual value of imports from New Zealand to Australia (of New Zealand produce or manufacture) was £2,758,206²² and for the year 1909 the value was £2,072,849.²³ The chief articles of import were foodstuffs of animal and vegetable origin, animal substances (mainly manufactured), vegetable substances and fibres, and timber. The following table gives a picture of this trade:

TABLE VIII. *Australian Imports from New Zealand, by Chief Classes of Goods, for the Period 1923-27 (Average Annual Values), and for the Year 1909.*²⁴

Import Item	1923-27	1909
	£	£
Foodstuffs of animal origin	436,505	55,914
Foodstuffs of vegetable origin	131,564	72,449
Animal substances (mainly manufactured), not foodstuffs	701,388	195,386
Vegetable substances and fibres	224,319	139,891
Timber	573,904	460,969

²¹ Cf. A. W. Ferrin, *Australia: A Commercial and Industrial Handbook*, 106; also Great Britain, Dept. of Overseas Trade, *Economic and Trade Conditions*, etc., to August, 1929, 104.

²² Computed from Commonwealth Bureau, etc., *Oversea Trade*, Bulletin No. 29, 446-447.

²³ Commonwealth Bureau, etc., *Trade and Customs*, etc., for 1909, 601.

²⁴ Figures for 1923-27 from E. T. McPhee, *op. cit.*, 150; figures for 1909 from Commonwealth Bureau, etc., *Trade and Customs*, etc., for 1909, 599-601.

TRADE WITH CANADA

The trade between Canada and Australia is of comparatively little importance to either country. The balance of trade is greatly in favor of Canada, as the following table clearly shows:

TABLE VII. *Trade Between Australia and Canada 1924-25 to 1931-32, by Years, in £000's.*¹⁹

	1924-25 £000	1925-26 £000	1926-27 £000	1927-28 £000	1928-29 £000	1929-30 £000	1930-31 £000	1931-32 £000
Total Australian exports to Canada	608	678	855	708	737	748	858	1,088
Total Canadian imports from Canada.	8,884	8,754	4,824	8,278	4,871	3,502	1,377	1,392

The one-sided nature of the trade arises from the similarity of resources and primary production of the two countries and from the fact that Canada is industrially more advanced than Australia.

In 1925 Australia's main exports to Canada, except wool, obtained a preference. Since that time the exported quantities of butter, mutton and lamb, and dried fruits increased up to 1931-32, though wool and sugar declined. The 1925 agreement was annulled in 1930 and a new agreement made in 1931, which included more commodities on both sides. An increase in Australian exports of dried fruit and merino wool can be expected, and an export trade in citrus fruits and pineapples may develop.

Canada has specialized in four chief classes of goods for export—printing paper, motor vehicles, agricultural machinery and rubber manufactures. The first three, wherein Canada obtains preferences, form the chief part of her export to Australia. Manufactures in Canada have progressed partly because of invested capital from the United States, and because branch factories have been established therein by United States firms. Two great incentives to this movement were the advantage of being inside the tariff walls of Canada in order to supply the Canadian market, and the advantage of being inside the Empire so as to enjoy the advantage of Imperial preferences in the Empire markets.²⁰

¹⁹ Commonwealth Bureau of Census and Statistics, Canberra, *Overseas Trade*, Bulletin No. 29, 446-447.

²⁰ Cf. L. C. A. Knowles, *The Economic Development of the British Overseas Empire*, (London, Routledge, 1924-1930), II, 75-76.

TRADE WITH NEW ZEALAND

There is little basis for trade between Australia and New Zealand. There is much similarity between the products of the two countries. Any future expansion of trade will probably be one-sided, arising from increased exports from Australia to New Zealand.²¹ The increased exports will be manufactured goods in which Australia will have to compete with other manufacturing countries.

For the period 1923-27 the average annual value of imports from New Zealand to Australia (of New Zealand produce or manufacture) was £2,758,206²² and for the year 1909 the value was £2,072,849.²³ The chief articles of import were foodstuffs of animal and vegetable origin, animal substances (mainly manufactured), vegetable substances and fibres, and timber. The following table gives a picture of this trade:

TABLE VIII. *Australian Imports from New Zealand, by Chief Classes of Goods, for the Period 1923-27 (Average Annual Values), and for the Year 1909.*²⁴

Import Item	1923-27	1909
	£	£
Foodstuffs of animal origin	436,505	55,914
Foodstuffs of vegetable origin	131,564	72,449
Animal substances (mainly manufactured), not foodstuffs	701,388	195,386
Vegetable substances and fibres	224,319	139,891
Timber	573,904	460,969

²¹ Cf. A. W. Ferrin, *Australia: A Commercial and Industrial Handbook*, 106; also Great Britain, Dept. of Overseas Trade, *Economic and Trade Conditions, etc., to August, 1929*, 104.

²² Computed from Commonwealth Bureau, etc., *Oversea Trade, Bulletin* No. 29, 446-447.

²³ Commonwealth Bureau, etc., *Trade and Customs, etc., for 1909*, 601.

²⁴ Figures for 1923-27 from E. T. McPhee, *op. cit.*, 150; figures for 1909 from Commonwealth Bureau, etc., *Trade and Customs, etc., for 1909*, 599-601.

For the period 1923-27 the average annual value of exports from Australia to New Zealand was £4,854,062,²⁵ and for the year 1909 the value of these exports was £2,341,625.²⁶ Some of the main classes of exports were: foodstuffs of vegetable origin (including fresh and dried fruits), stones and minerals (including coal), metals and manufactures, wood and wicker (including timber). The following table shows the nature of Australia's export trade to New Zealand:

TABLE IX. *Australian Exports to New Zealand, by Chief Classes of Goods, for the Period 1923-27 (Average Annual Values), Years, in £000's.*²⁷

Export Item	1923-27	1909
Foodstuffs of vegetable origin	1,395,953	215,863
Tobacco	292,950	80,479
Apparel and textiles, etc.	248,024	122,144
Stones and minerals	592,706	(a)
Metals and manufactures	487,687	(a)
Rubber and leather, and manufactures of	200,725	91,716
Wood and wicker, etc.	517,043	204,011
Paper and stationery	138,668	73,113
Optical, surgical and scientific instruments, cinematographs and phonographs, etc.	116,858	43,330
Drugs, chemicals and fertilizers	219,891	147,772

(a) Not listed under this heading.

TRADE WITH CHINA

Australian trade with China is less than 1% of Australia's total trade, and was not of much importance until 1930-31 when large shipments of wheat were sent from Australia. During the period 1923-27 the average annual value of Australian imports from China amounted to £805,481, and that of Australian exports to China to £781,164. For the period 1905-09, corresponding

²⁵ Computed from Commonwealth Bureau, etc., *Oversea Trade*, Bulletin No. 29, 446-447.

²⁶ Commonwealth Bureau, etc., *Trade and Customs*, etc., for 1909, 606.

²⁷ Figures for 1923-27 from E. T. McPhee, *op. cit.*, 150-151; figures for 1909 from Commonwealth Bureau, etc., *Trade and Customs*, etc., for 1909, 601, 606.

figures were £312,445 and £304,989.²⁸ These figures do not give a true indication of the way that goods are exchanged between China and Australia, because of the fact that many of the products that are shipped from Australia to Hong Kong go ultimately to China and many products shipped from China to Hong Kong go ultimately to Australia.

Although trade between China and Australia has been relatively unimportant yet in a report submitted at the request of the Senate of the University of Queensland by Dr. Melbourne it is maintained that, in the interests of both countries, this trade could be expanded by a large amount.²⁹

If purchasing power in China should increase, then the prospect for the expansion of trade with Australia would be very good, especially in the following commodities: milk products, meat, fruit, wheat, woollen cloth, blankets and leather goods.

TRADE WITH JAPAN

Trade between Australia and Japan is very unbalanced, because Australia imports from Japan far less than she exports to her. The following table indicates the position:

TABLE X. Trade Between Australia and Japan 1924-25 to 1931-32, by Years, in £000's.³⁰

	1924-25	1925-26	1926-27	1927-28	1928-29	1929-30	1930-31	1931-32
	£000	£000	£000	£000	£000	£000	£000	£000
Australian Imports from Japan	4,146	4,372	5,188	4,282	4,707	4,181	2,379	2,398
Australian Exports to Japan	11,646	11,048	10,362	12,871	11,518	6,555	9,500	11,659

For the year 1930-31 total imports of Japanese origin into Australia amounted to £2,379,558, of which the chief items were piece goods of silk or containing silk (£1,259,906), raw silk (£318,619), cotton and linen piece goods (£224,832), undressed

²⁸ E. T. McPhee, *op. cit.*, 148.

²⁹ A. C. V. Melbourne, *Report on Australian Intercourse with Japan and China*, 134-159.

³⁰ Commonwealth Bureau, etc., Canberra, *Oversea Trade*, Bulletin No. 29, 448-449.

timber, apparel and attire, crockery and other household ware, glass and glassware, oils, fancy goods, and fish.

For the same year total exports from Australia were £9,500,499, of which £9,484,622 was Australian produce. The chief exports were wool (£6,478,587), wheat (£2,173,178), tallow, zinc, pig lead, trochus shell, beef, milk and cream, casein, and infants' and invalids' food.⁸¹ Wool is the cause of the increasing importance of Japan to the Australian export trade. Japan's share in Australia's total exports of wool increased from 7% in 1921-22 to 24% in 1931-32. In this latter year Japan was the second most important market for Australian wool, taking three-quarters of the amount taken by the United Kingdom.

There is a big potential market in Japan for foods which cannot be produced locally in sufficient quantities to meet requirements, as wheat, meat, dairy products and fruit. Recent large exports of Australian wheat to Japan have been due to the low price, and future trade will depend largely on price.⁸²

In exporting other goods Australia has been at a disadvantage through having no commercial treaty with Japan,⁸³ because Australian goods enter Japan at the rates of the general tariff, while many other countries pay lower rates.

There is no doubt that the feeling in Japan is that the adverse balance of trade between Australia and Japan should be rectified. In the Report already referred to, Dr. Melbourne advocated that a commercial treaty be made with Japan by Australia, and that trade commissioners be appointed to Japan and also to China. The whole question of trade with the East is felt to be of such importance in Australia that a Conference met in Sydney on Feb. 8, 1933, to discuss the matter. More than 100 delegates, representatives of the Federal and State Governments, and of commercial, shipping, manufacturing, banking, and other interests attended the Conference. Among the matters set down for discussion were investigation into the possibilities for trade, a publicity scheme in the East, reciprocal trade, economic missions to the East, the sending of young business men of Eastern coun-

⁸¹ Commonwealth Bureau, etc., *Official Year Book*, etc., No. 25, 156.

⁸² A. C. V. Melbourne, *op. cit.*, 64.

⁸³ *Ibid.*, 46-68.

tries to Australia and young Australians to the East to gain experience, tourist traffic and a suggestion that Eastern people should send their children to Australia to be educated, and a wool campaign in Japan.³⁴

TRADE WITH NETHERLANDS EAST INDIES

Imports to Australia from the Netherlands East Indies have grown considerably since the end of the War. Exports, on the other hand, have shown little variation up to the end of 1929-30. The following figures show the trade relations between the two countries:

TABLE XI. *Trade Between Australia and the Netherlands East Indies 1924-25 to 1931-32, by Years, in £000's.*³⁵

	1924-25	1925-26	1926-27	1927-28	1928-29	1929-30	1930-31	1931-32
	£000	£000	£000	£000	£000	£000	£000	£000
Australian imports from N. E. Indies.	5,640	6,191	6,451	5,703	7,091	6,282	4,011	2,848
Australian exports to the N. E. Indies.	2,045	2,159	2,012	1,982	2,048	2,122	1,412	1,333

The chief imports from the Netherlands East Indies to Australia are: Petroleum spirit, including benzine, etc., tea, crude petroleum, kerosene, kapok, flax and hemp, coffee, chicory, and crude rubber. The chief exports from Australia to the Netherlands East Indies are: Flour, butter, preserved milk and cream, leather, biscuits, bacon and ham, medicines, fresh fruits, metal manufactures and machinery, fruit juices and syrups, and coal.³⁶

The large and increasing population of the Netherlands East Indies, which is over nine times that of Australia, and the nature of her economic activity, creates a large potential source of trade with Australia One-third of the import trade consists of foods and beverages—just those commodities which Australia, on account

³⁴ *The Brisbane Courier*, Feb. 9 and 10, 1933; *The Brisbane Telegraph*, Feb. 9, 1933.

³⁵ Commonwealth Bureau of Census and Statistics, Canberra, *Oversea Trade*, Bulletin No. 29, 448-449.

³⁶ Commonwealth Bureau of Census and Statistics, Canberra, *Official Year Book of the Commonwealth of Australia*, No. 25, 157.

of proximity and the nature of her export trade, should be in a particularly advantageous position to supply. In butter, milk, flour, and meat Australia is already the main source of supplies, though in pig products she has lost most of the trade to Holland The market for butter, milk, meats, flour and fruits will probably continue to grow, and Australia should be in a position greatly to benefit from this growth. Improvements in shipping and in refrigeration space have recently been made and thus former obstacles to Australian exports of frozen meat and cold storage butter have been largely removed. Imports from the Netherlands East Indies will also probably continue to grow. As population increases and manufacture and motoring develop in Australia, increasing supplies of the particular tropical products in which the Netherlands East Indies specializes will be required. Competition from neighbouring British Islands and Malaya is possible, but unlikely to be substantial for some long time to come.⁸⁷

That Australia appreciates the possibilities for increased trade in this area is evidenced from the fact that in April, 1933, a delegation was despatched from Australia in the trade ship, *Nieuw Holland*, to investigate and report upon trade possibilities.⁸⁸

TRADE WITH BRITISH MALAYA

Exports from Australia to British Malaya have been about the same as to the Netherlands East Indies, but Australian imports have been almost negligible. This is largely due to the fact that Malaya, in strong contrast to the Netherlands East Indies, has specialized in the export of a few lines—mainly rubber and tin. Chief imports from this section to Australia are: Rubber and rubber manufactures, spices, sago and tapioca, tin ingots, vegetable substances and fibres, bamboo and cane. Chief exports are: Flour, milk and cream, frozen meats, butter, metals, metal manufactures and machinery, fresh and preserved fruits, soap, bacon and hams, leather, sheep, coal, lard and refined animal fats.⁸⁹

British Malaya has a fast increasing population, and her resources are still comparatively undeveloped. It is likely that

⁸⁷ N. Windett, *op. cit.*, 278-279.

⁸⁸ *The Brisbane Courier*, Apr. 21, 1933.

⁸⁹ Commonwealth Bureau of Census and Statistics, Canberra, *Official Year Book of the Commonwealth of Australia*, No. 25, 1932.

trade in future will be increased between this region and Australia.

TRADE WITH FIJI ISLANDS

Trade between Fiji and Australia is of small proportions. Imports from Fiji are negligible, and exports seldom reach £500,000 per annum. This group of Islands is capable of much greater economic development, but Australia is not likely to benefit from increased trade, unless she can compete in the supply of manufactured goods.

TRADE WITH OTHER PACIFIC ISLANDS

Imports from other Islands in the Pacific consist chiefly of phosphate rock, from Gilbert and Ellice Islands Colony, and from Nauru; copra, chiefly from the Solomons, New Guinea and Papua; cocoa beans from the New Hebrides; vanilla beans from the Society Islands; hemp from the Philippines; shells, hides and skins, and timber from various sources. Exports to the Islands are of a general character, the outstanding items being flour and coal.⁴⁹

THE CHIEF EXPORTS OF AUSTRALIA—WOOL AND WHEAT

In considering the direction of Australian trade the question of the nature of that trade has also been considered. It seems advisable to add something more about the nature of the Australian export trade. Table XII gives the average annual values of the chief exports from Australia in the earliest and latest quinquennia which are suitable on statistical grounds.

The most notable point is the importance of wool and wheat in the export trade.

⁴⁹ E. T. McPhee, "Australian Trade in the Pacific," *Studies in Australian Affairs*, 151.

TABLE XII. *Australia. Comparative Exports of Home Produce (a)*

Commodity	Annual Average			
	1904-08		1923-24 to 1927-28	
	£000	Per Cent	£000	Per Cent
Wool	22,278	36.23	61,761	44.00
Hides and skins	2,242	3.65	8,232	5.86
Meats	2,313	3.76	5,607	3.99
Tallow (unrefined)	803	1.37	1,338	1.00
Wheat	4,444	7.23	20,239	14.42
Flour	1,100	1.79	5,965	4.25
Sugar (cane)	11	.02	2,651	1.89
Fruits (dried)	25	.04	1,575	1.12
Fruits (fresh)	232	.38	1,227	.87
Wine	103	.17	530	.38
Barley	20	.03	311	.22
Butter	2,662	4.33	6,848	4.88
Milk and cream	5	.01	1,304	.97
Cheese	8	.01	233	.17
Eggs in shell	2	.00	108	.08
Gold	12,642	20.56	4,449	3.17
Lead	1,551	2.52	3,874	2.76
Concentrates	924	1.50	1,542	1.10
Zinc (bar, block, dust)	2	.00	1,089	.81
Silver	941	1.60	1,045	.74
Coal	1,038	1.69	1,016	.72
Tin (ingots)	895	1.46	456	.32
Copper	2,454	3.99	282	.20
Timber	911	1.48	1,348	.96
Pearlshell	243	.39	374	.27
Sandalwood	56	.09	252	.18
Leather	500	.81	628	.45
Tobacco	51	.08	378	.27
Soap	43	.07	289	.21
All other	2,997	4.74	5,427	3.87
Total exports Aust. produce	61,493	100.00	140,382	100.00

(a) Table from R. Wilson, "The Export Trade and Imperial Preferences," *The Annals of the American Academy of Political and Social Science*, Nov. 1931, 90.

During the years 1923-24 to 1927-28 wool formed 44% of the total Australian exports, wheat and wheat products were 18.67%, hides and skins 5.86%, butter 4.88%, meats 3.99%, and gold 3.17%. For the two quinquennial periods under review the most notable changes are the decline of gold exports from 20.56% to 3.17%, the rise of wool from 36.23% to 44%, and that of wheat and flour from 9.02% to 18.67%, and the increasing relative importance of hides and skins, cane sugar,⁴¹ dried fruits, and milk and cream.

WOOL

The market for Australian wool lies in Western Europe and Japan. In the season 1928-29 this was the order of importance of the various countries as markets for Australian wool: the United Kingdom, France, Japan, Germany, Belgium, Italy.⁴²

These six countries took 95% and the remainder went to the United States, the Netherlands, India and a few other countries. Changes in the market are shown by the following table, which deals with greasy wool. Exports of wool in the grease have been on the average ten times in volume the exports of scoured wool.

TABLE XIII. *Australian Exports of Greasy Wool, by Years, from 1924-25 to 1930-31, to Chief Markets, Expressed in Percentages of Total Australian Wool Exports.*^a

To	1924-25	1925-26	1926-27	1927-28	1928-29	1929-30	1930-31
United Kingdom	35.8	33.8	29.7	28.5	27.8	28.9	29.7
Western Europe*	44.5	50.5	52.9	50.3	53.8	54.9	47.7
Japan	19.8	7.7	11.1	15.4	18.2	11.9	19.7

* France, Belgium, Germany and Italy.

The proportion going to the United Kingdom has declined

^a Until June, 1929, the recorded value of exported goods was based on prices current in the principal Australian markets. Sugar exports in the latter period were thus recorded as of a value double that actually realized on exported sugar.

^a Commonwealth Bureau, etc., Canberra, *Oversea Trade*, Bulletin No. 26.

^a Commonwealth Bureau, etc., Canberra, *Oversea Trade*, Bulletins for various years.

consistently, though the quantity has remained almost stationary for the last six years. France shows a small increase in quantity, Germany and Japan have shown a large increase. Belgium shows a marked increase, and Italy a slight increase. By 1931-32 Japan became the second most important market. The following table shows what quantities the chief importing countries have taken:

TABLE XIV. *Annual Average Australian Exports of Greasy Wool, in Millions of Pounds, to Chief Markets, for the Two Periods 1921-22 to 1925-26 and 1926-27 to 1930-31.**

Country of Export for Australian Wool	Annual Average 1921-22 to 1925-26	Annual Average 1926-27 to 1930-31
United Kingdom _____	238	210
Japan _____	52	104
France _____	147	161
Germany _____	42	98
Belgium _____	48	82
Italy _____	31	35

The United Kingdom has become less important as a market for Australian wool because it shows a declining export trade in tissues, as the following table shows:

TABLE XV. *United Kingdom Annual Exports of Tissues to Australia and Japan, in Millions of Square Yards.**

	Woollen Tissues			Worsted Tissues		
	1924	1929	1930	1924	1929	1930
To Australia _____	14.0	5.5	2.5	2.8	1.4	0.6
To Japan _____	29.7	5.3	2.5	8.0	1.9	1.8
Total, all Countries _____	164.7	108.0	79.0	57.0	47.0	35.0

The development of the local manufactures of woollen textiles

* Commonwealth Bureau of Census and Statistics, Canberra, *Overseas Trade*, Bulletins for various years.

* *United Kingdom Trade and Navigation Returns*, III, 1927 and 1930.

in Australia and Japan has been a contributory cause to that result. And Japan's former import of tissues has been largely replaced by imports of raw wool. Future development, it seems, will be along these lines, and there seems little prospect that the United Kingdom will recover its trade.

The conclusion is that a growing diversity of markets is to be expected for Australia's wool exports.

WHEAT

The chief markets for Australian wheat are the United Kingdom, Belgium, France, Germany, Italy, the Netherlands, and recently Japan and China. The following table shows how the trade has varied in recent years. The term Western Europe in this table includes the European countries just mentioned, namely, Belgium, France, Germany, Italy, and the Netherlands.

TABLE XVI. *Australian Annual Exports of Wheat, by Years, from 1924-25 to 1931-32, in Millions of Centals.**

Year	To United Kingdom	To W. Europe	To Japan	To All Countries
1923-24	13.8	6.5	7.8	35.9
1924-25	23.6	24.5	4.2	62.1
1925-26	13.3	5.5	6.5	32.5
1926-27	15.9	16.7	2.5	44.3
1927-28	12.2	7.5	1.9	31.8
1928-29	12.3	6.9	3.3	49.1
1929-30	12.8	2.6	1.6	24.2
1930-31	23.9	10.4	10.7	71.5
1931-32	29.5	9.1	12.8	76.5

The United Kingdom is still the most important single market, though its share of the total trade has fallen from an average of 41 per cent during the years 1920-21 to 1924-25 to 36.5 per cent during the following five years. Exports to European countries fluctuated greatly from year to year, and during the eight seasons ending in 1927-28 accounted for 30 per cent of the total.

*Commonwealth Bureau of Census and Statistics, Canberra, *Oversea Trade*, Bulletins for various years.

Since 1928-29 because of the fact that the chief European importing countries have placed restrictions on the importation of wheat, and because of the heavy carry-over in North America and the collapse of prices, there has been a great shift in markets. Record quantities of wheat have been shipped from Australia for the years 1930-31 and 1931-32.⁴⁷

The United Kingdom has not needed to increase her imports of wheat. The market in Western Europe has been restricted by import duties, quotas, and various regulations, and Australia has found markets of vastly increased importance in Japan and China. For the years 1927-28 to 1929-30 the annual average Australian exports of wheat to Japan were 2,327,432 centals, for 1930-31 the figures jumped to 10,605,739 centals and for 1931-32 to 12,878,291 centals.⁴⁸

To China Australia exported no wheat in 1927-28, in the year 1928-29 the figures were 1,600,922 centals, in the year 1929-30 no wheat exports, in 1930-31, the figures were 14,639,816 centals, and for 1931-32 they were 18,594,462.⁴⁹

Wheat is the second item in importance in the export trade of Australia, wheat exports amounting to a total of £19 millions in 1931-32, compared with £32 millions for wool, just under £10 millions for butter, and £5 millions for frozen meat.⁵⁰

It is unlikely that in the future the export trade of Australia will depend to the same extent on merino wool and wheat as in the past.

Exports of butter and other dairy products, meat and fruit and a variety of minor products, could be and are likely to be increased and will contribute towards a healthier diversity of commodities in the export trade and a spreading of the risk of bad seasons and unfavourable price movements. Greater development of these industries associated with the growth of mixed farming, should lead

⁴⁷ Commonwealth Bureau of Census and Statistics, Canberra, *Production*, Bulletin No. 26.

⁴⁸ Commonwealth Bureau, etc., *Oversea Trade*, Bulletin No. 29, 548.

⁴⁹ *Ibid.*, 535.

⁵⁰ Commonwealth Bureau of Census and Statistics, Canberra, *Quarterly Summary of Australian Statistics*. Bulletin No. 132, June, 1933, 20. (Note that the above figures do not include exports of flour, which for 1931-32 amounted to £3,833,237.)

towards the concentration of wheat growing on the most productive areas, and its limitation to a level at which it is profitable without direct financial assistance. This would imply the more intensive use of land with which is associated the advantage of fuller use of existing public services and transport facilities.⁴¹

CONCLUSION

For some time to come the comparative advantage of Australia, from a trade point of view, will lie firstly in animal products, secondly in wheat, and thirdly in fruit and certain minerals. Now the most densely populated parts of the world are deficient in animal products and in fruit, and if there is to be growth in the consumption of these products, such growth will depend chiefly on a rising standard of living among the poorer classes. This will be true of Europe where the per capita consumption of these products is considerably below that of the United Kingdom, North America, Australia and New Zealand. Some European countries may increase their home production, but the increased demand would most probably be met by importations. Again, further development of secondary industries would improve the market for Australian raw materials such as wool, hides and skins, lead and zinc.

Australian prospects of trade with Eastern countries, and with the tropical islands of the Pacific are also very good. In these islands increase of purchasing power would be accompanied by a continued substitution of wheat for maize or rice, and among the wealthier classes by greater consumption of fruit, milk, meat and butter.

In the future, too, there may develop an export trade in Australian manufactured goods. It should be possible for Australia to export woollen cloth and blankets to China and India, and also New Zealand, as well as a variety of manufactured foods, hardware, and leather goods to neighbouring agricultural countries.

The potentialities of increased consumption of Australia's exports are probably greater in the above countries than in the United Kingdom. The latter country has already a much higher general standard of living, her population is likely to increase at a slower

⁴¹ N. Windett, *op. cit.*, 104.

rate, and some increase is likely to take place in home production of fruit, meat, dairy, and pig products. The imports into the United Kingdom which are likely to expand at the highest rate are those in which Australia has no exportable surplus, such as rubber, silk, the "newer" metals, wood pulp, and tropical produce.[■]

So the future of Australia's export trade is likely to be a continuation of the present trend—the trend towards a greater diversity of markets with a greater proportion going to continental Europe, to the Far East, and the Islands of the Pacific, and a lesser proportion to the United Kingdom.

The future of Australian imports will depend on the competitive position of the United Kingdom and the United States, and to a lesser extent on that of Japan, Germany and France. An increasing proportion of Australian imports is likely to be made up of the products of the newer industries—electrical manufactures, motor vehicles, artificial silk and machinery. In these classes the United Kingdom has not been a large exporter, but it is possible that her position may be somewhat improved after the present crisis.

[■] N. Windett, *op. cit.*, 286.

CHAPTER V

RESULTS OF PREFERENCE ON AUSTRALIAN TRADE

Before endeavouring to trace the effects of preference on United Kingdom-Australia trade, something will be said of the more general question, the effect of preferential tariffs on colonial trade.

Firstly, there are many factors, including preferential tariffs, which have an influence upon the trade of a colony with its mother country. It is not possible to say with anything like mathematical exactitude how the individual factors have worked. Yet changes in the nature and direction of trade which follow closely after tariff changes, while other trade-influencing factors appear to be constant, may reasonably be attributed to the tariff. But because of the interaction of the various factors, and because tariffs have both long-time and short-time effects, it is extremely difficult to present the subject statistically.¹

If we wish to know the results of preferential tariffs, it will sometimes be misleading to consider the total trade of a country; better results will be obtained by considering partial aspects of that trade. Thus it would be incorrect to assume, because the percentage of Canadian imports which come from the United Kingdom has steadily decreased, that the preferential tariff of Canada has been of no help to British manufacturers and merchants. Among the influences which affect Canada-United Kingdom trade, two are working in opposite directions; preference makes for the increase of this trade, while the geographical position of the United States, (together with the industrial greatness of this latter country), tends to divert trade away from the United Kingdom to the United States. Now, if instead of this general view of Canada-United Kingdom trade, a study be made of products in which there has been competition between the United Kingdom and the United States for the Canadian trade, it will be seen that preference has in many lines checked the decline of

¹ United States Tariff Commission, *Colonial Tariff Policies*, 70-71.

British trade, and in some lines has given to British traders a virtual monopoly in the Canadian market.²

The same principle is true of the trade relations of the United Kingdom and Australia. It has been shown in Chapter IV that the United Kingdom has decreased in relative importance in both the import and export trade of Australia. It would be incorrect to infer from this that preference has had no effect on the trade between Australia and the United Kingdom. Before reaching a conclusion a study will be made in this chapter of certain classes of goods in this trade.

In general it is apparent that in most of the preferential Colonies the tariffs must exert a considerable influence on trade. Foreign manufactures are usually met, in these Colonies, by tariff differentials of 10 per cent, 20 per cent and even more. It may happen, in particular cases, that these rates will not be sufficiently high to secure the trade for the mother country, but it is obvious that, as a rule, such differential rates must affect trade relations.

It has been suggested above that the effects of preferential tariffs cannot be separated with certainty from the effects of other trade-influencing factors. This statement needs amplification. What are these other factors, and how do they work?

One such factor is the geographical factor. The geographical relationship of the United States and Canada has had an influential bearing on the trade relations between these two countries. Again, Japanese manufacturers can compete with American rivals much more effectively in the Philippines than in New England. Geographic proximity tends to overcome the effect of tariff charges according to the height of freight rates in comparison with the value of a commodity. For illustrations note the trade of the United States with Canada and some of the West Indies,³ and the trade of Australia with New Caledonia, which is French.⁴ Closely related to geographical factors are the effects of established shipping routes and lines of communication.

² *Ibid.*, 71.

³ United States Department of Commerce, *Commerce Year Book*, 1932, (Washington, D. C., 1933), II, 326 and 502.

⁴ Australia, Commonwealth Bureau, etc., *Oversea Trade*, Bulletin No. 29, 448-449.

Another factor which influences colonial trade is that of historic connections. Thus the presence of Dutch in South Africa, of Italians in Tunis, of Spaniards in Algeria and Porto Rico is comparatively unfavourable to the trade of the countries which now govern these territories. In open-door colonies historic considerations may have a notable influence on trade. Indeed the acquiring of colonies has often followed a previously established domination in trade. This was probably true of all the territories annexed by the British between the Napoleonic wars and 1914. And in some colonies where the open door now prevails, preferential tariffs were previously in force which built up trade between the colony and the mother country, and the trade tended to continue in the same way even when the preference was removed. Even in a newly acquired open-door colony, the action of the Government may have an important influence in shaping the direction of trade. In developing such a colony much attention may be given to public works. Materials for such works as well as supplies for the regular maintenance of the Government will be regularly purchased in the mother country.⁵

Shipping subsidies, which are used by the colonial powers generally, also play an important part in colonial trade. Railroads too have an influence, but their influence chiefly affects the amount of colonial trade, rather than its direction. But the East and West railroads of Canada have helped trade with the United Kingdom rather than with the United States, and there is international railway competition for the trade of the Transvaal, Rhodesia, and the rich Katanga region of the Southern Congo. British Imperialists have emphasized cable communications. Most powers have been active in extending systems of wireless telegraphy in their colonies. The Imperial penny postage rate, adopted by most British colonies in 1898 and 1899, had its commercial aspect.⁶

⁵ Cf. G. B. Roorbach, *International Competition in the Trade of India* (Worcester, Mass., Carnegie Endowment for International Peace, 1931), 112-115; United States Tariff Commission, *op. cit.*, 73, 74.

⁶ Cf. L. C. A. Knowles, *The Economic Development of the British Overseas Empire*, II, 79; also Cf. United States Tariff Commission, *op. cit.*, 74-75.

Very important among the influences promoting trade between mother country and colony are the social-economic forces. The chief of these is the possession of a common language, traditions and similarity of culture. Then, too, immigration is normally greatest from the mother country. Further, there is a constant stream of officials coming from the mother country, and returning to it at intervals, and keeping, for the most part, to the habits and customs of the home country.

Trading firms establish branches in the colonies, and banks set up branch houses. The banking system may be very influential in determining the course of trade. The investment of national capital is also very important. Often the control of the purchase of supplies rests with capitalists of the mother country. Then, too, many officials and professional men in the colonies, although colonials, have been trained in the mother country, and they send their orders there because they are familiar with the standards, the practices, and the equipment used there.¹

All these factors—political, economic and social—have a cumulative effect. But they are not strong enough to give a monopoly of trade to the national merchants. Foreign competitors, who are efficient and resourceful, may overcome the advantages held by the national commercial interests and enterprises. Yet the national interests have a strong position of advantage—the common language, the habits of immigrants and officials, the investment of capital, the mercantile organization, the banking and shipping facilities—all tend to reinforce one another and to promote the trade between the colony and the mother country.²

EFFECTS OF PREFERENCE ON AUSTRALIAN IMPORTS

In Table XVII nine classes of Australian imports are considered. These classes are selected because they are the classes in which the United Kingdom meets her chief competition from other countries. In these classes Australian imports are given for three years, 1908, the first completed year when preference

¹ Cf. G. B. Roorbach, *International Competition in the Trade of India*, 112-120.

² United States Tariff Commission, *Colonial Tariff Policies*, 77.

TABLE XVII. *Australian Imports, by Chief Classes of Goods in £000's and in Percentages of Total Class Imports, from Chief Countries of Origin, for the Years 1908, 1913, and 1927-28. (a).*

Nature of Product	Year	U. K.	France	Germany	Japan	U.S. A.	All Countries
1. Foodstuffs of animal origin	1908 { £000's	327	5	10		227	885
	%	39.19	0.61	1.20		27.25	100
	1913 { £000's	301	8	12	7	289	948
	%	31.77	0.83	12.74	0.74	30.52	100
2. Spirituous & alcoholic liquors	1927-28 { £000's	543	6	3	64	420	2,867
	%	18.95	0.19	0.09	2.28	14.83	100
	1908 { £000's	1,008	282	77		18	1,575
	%	63.95	17.82	4.91		1.15	100
3. Apparel, textiles and manufactured fibres	1913 { £000's	1,228	848	143	2	8	1,947
	%	62.04	17.64	7.37	0.09	0.14	100
	1927-28 { £000's	1,428	179	9			1,767
	%	80.76	10.11	0.52			100
4. Metals, metal manufactures & machinery	1908 { £000's	8,791	785	1,252		350	18,845
	%	68.55	5.68	9.04		2.58	100
	1913 { £000's	12,255	961	1,712	476	624	19,986
	%	61.48	4.82	8.59	2.39	3.13	100
5. Paper and stationery	1927-28 { £000's	21,669	2,275	1,344	8,297	2,430	36,488
	%	56.30	5.91	3.49	8.54	6.31	100
6. Jewellery, timepieces & fancy goods	1908 { £000's	7,215	48	1,273		1,999	11,145
	%	64.73	0.43	11.42		17.93	100
	1913 { £000's	18,905	217	2,380	8	8,818	21,670
	%	64.17	1.00	10.98	0.04	17.82	100
7. Earthenware, ceramics, glass, etc.	1927-28 { £000's	28,681	252	1,301	20	15,235	42,902
	%	55.09	0.59	3.04	0.05	35.60	100
8. Drugs, chemicals & fertilisers	1908 { £000's	1,217	14	810		292	2,225
	%	54.45	0.61	13.87		13.08	100
	1913 { £000's	1,790	22	268	11	404	3,185
	%	57.41	0.70	8.50	0.34	12.88	100
9. Miscellaneous	1927-28 { £000's	4,738	204	226	17	879	7,674
	%	69.14	2.59	2.87	0.22	8.63	100
10. Miscellaneous	1908 { £000's	418	128	211		87	1,103
	%	37.95	11.59	19.12		7.91	100
	1913 { £000's	521	88	264	19	138	1,442
	%	36.14	6.11	18.28	1.34	9.58	100
11. Miscellaneous	1927-28 { £000's	782	101	394	100	248	2,621
	%	29.82	3.84	15.02	3.81	9.45	100
12. Miscellaneous	1908 { £000's	412	27	215		41	856
	%	48.09	3.15	25.16		4.78	100
	1913 { £000's	650	40	453	21	63	1,568
	%	41.52	2.57	28.94	1.37	4.02	100
13. Miscellaneous	1927-28 { £000's	1,432	25	173	125	172	2,423
	%	59.11	1.05	7.15	5.22	7.11	100
14. Miscellaneous	1908 { £000's	820	224	162		132	1,917
	%	42.78	11.71	8.43		6.91	100
	1913 { £000's	1,021	245	304	139	211	2,722
	%	37.49	9.02	11.18	5.11	7.74	100
15. Miscellaneous	1927-28 { £000's	2,004	268	236	45	941	4,811
	%	41.66	5.58	4.91	0.93	19.56	100

(a) Commonwealth Bureau of Census and Statistics, Canberra, *Official Year Book of the Commonwealth of Australia*. Various years.

TABLE XVII. (Continued) *Australian Imports, by Chief Classes of Goods in \$000's and in Percentages of Total Class Imports, from Chief Countries of Origin, for the Years 1908, 1913, and 1927-28.(a)*

Nature of Product	Year	U. K.	France	Germany	Japan	U.S.A.	All Countries
9. Rubber and leather & manufactures thereof, & substitutes therefor	1908 { \$000's %	368 89.47	50 5.81	145 15.61		227 24.39	932 100
	1913 { \$000's %	485 28.26	69 4.00	847 20.21	0.7 0.04	434 25.27	1,717 100
	1927-28 { \$000's %	707 17.02	152 3.65	89 2.15	4 0.09	958 22.57	4,157 100
10. Total above mentioned imports	1908 { \$000's %	20,573 59.74	1,554 4.54	3,656 10.61		3,375 8.80	34,444 100
	1913 { \$000's %	32,155 58.39	1,989 3.61	5,883 10.69	684 1.24	5,983 10.86	55,083 100
	1927-28 { \$000's %	56,882 52.78	3,461 3.21	8,776 8.50	3,662 3.40	21,084 19.54	107,811 100
11. Total imports (less bullion & specie)	1908 { \$000's %	25,043 51.52	1,775 3.65	4,482 9.22		8,574 18.54	48,509 100
	1913 { \$000's %	40,849 52.37	2,223 2.84	7,029 8.99	950 1.22	10,908 13.95	78,196 100
	1927-28 { \$000's %	62,676 42.65	3,877 2.64	4,621 3.15	4,238 2.91	35,005 23.82	146,937 100

(a) Commonwealth Bureau of Census and Statistics, Canberra, *Official Year Book of the Commonwealth of Australia*. Various years.

was given to United Kingdom goods, 1913, the pre-War year, and 1927-28, the pre-depression year. (From July 1, 1914, the statistics relating to overseas trade are shown according to the fiscal year, July to June. Prior to that date the figures related to the calendar year.)^a

Besides the trade of the United Kingdom that of four other countries is given—France, Germany, Japan, and the United States.

Of these nine classes there are three in which the percentage of imports from the United Kingdom increased—spirituous and alcoholic liquors, where the figures are 63.96%, 63.04% and 80.76%; paper and stationery, figures 54.45%, 57.41% and 60.14%; and earthenware, cements, glass, etc., figures 48.09%, 41.52% and 59.11%. There is one class—drugs, chemicals, and fertilizers—in which imports from the United Kingdom remained constant; the figures are 42.78%, 37.49% and 41.66%. In the

^a Australia, Commonwealth Bureau of Census and Statistics, Canberra, *Official Year Book of the Commonwealth of Australia*, No. 25, 146.

remaining five classes imports from the United Kingdom have steadily declined in proportion.

If we consider Table XVII, and if we examine the share of Australian imports provided by the United Kingdom in the nine classes of goods mentioned in that Table we find that for 1909 it was 59.74% ; for 1913 it was 58.38% ; and for 1927-28, 52.76%. From this same Table we find that the United Kingdom's share of total Australian imports (bullion and specie excluded) was for 1908, 51.52% ; for 1913, 52.37% ; and for 1927-28, 42.66%.

Thus it will be seen that the share of the United Kingdom in the Australian import trade for the above years dropped 8.86 points, but in those classes in which the United Kingdom met with chief competition from other countries, and in which preferential rates favoured her, the drop was somewhat less, namely, 6.98 points.

In Table XVII, if we look through the figures for the United Kingdom and for the United States, we see that something has been helping United Kingdom trade. It is not solely preference. Preference was not given until late in 1907 and yet the trade figures for 1906, 1907 and 1908 do not differ appreciably.¹⁰ We cannot draw any inference from the trade figures as to what way, if at all, preference in 1908 helped imports from the United Kingdom. Of the total Australian trade (including bullion and specie) the United Kingdom's share for 1906 was 51.21% ;¹¹ for 1907, 51.81% ;¹² and for 1908, 50.75%.¹³ Obviously there have been factors at work besides preference to help imports from the United Kingdom. These factors have been mentioned above in a general way, and almost all cooperated to help trade with the United Kingdom, although some of them tend to lose strength with the passage of the years. But in late years the United King-

¹⁰ See Commonwealth Bureau, etc., *Official Year Book*, etc., No. 3, 633, where it is suggested that the proportion of trade credited to the United Kingdom for the years 1905 and 1906 in the Australian records is too high. Also in the same volume, 639, it is declared that the Australian records are not sufficiently accurate to determine whether or not preference in the first years was efficient.

¹¹ Commonwealth Bureau, etc., *Official Year Book*, etc., No. 1, 499.

¹² Commonwealth Bureau, etc., *Official Year Book*, etc., No. 2, 600.

¹³ Commonwealth Bureau, etc., *Official Year Book*, etc., No. 3, 598.

dom has been meeting keener competition from foreign countries in manufactures and trade generally, so that in world trade she has been losing ground. Her exports to Australia have not fallen off to the same extent as her total exports to all countries,¹⁴ and her chief exports where she receives preference in the Australian market and at the same time meets her chief competition from foreign countries, have fallen proportionally even less.

It is fairly obvious that preferences have been helping imports from the United Kingdom,¹⁵ but there is no way of measuring their effects, or of separating their influence from that of the many other factors that have been influencing Australian trade.

AUSTRALIAN EXPORTS TO THE UNITED KINGDOM

Up to the year 1932 the only Australian exports that were appreciably affected by preferential rates when entering the United Kingdom were dried fruits, wines and sugar. Table XVIII shows the exports of home produce from Australia in these classes since the year 1916-17. At a glance it can be seen that exports of dried fruits increased greatly from the year 1919-20, and again from the year 1924-25. Sugar exports commenced a strong forward movement in 1924-25, and again in 1927-28, and wine in 1925-26. Some reasons for these movements will now be mentioned.

DRIED FRUITS

Imperial preference was first given on dried fruits in the year 1919, it was drastically reduced by the MacDonald Government in 1924, and it was increased in 1925. The following Table—Table XIX—shows the full rates of duty on dried fruits entering the United Kingdom, and it also gives the preferential rates as they were in effect on January 1, 1920, January 1, 1925, and January 1, 1926.

¹⁴ Great Britain, Reports of the Imperial Economic Committee, Thirteenth Report, *A Memorandum on the Trade of the British Empire, 1913 and 1925 to 1928*, 23. Cf. with Table XVII.

¹⁵ Cf. United States Department of Commerce, *Australia as a Market for American Goods in 1931*, 14, 16, 23, 24, 35, 36; also cf. A. W. Ferrin, *Australia: A Commercial and Industrial Handbook*, 118.

TABLE XVIII. *Australian Annual Exports (Home Produce) of Dried Fruits, Sugar and Wine, and Annual Exports of These Commodities to the United Kingdom. (a)*

Year	Dried Fruits (lbs.)		Sugar (swt) (b)		Wine (gals)	
	Total Exports	Exports to U. Kingdom	Total Exports	Exports to U. Kingdom	Total Exports	Exports to U. Kingdom
1916-17	13,243,700	6,866,956			598,079	513,639
1917-18	9,377,200	2,258,956			363,525	237,054
1918-19	8,281,900	5,658,600			696,012	420,349
1919-20	17,148,686	4,764,948			790,657	560,868
1920-21	19,469,857	13,082,648			1,099,169	946,202
1921-22	25,744,959	20,817,050			595,900	527,114
1922-23	85,976,865	29,199,624	50,154	12	700,330	620,376
1923-24	48,246,911	58,769,588	198,585	142,309	985,598	831,248
1924-25	78,283,037	71,138,808	1,605,236	1,268,164	857,565	756,600
1925-26	55,081,966	48,397,598	4,127,120	3,830,418	1,713,048	1,561,367
1926-27	63,362,028	54,404,308	1,292,301	620,677	2,077,588	2,942,910
1927-28	63,186,064	49,484,781	3,051,490	2,802,097	2,769,257	3,663,105
1928-29	107,154,264	91,377,992	3,989,380	3,859,724	1,786,787	1,612,692
1929-30	114,408,055	101,264,929	3,684,604	3,428,989	2,181,533	2,011,944
1930-31	123,370,556	92,739,623	3,984,204	3,556,182	2,206,542	2,085,185
1931-32	96,907,501	60,343,825	5,760,426	5,428,226	3,471,604	3,386,101

(a) Commonwealth Bureau, etc., *Overseas Trade*, Bulletins for various years.

(b) Until the season 1922-23 Australia was a net importer of sugar.

TABLE XIX. *United Kingdom Duties, Full and Preferential, on Dried Fruits, as in Effect on Jan. 1, 1920, Jan. 1, 1925, and Jan. 1, 1926. (a)*

Import Item	Duty Payable Jan. 1, 1920		Duty Payable Jan. 1, 1925		Duty Payable Jan. 1, 1926	
	Full	Preferential	Full	Preferential	Full	Preferential
Currents, cwt....	2s 0d		2s 0d		2s 0d	
Figs and figseeds, cwt.	10s 6d		7s 0d		7s 0d	
Plums, commonly called French plums and pruneloes, cwt....	10s 6d	Five-sixths of full rate	7s 0d	Five-sixths of full rate	7s 0d	Free
Plums, dried or preserved, not otherwise described, cwt. ..	10s 6d					
Prunes, cwt.	10s 6d					
Raisins, cwt.	10s 6d		7s 0d		7s 0d	

(a) Rates taken from *Import and Export List*, 1919 (London, 1919), *Import and Export List*, 1924 (London, 1924) and *Import and Export List*, 1925 (London, 1925).

At Ottawa it was agreed that the full duties on dried fruits, then dutiable at 7s per cwt., should be increased to 10s 6d per cwt., and that the full duties on other dried fruits, except currants, should be 10 per cent ad valorem.¹⁶ It will be noticed that the full rates of duty on currants—2s per cwt.—are not high and have not varied, and this rate was not disturbed at Ottawa. The duty on currants has been controlled, at least in part, by an Anglo-Grecian Trade Treaty.¹⁷

The acreage devoted to orchard and market-fruit gardens has increased substantially in Australia in the last twenty years,¹⁸ chiefly because of the irrigation schemes undertaken by the Governments of New South Wales, Victoria and South Australia. After the War an effort was made to settle large numbers of returned soldiers on these fruit-producing areas.¹⁹ The chief increase in acreage occurred during and after the War.

Table XVIII shows how the Australian exports of dried fruits have grown since 1916-17. Practically the whole export trade is with those Empire countries which grant a preference, namely with the United Kingdom, Canada and New Zealand, and Table XVIII shows that most of the exports go to the United Kingdom.

It is not claimed that Imperial preference is alone responsible for the improved export trade of Australia in dried fruits, but the increased exports from the year 1919-20 and again from the year 1924-25, which correspond so closely to the times of the preferential grants, together with the direction of the trade, indicate plainly enough to what an extent this trade has been helped by Imperial preference.

¹⁶ Great Britain, Imperial Economic Conference at Ottawa, 1932, *Summary of Proceedings, etc.*, 46, 47.

¹⁷ Commonwealth Bureau, etc., *Official Year Book, etc.*, 664.

¹⁸ Commonwealth Bureau, etc., *Production, Bulletins* for various years.

¹⁹ *The Cambridge History of the British Empire* (New York, Macmillan; Cambridge, Eng., the University Press, 1929), VII, Part 1, 619; Great Britain, Department of Overseas Trade, *Economic and Trade Conditions in Australia to Aug. 1929*, 66; H. Heaton, *Modern Economic History* (Adelaide, W. E. A. of South Australia, 1925), 183-184.

WINE

The United Kingdom gave Imperial preference on wine in 1919, and the preferences were increased in 1924, 1925 and 1927 in the way indicated in the following table:

TABLE XX. *United Kingdom Duties, Full and Preferential, on Wine, as in Effect on Jan. 1, 1920, Jan. 1, 1925, and Jan. 1, 1926. (a)*

Classification	Description	Duty payable Jan. 1, 1920		Duty payable Jan. 1, 1925		Duty payable Jan. 1, 1926	
		Full	Preferential	Full	Preferential	Full	Preferential
Imported in casks Imported in bot.. Still	Not exceeding 30° of Proof Spirit, gal.	1s 3d	50 p.c. of full rate	2s 6d	50 p.c. of full rate	2s 6d	50 p.c. of full rate
	Exceeding 30°, but not exceeding 42° gal.	8s 0s		6s 0d		6s 0d	
	And for every de- gree or part of a degree beyond the higher a bove charged, an ad- ditional duty, gal.	8d	6s 2-3 p. c. of full rate	6d	6s 2-3 p. c. of full rate	6d	1s 1-3 p. c. of full rate
	Additional On Still wine im- ported in bot- tles; gal.	1s 0d	50 p.c. of full rate	2s 0d	50 p.c. of full rate	2s 0d	
	On Sparkling wine imported in bottles; gal.	2s 6d	70 p.c. of full rate	12s 6d	70 p.c. of full rate	12s 6d	50 p.c. of full rate

(a) Rates taken from *Import and Export List*, 1919, 1924 and 1925.

The rates were changed in 1927 and the full duty on Jan. 1, 1928, was 3s for wines not exceeding 25° proof spirit; for wines exceeding 25° and not exceeding 42° it was 8s. For every degree or fraction of a degree above 42° an additional duty of 8d per gallon was levied. There were also additional duties of 2s per gallon on still wine in bottles and 12s 6d per gallon on sparkling wine. The preferential rates were: for wines not exceeding 27° proof spirit 2s per gallon; for wines exceeding 27° and not exceeding 42° proof spirit 4s per gallon; for every degree or fraction of

a degree above 42° an additional duty of 4d per gallon; an additional duty of 1s per gallon on still wine in bottles and an additional duty of 6s 3d per gallon on sparkling wine.²⁰

At Ottawa it was agreed that Australian wines not exceeding 27° of proof spirit should receive a margin of preference of 2s per gallon.²¹

Turning again to Table XVIII, one notes a decided increase in the export of Australian wines from the year 1925-26. This is undoubtedly due, in a large measure, to the bounties paid by the Australian Government beginning in 1924, and to the Imperial preferences of 1924 and 1925.²² From March 13, 1930, the bounty paid by the Australian Government was 1s 9d per gallon, and the rate is to be paid until Feb. 28, 1935.²³ In 1924 the bounty was 4s per gallon, but it was reduced in 1927 and from 1927 to 1930 it remained between 1s and 1s 9d.

The substantial entry of the wine and the fruit industries into the export trade of Australia is a post-War development. It has been brought about by the irrigation and close settlement schemes sponsored by the various Australian Governments, and from the early post-War years these industries have been assisted financially by Australian Governments. There is little doubt, too, that the rapid development of the export trade has been greatly helped by the tariff preferences given by the United Kingdom²⁴ and later by Canada and New Zealand. These three countries account for practically the whole Australian export trade of wine. Table XVIII shows that even before the first grant of preference in 1919 the bulk of the Australian wine export went to the United Kingdom, but after 1919-20 the proportion going to the United Kingdom became somewhat greater than it had been in the previous years.

²⁰ *Import and Export List*, 1927, 20.

²¹ Great Britain, Imperial Economic Conference at Ottawa, 1932, *Summary of Proceedings*, etc., Cmd. 4174, 46.

²² Imperial Economic Committee, *Twenty-third Report, Wine*, 38-40, 73.

²³ Commonwealth Bureau, etc., *Official Year Book*, etc., No. 25, 661-662.

²⁴ Great Britain, Department of Overseas Trade, *Economic and Trade Conditions in Australia to Aug. 1929*, 73.

SUGAR

The United Kingdom gave Imperial preferences on sugar in 1919, which were reduced in 1924, and increased in 1925 and 1928. The following Table shows what were the full rates on sugar, and what were the preferential rates on Jan. 1, 1920, Jan. 1, 1925, and Jan. 1, 1926:

TABLE XXI. *United Kingdom Duties, Full and Preferential, on Sugar, as in Effect on Jan. 1, 1920, Jan. 1, 1925, and Jan. 1, 1926. (a)*

Description of sugar import	Duty Payable Jan. 1, 1920		Duty Payable Jan. 1, 1925		Duty Payable Jan. 1, 1926	
	Full	Preferential	Full	Preferential	Full	Preferential
Sugar of a polarization exceeding 98° viz.:						
Sugar refined, or rendered by any process equal thereto—						
In lumps and leaves	cwt. \$1 5s 8d	Five-sixths of full rate	11s 8d	Five-sixths of full rate	11s 8d	7s 4 2/8d
Other sorts, including sugar candy	cwt. \$1 5s 8d		11s 8d		11s 8d	7s 4 2/8d
Sugar unrefined—						
Beetroot	cwt. \$1 5s 8d		11s 8d		11s 8d	7s 4 2/8d
Cane and other sorts	cwt. \$1 5s 8d		11s 8d		11s 8d	7s 4 2/8d
Sugar, refined and unrefined, of a polarization—(b)						
Not exceeding 76°	cwt. 12s 4d		5s 7d		5s 7d	8s 6 1/3d
Exceeding 96° and not exceeding 97°	cwt. \$1 2s 11.9d		10s 5.4d		10s 5.4d	6s 7.4d
Exceeding 97° and not exceeding 98°	cwt. \$1 8s 7.3d		10s 8.8d		10s 8.8d	6s 9.5d

(a) *Import and Export List* for 1919, 1924 and 1925.

(b) For the sake of brevity in this Table all the classes of sugar of polarization exceeding 76° and not exceeding 96° are omitted.

The duties on sugar entering the United Kingdom were changed in 1928 and on Jan. 1, 1929, the full rates per cwt. on sugar, refined and unrefined, of a polarization not exceeding 76° were 4s 6d; exceeding 96° and not exceeding 97°, 8s 4.3d; exceeding 97° and not exceeding 98°, 8s 7d; and exceeding 98°, 11s 8d. Empire rates per cwt. on sugar not exceeding 76° were 2s 5 1/3d; exceeding 96° and not exceeding 97°, 4s 6.3d; exceeding 97° and not exceeding 98°, 4s 7.7d; exceeding 98° and not exceeding 99°, 4s 9.2d; and exceeding 99°, 5s 10d.³⁵

³⁵ *Import and Export List*, 1928, 13-14, which also gives duties on various classes of sugar of polarization exceeding 76° and not exceeding 96°.

The main feature in the sugar industry in Australia is the fact of Government control. During the War sugar prices were maintained at a much lower level than elsewhere, but in recent years they have been much higher than in most other countries. In 1920 the high price of £30 6s 8d per ton for raw sugar was fixed, and remained in force until July, 1923. From 1923 to 1931 the price was fixed at £27.²⁵ It was subsequently decided that this price was to remain until Sept. 1, 1936, but in 1932 this was amended to allow a reduction of $\frac{1}{2}$ d per lb. in retail prices of sugar from Jan. 1, 1933.²⁷ An embargo is placed on imports to allow the home price of sugar to be fixed in this manner. The net value of exports per ton in recent years has been £11 5s 9d (1925-26); £14 18s 10d (1926-27); £12 2s 6d (1927-28); £10 10s 0d (1928-29); £8 17s 0d (1929-30); and £8 5s 0d (1930-31).²⁸

Preference was originally given by the United Kingdom to sugar from Australia in 1919, it was increased in 1925 and 1928, (in the manner set forth above), and we find from Table XVIII that 1924-25 and 1927-28 are notable years in the expansion of the sugar export trade from Australia, and that almost all the trade has been conducted with the United Kingdom. Once again it is evident that there is a close connection between preferences and the growth and the direction of the export trade.

The conclusion with regard to these three industries—dried fruit, sugar and wines—is that the Australian Governmental policies have played an important part in their development, and further that Imperial preferences have likewise been a prominent factor in causing the great development that has taken place. It may be mentioned that many think Australian policy, as reflected in these industries, needs modification.²⁹

²⁵ Sugar Enquiry Committee, 1931, *Majority Report*, 104.

²⁶ Commonwealth Bureau, etc., *Official Year Book*, etc., No. 25, 659.

²⁷ *Ibid.*, 659, and No. 23, 507.

²⁸ E. O. G. Shann, *An Economic History of Australia* (Cambridge, Eng., The University Press, 1930), 434-447; F. C. Benham, *The Prosperity of Australia* (London, King, 1930), 225-226; W. K. Hancock, *Australia* (New York, Scribner's, 1931), 97-100; J. B. Brigden, "The Tariff Policy and Its Effect on Australian Development," *Studies in Australian Affairs*, 83-86; F. A. Bland, "Development and Migration," *Studies in Australian Affairs*, 68-69; N. Windett, *Australia as Producer and Trader 1920-1932*, 106-132.

CHAPTER VI

AUSTRALIA AND EMPIRE SELF-SUFFICIENCY

In economic matters the Dominions are now practically independent nations. They enjoy fiscal autonomy, and may impose tariffs against British or foreign countries as they choose. India, Southern Rhodesia, and Malta have almost equal powers. In the Anglo-Egyptian Sudan the Governments of Great Britain and Egypt must agree before tariffs and preferences can be arranged, and there may be no discrimination against Egypt. Territories that are under British mandate may not grant preferences to British or other countries. But territories under mandate to British Dominions, like Samoa and part of New Guinea, may grant preferences. In the remaining parts of the British Commonwealth, in the Colonies and Protectorates, the approval of the Secretary of State for the Colonies—a United Kingdom official—must be obtained before tariffs may be imposed. Such approval is seldom refused.¹

In the middle of the year 1932 preferences granted to the United Kingdom were these: Newfoundland and India granted no preference; Australia granted a preference of 13.5 per cent ad valorem;² Canada a preference of 10 per cent to 12 per cent ad valorem over the general tariff, though in some cases the preference was much lower, and there was also an intermediate tariff in favour of France, Belgium, Italy, Spain and certain other countries;³ in New Zealand there was a British preference varying, for the most part, between 10 per cent and 20 per cent ad valorem, while there was also a considerable "free list" for imports from all parts of the British Commonwealth.⁴ In all these countries the policy followed was that of imposing high protective duties to assist home industries, and preference was given by raising the duties against foreign countries.

¹ L. St. Clare Grondona, *Empire Stock-taking* (London, Simpkin Marshall, 1930), 237-240.

² Commonwealth Bureau, etc., *Official Year Book*, etc., No. 25, 140.

³ Dominion Bureau of Statistics, Ottawa, *The Canada Year Book*, 1933.

⁴ *New Zealand Official Year Book*, 1933.

The Union of South Africa allowed a reduction of from 3 to 5 per cent ad valorem from the general duties on a limited number of goods from the United Kingdom. Some commodities, e. g., motorcycles and domestic electrical appliances, received a preference of 15 per cent ad valorem.⁵ In the rest of the Empire preference varied from between 5 and 10 per cent ad valorem, with a few exceptionally high preferences.

In South Africa and these latter mentioned Empire countries the preference was given by reducing the rate for British goods, and not by increasing the rate for foreign goods, as was the practice of Australia, Canada and New Zealand, which were consistently anxious to develop their own secondary industries.⁶

INDIRECT PREFERENCES GRANTED BY THE UNITED KINGDOM

In recent years the direct preferences granted by the United Kingdom have been worth about two million pounds per year to the Dominions,⁷ but the indirect preferences are more valuable. Some of the indirect preferences are:

(a) Since 1900, Colonial and Dominion Government stocks have been legal forms of investment for trust funds.⁸ This has meant lower rates of interest for the Overseas Empire when borrowing in London.

(b) The Empire Marketing Board, financed by the Imperial Government, was established in 1926 and authorized to do research work, and to spend money on the advertising and marketing of home and Dominion products in Great Britain.

(c) The Merchandising Marks Act was passed in 1926 to support the Marketing Board's campaign in favor of Empire goods by making it obligatory that all goods sold in Great Britain shall have a clear indication of their country of origin. Preference is also assisted by the practice of the Imperial Government of

⁵ *South African Official Year Book*, 1933.

⁶ Cf. W. K. Hancock, *Australia*, 260-261.

⁷ W. Y. Elliott, *The New British Empire* (New York and London, McGraw-Hill, 1932), 85.

⁸ 63 and 64 *Victoria*, c. 62.

buying only Empire goods, provided the difference in price is not too marked.⁹

EMPIRE IMPORTS AND EXPORTS

Table XXII shows commodities that are exported from Empire countries in quantities too small to meet the import demands of the United Kingdom. The list is not exhaustive, but includes all the more important foodstuffs that are imported into the United Kingdom. It will be seen that as regards the items listed the deficiency is 50 per cent or more, except in the case of cheese, where the deficiency is 4 per cent, and mutton and lamb, where the deficiency is 35 per cent. Actually the amounts available for the United Kingdom market are smaller than the amounts given in this table, for a notable proportion of the foodstuffs exported from the Overseas Empire goes to other Empire countries. Often, too, commodities cannot be sent satisfactorily from Empire sources of supply to the United Kingdom; thus, frozen beef from Australia and New Zealand cannot reach the market in as satisfactory condition as chilled meat from the Argentine, (though progress is being made in this direction), and some fruits will not keep during the long voyage through the tropics.¹⁰

Table XXIII gives the more important raw materials in which the Overseas Empire exports are insufficient to meet the United Kingdom's import requirements. The differences are again very great and are greater than the table shows because (a) no allowance has been made for import requirements in other Empire countries and (b) the Indian-grown cotton is of a type unsuitable for the industry in Lancashire, and as the bulk of the Empire-grown cotton is at present grown in India, the true deficiency is much greater than 13 per cent. The British Cotton Growers' Association is meeting with success in establishing cotton growing in different parts of the Empire, especially in Uganda and Upper

⁹ F. A. Bland, "Development and Migration," *Studies in Australian Affairs*, 65-67; L. C. A. Knowles, *The Economic Development of the British Overseas Empire*, II, 73-81; W. Y. Elliott, *The New British Empire*, 75-76.

¹⁰ H. R. Rodwell, "Economic Aspects of Empire Tariff Preference," *The Economic Record* (Australia), VIII, No. 14 (1932), 5; F. A. Bland, "Development and Migration," *Studies in Australian Affairs*, 66.

TABLE XXII. *Foodstuffs and Tobacco Exported from Empire Countries in Quantities Too Small to Meet Import Demands of the United Kingdom. (a)*

Commodity	Home Production	United Kingdom's Total Import	Total Export of Emp. Countries	Empire Deficiency	Percentage Deficiency
Beef (1925-28) (b)	11.8 million cwts	16.4m cwts	8.1m cwts	8.3m cwts	50
Mutton and Lamb (1925-28)	5m cwts	5.8m cwts	3.8m cwts	2m cwts	35
Bacon and Hams (1925-28)	5.3m cwts	9.1m cwts	1.6m cwts	7.5m cwts	82
Butter (1924-27)	1.0m cwts	5.7m cwts	2.9m cwts	2.8m cwts	50
Cheese (1924-27)	1.3m cwts	3.0m cwts	2.9m cwts	0.1m cwt	4
Eggs (1924-27)	20.8m gt. hundreds	22.2m gt. hundreds	5.0m gt. hundreds	17.2m gt. hundreds	78
Fruit (citrus) (1925-28)	Nil	\$9.8m (value)	\$2.3m (value)	\$7.5m (value)	76
Bananas (1924-27)	Nil	\$5.8m "	\$1.9m "	\$3.8m "	65
Apples (1925-28)	5.5m cwts	6.6m cwts	2.8m cwts	3.8m cwts	58
Canned Fruit (1924-27)		\$5.4m (value)	\$1.5m (value)	\$4.9m (value)	76
Sugar (1925-28)	1.9m cwts (c)	37.3m cwts	18.2m cwts	19.1m cwts	51
Maize (1924-27)	Nil	\$4.7m "	8.8m "	25.9m "	75
Wines (1924-27)	Nil	18m gals	4.3m gals	13.7m gals	76
Tobacco (1924-27)	Nil	1.8m cwts	0.6m cwts	1.2m cwts	67

(a) Table from H. R. Rodwell, "Economic Aspects of Empire Tariff Preference," *The Economic Record* (Australia), viii (192), No. 8, 16.

(b) Figures are an average for the periods indicated in parentheses.

(c) These are not the figures given in the Table quoted. The Table is incorrect in these two cases.

TABLE XXIII. *Raw Materials Exported from Empire Countries in Quantities Too Small to Meet the Import Demands of the United Kingdom. (a)*

Commodity	United Kingdom Home Production	United Kingdom's Total Import	Total Export from Empire Countries	Empire Deficiency	Percentage Needed from Foreign Countries
Cotton (1924-1927) (b)	Nil	16.9 million centals	14.7m centals	2.2m centals	13
Cotton Seed (1924-27)	Nil	550,000 tons	219,000 tons	341,000 tons	61
Timber (1924-1927)	Not Available	\$46.6m (value)	\$28.3m (value)	\$18.3m (value)	39
Iron Ore (1925-1928) (c)	9.2m tons	4.0m tons	1.6m tons	2.4m tons	60
Tin Ore (1925-1928)	2,500 tons	68,000 tons	16,000 tons	52,000 tons	76
Petroleum (crude) 1925-28)	43m gals	567m gals	34m gals	463m gals	85

(a) Table from H. R. Rodwell, *op. cit.*, 16.

(b) Figures are an average for the periods indicated in parentheses.

(c) The Table quoted gives 1924-28, but it should read, as here, 1925-28.

Sudan, but the quantities are likely to be inadequate for a long time to come.¹¹

Again, the problem of transport is important with such raw materials as timber, iron ore, tin ore and petroleum. Even were large quantities of ores available for export, (and this is not now the case), it would be difficult to sell them on the British market, except at enhanced prices.

From Tables XXII and XXIII it is abundantly clear that the United Kingdom must depend on foreign countries for a long time at least, for the larger portion of her import requirements of many essential foodstuffs and raw materials. A tariff imposed on such foreign imports must mean a rise in their price on the English market. To retain the English market foreign importers might absorb part of the tax for a time, but eventually prices would rise by approximately the amount of the tariff.

A rise in the price of food would mean a fall in the standard of living in the United Kingdom or a rise in money wages. In the first hypothesis, preference would involve added economic cost to the consumers in the United Kingdom. If wages were raised to meet this, industrial costs would be increased, and this would be reflected in rising prices for exports. The increased prices of raw materials would have the same effect. This would offset, in part, the advantage which Empire countries might have gained from higher prices for their products, while the consumers of home manufactures in the United Kingdom would also be penalized. These higher prices would also have an effect upon the United Kingdom's foreign markets.¹²

Higher prices for foodstuffs would also give a stimulus to farming industry in the United Kingdom. The increased volume would compete with imported Empire produce, and tend to check the anticipated rise in price.¹³

¹¹ H. R. Rodwell, *op. cit.*, 5-6; Cf. A. A. M. Melchett, *Imperial Economic Unity* (London, Harrap, 1930), 111.

¹² Cf. H. Heaton, *Modern Economic History*, 162.

¹³ H. R. Rodwell, *op. cit.*, 6-7.

TABLE XXIV. *Foodstuffs Exported from Empire Countries in Excess of the Import Demands of the United Kingdom. (a)*

Commodity	United Kingdom Home Production	United Kingdom's Total Import	Total Export of Empire Countries	Empire Surplus over U. K. Needs	Percentage to be Sold in Other Markets
Wheat (1925-1926) (b)	28 million cwts	101.8m cwts	167.6m cwts	65.8m cwts	39
Oats (1924-1927)	47.6m cwts	8.1m cwts	9.8m cwts	1.7m cwts	2
Rice (1924-1927)	Nil	2.8m "	45.2m "	42.4m "	94
Cocoa (1924-1927)	Nil	1.5m "	5.9m "	4.4m "	75
Tea (1924-1927)	Nil	4.5m "	5.0m "	0.5m "	10

(a) Table from H. R. Rodwell, *op. cit.*, 17.

(b) Figures are an average for the periods indicated in parentheses.

TABLE XXV. *Raw Materials Exported from Overseas Empire Countries in Excess of the Import Demands of the United Kingdom. (a)*

Commodity	United Kingdom Home Production	United Kingdom's Total Import	Total Export from Empire Countries	Empire Surplus over U. K. Needs	Percentage to be Sold in Other Markets
Wool (1924-1927) (b)	1.2 million centals	8.8m centals	18.2m centals	4.4m centals	23
Jute (1924-1927)	Nil	4.8m centals	16.5m centals	12.2m centals	74
Rubber (1926-1929)	"	144,000 tons	417,000 tons	273,000 tons	65
Hides and Skins (1925-1928)	Not Available	\$12.5m (value)	\$22.3m (value)	\$9.8m (value)	44
Manganese Ore (1925-28)	675 tons	207,000 tons	962,000 tons	755,000 tons	78
Chrome Ore (1925-28)	206 "	17,000 "	182,000 "	165,000 "	90
Copper Ore (1925-28)	112 "	89,500 "	87,000 "	47,500 "	55
Zinc Ore (1925-28)	881 "	181,000 "	242,000 "	111,000 "	46
Copra (1924-1927)	Nil	79,000 "	376,000 "	296,000 "	79
Palm Kernels (1924-27)	"	235,000 "	329,000 "	93,000 "	23
Ground Nuts (1924-27)	"	96,000 "	640,000 "	544,000 "	85

(a) Table from H. R. Rodwell, *op. cit.*, 17.

(b) Figures are an average for the periods indicated in parentheses.

Tables XXIV and XXV list foodstuffs and raw materials exported from Empire countries in excess of the import demands of the United Kingdom. If we except oats and tea, most of the Empire surpluses of the important commodities listed in these two Tables must be marketed outside the United Kingdom. Some of the surplus is absorbed by other Empire countries. This is particularly true of rice, of which about half the 94 per cent surplus shown in Table XXIV is marketed in Ceylon,¹⁴ British Malaya, and the Straits Settlements. But there still remain large surpluses that must be marketed in foreign countries. It is not possible to give detailed figures showing how particular commodities are absorbed into Overseas Empire countries, but the average percentage of imports from Empire sources (other than the United Kingdom) into Empire countries (excluding the United Kingdom) is between 10 and 13 per cent.¹⁵

Thus foreign markets are of vital importance to the Empire producers of these raw materials and foodstuffs. If tariff barriers are raised throughout the British Empire against foreign countries, it is likely that these foreign countries will retaliate.¹⁶

It is true that a self-sufficient Empire might conceivably be brought about without raising the existing tariffs against foreign countries—the tariffs against Empire countries might be lowered. But, viewing the matter historically, such a procedure is unlikely, unless accompanied by a large measure of centralized control. This system of centralized control might also go a long way, by the method of bargaining with individual foreign nations, in the satisfactory disposal of surplus Empire supplies, and in the arranging for the supplying of Empire deficiencies. But many of the component parts of the British Commonwealth do not want any such centralization—they wish to have at least virtual independence, and are opposed to centralization policies.

Table XXVI gives a list of manufactured goods exported from the United Kingdom in quantities that exceed the demands of the Overseas Empire. The list includes the United Kingdom's staple

¹⁴ Cf. *Review of the Trade of India*, No. 54.

¹⁵ H. R. Rodwell, *op. cit.*, 7.

¹⁶ Cf. J. G. Rogers, "Reciprocity and the Most-Favored-Nation Clause," *Proceedings of the Academy of Political Science*, XV, No. 3 (1933), 56.

manufactures of cotton and wool, as well as linen piece goods, clay products, and motor-bicycles. No account is here taken of the fact that other parts of the Empire have export surpluses in these goods. It follows that the percentages which must be marketed in foreign countries are higher than Table XXVI indicates. Extensive tariff preferences would tend to raise costs in the manufacturing industries of the United Kingdom,¹⁷ and would probably help to raise foreign tariffs against the United Kingdom; both of which factors would tend to restrict foreign markets, that are so necessary to absorb these surplus exports.

If Canada, Australia and New Zealand in the future as in the past give preferences by raising the rates of duties against foreign countries, then increased preferences will not be so very helpful to the United Kingdom's exports, which will have to meet ever keener competition from Dominion manufactures,¹⁸ a competition that is becoming harder to meet in proportion as the Dominions become more industrialized. A lowering of protective tariffs in the Dominions would be resisted most strongly on the ground that secondary industries, built up under the protection of the tariff, could not survive without it, and that the lowering of the duties would mean, for a time at least, increased unemployment and the loss of invested capital.¹⁹ The industrialization of India²⁰ and Canada²¹ is going forward rapidly. The Indian cotton industry has developed rapidly in recent years, and is now competing strongly with the United Kingdom on the Indian market. Canadian manufactures, too, will, by degrees, compete more vigorously with manufactures of the United Kingdom in Canada and in world markets. The same is true, in principle, of Australia. In the future foreign markets will be even more important than they are today.²²

¹⁷ J. B. Bridgen and others, *The Australian Tariff* (Melbourne, Melbourne University Press, 1929), 210.

¹⁸ Cf. W. K. Hancock, *Australia*, 260-261.

¹⁹ Cf. Dominion Bureau of Statistics, *Ottawa, Canada, 1933* (Ottawa, 1933), 44.

²⁰ *Review of the Trade of India*, No. 56.

²¹ Dominion Bureau of Statistics, *Ottawa, The Canada Year Book*, 1933.

²² Cf. J. H. Williams, "The United States Tariff and Our International Financial Position," *Proceedings of the Academy of Political Science*, XV, No. 3 (1933), 2.

TABLE XXVI. *Average Annual Values of Certain Manufactured Goods Exported from the United Kingdom in Excess of the Demands of the Overseas Empire for the Period 1924-27, in £ millions. (a)*

Article	United Kingdom Total Export	Overseas Empire Total Import	United Kingdom Surplus Export	Percentage of U. K. Export to be Sold in Foreign Countries
Cotton Piece Goods	182.5	90.8	41.9	81%
Woollen Piece Goods	86.4	18.7	22.7	62%
Linen Piece Goods	6.5	2.2	4.3	66%
Clay Products	6.8	5.4	0.9	17%
Motor Bicycles	2.8	1.5	1.8	47%

(a) Table from: H. R. Rodwell, *op. cit.*, 18.

Table XXVII gives a list of certain manufactured goods exported from the United Kingdom in quantities too small to meet Empire requirements. Some of the shortages listed in the Table are made up, to an extent, from other Empire sources. Thus Canada exports motor vehicles, rubber manufactures, and farm implements, but the shortages are still considerable. For many of these commodities, there is no reasonable hope that Empire production in the near future will be large enough to meet Empire requirements. This list contains some of the main products of the newer industries, artificial silk, electrical machinery and motor vehicles, and the figures here given emphasize what has been said in Chapter V about the comparative trade weakness of the United Kingdom in these classes of goods.

The six Tables presented in this Chapter show that the British Empire is by no means a self-contained unit, and it may be added that it does not seem possible for it to reach economic unity apart from a large measure of political unity. This question need not be pursued at length here; it is sufficient to observe that Empire supply and demand seldom coincide, and no simple plan is in sight to cause them to coincide.

The question of the self-sufficiency of the Empire has been discussed in these pages in order to provide a partial answer to the problem as to how Australia should act concerning preference. The conclusion is that Australia should not strive for the estab-

TABLE XXVII. *Average Annual Values of Manufactured Goods Exported from the United Kingdom in Quantities Too Small to Meet Overseas Empire Requirements, for the Period 1924-27, in £ millions. (a)*

Article	United Kingdom Total Export	Overseas Empire Total Import	United Kingdom Export Deficiency	Percentage of Overseas Empire Demand to Come from Foreign Countries	United Kingdom Imports
Silk and Artificial Silk Piece Goods	5.3	20.0	14.7	73%	17.8
Hats and Caps	2.7	4.0	0.3	8%	2.9
Boots and Shoes	4.9	8.0	1.1	18%	1.9
Rubber Manufactures	8.0	10.5	2.5	24%	5.5
Chemicals	20.0	21.9	1.9	9%	12.7
Electrical Machinery	5.9	8.9	3.0	34%	1.1
Agricultural Machinery and Im- plements	2.0	6.4	3.4	58%	1.0
Motor Vehicles	7.5	29.7	22.2	75%	5.2

(a) Table from: H. R. Rodwell, *op. cit.*, 18.

lishment of ever increasing preferences, or for very far-reaching preferences, because of the grave difficulties that lie in the path of a self-contained Empire. A further reason for this negative conclusion is that close economic union of the Empire would mean close political union. The history of the American, German and Australian tariff unions shows how central authority is strengthened by such unions. If the Empire were to become very closely united economically, the position of the United Kingdom would be strengthened. From a constitutional point of view the idea of economic unity is a retrograde step. The events of the past few decades have all pointed away from close political unity of the Empire, and have pointed towards the free association of independent nations. The wise policy now is to progress along the lines already drawn, and not to turn back.²²

If Australia is not to favour the wide extension of preference, what must be said of the directly opposite policy, namely, the complete abandoning of preference? This policy would not be acceptable to Australians. The United Kingdom is still the chief

²² Cf. "Imperial Economic Unity," *Round Table* (London, Eng.), Sept., 1930.

source of supply for Australian imports and also the chief market for Australian goods, and the complete abandoning by Australia of the policy of preference, after following it for so many years, would surely antagonize the United Kingdom. Australians, tracing their descent almost completely from stock of the British Isles, are pleased with their position in the British Commonwealth of Nations. They have virtual independence, but are allied to the United Kingdom and to the other countries forming the new British Commonwealth. The policy of preference seems to express in the economic order the measure of unity which is acceptable to Australians in the political order.

Australia, then, should take a middle course, rejecting the two extremes of unlimited preference and no preference. The remaining question of the limits that Australia should set to preferential arrangements is extremely difficult. In Chapter V the benefits of preference to Australia were considered; it remains now to speak of the costs.²⁴

Preference means a burden on industry in two ways: (a) When imports subject to the general tariff continue, this normally means that the part of the tariff above the preference rates is passed on to consumers, and bears more heavily on general costs of production than the corresponding direct taxation; and (b) preference adds to the general level of prices without any compensatory additions to Government revenue. If preference be given to goods in general use, the amount of preference will become almost entirely a burden on industry, falling in the last resort on the export industries and the industries exposed to competition from imports.

If preference be practically confined, as in the United Kingdom until March, 1932, to luxuries or semi-luxuries, the cost to British industry would be small. But if in the United Kingdom preferences were extended to necessities or quasi-necessaries of any importance, the cost to British industry might be very serious, and Australia, to make fair compensation, would have to give much greater effective preference to British goods than she has

²⁴ Cf. R. Wilson, "The Export Trade and Imperial Preference," *The Annals of the American Academy of Political and Social Science* (Philadelphia), 158 (1931), 93-94.

been giving. This would not agree well with Australian policy, for British manufacturers are the chief competitors of Australian manufacturers.²⁵

It is difficult to measure the money values of preference to British goods. For the year 1928-29 imports into Australia from the United Kingdom would have paid £7,204,411 in additional duty, if all these imports were subject to the general tariff,²⁶ for 1929-30 the extra amount would have been £6,726,020,²⁷ and for 1930-31, £2,775,108.²⁸ But these amounts do not represent the value of preference to the United Kingdom, or the costs to Australia. Where nearly all the trade in any item imported is preferential, the value of preference is small, and practically negligible. But where a substantial part continues to be imported under the general tariff, the value of preference to the exporting country is practically equivalent to the amount of the preference. Obviously we are dealing now with rough approximations, but there is no way of measuring the exact value of preferences. The problem becomes more involved because of the fact that goods from different countries are sometimes grouped in the one class for tariff purposes, but are not quite similar to one another, and are not strictly competitive. For the purpose of this study it will be taken that the value of the preferences given to the United Kingdom by Australia is roughly about 40 per cent of the above figures, a percentage suggested by an examination of the official figures for Australian imports, with the above principles in mind.²⁹

This would give the following figures: for 1928-29, £2,881,765.6; for 1929-30, £2,690,408; and for 1930-31, £1,110,043.2. If we turn now to the preferential treatment given to Australian goods by the United Kingdom we find that the additional amounts

²⁵ J. B. Bridgen and others, *The Australian Tariff*, 209-210.

²⁶ Commonwealth Bureau, etc., *Official Year Book*, etc., No. 23, 106.

²⁷ Commonwealth Bureau, etc., *Official Year Book*, etc., No. 24, 106.

²⁸ Commonwealth Bureau, etc., *Official Year Book*, etc., No. 25, 140.

²⁹ Commonwealth Bureau, etc., *Oversea Trade*, Bulletins for various years; Cf. J. B. Bridgen and others, *The Australian Tariff*, 39, 46, 47.

these goods would have paid if they had been subject to the general duties would be as follows:

TABLE XXVIII. *Preferential Rebates Given by the United Kingdom to Australia, by Chief Classes of Goods, for the Years 1928 to 1930.*

Year	Rebate on Sugar	Rebate on Wine	Rebate on Dried Fruits	Total Rebate on All Australian Goods
	£	£	£	£
1928 (a)	492,212	847,849	102,571	947,954
1929 (b)	688,450	409,496	273,834	1,376,956
1930 (c)	606,639	379,075	256,754	1,249,164

(a) Commonwealth Bureau, etc., *Official Year Book*, etc., No. 23, 109.

(b) Commonwealth Bureau, etc., *Official Year Book*, etc., No. 24, 109.

(c) Commonwealth Bureau, etc., *Official Year Book*, etc., No. 25, 142.

The rebates given in the United Kingdom to Australian goods were confined almost exclusively to these three classes of goods, wine, sugar, and dried fruits. Now in these three classes the bulk of the United Kingdom importations came from foreign sources. Thus, taking an average for the four years 1925-28, the United Kingdom imported 27.7 per cent of its sugar import requirements from Empire sources, 33.4 per cent of raisins, 11.6 per cent of currants, and 12.6 per cent of wines.²⁰ These figures indicate that the value of the preferences to Australia would be almost the amounts mentioned above.

Trade conditions have been much upset since 1928, so that 1928 is much nearer to the normal picture of trade relations between Australia and the United Kingdom than the later years. We may say that for most years the value of the preferences given by Australia is much greater than the value of those given by the United Kingdom to Australian goods. In another section of this study it has been said that on the side of the United Kingdom there are invisible preferences to compensate for this.²¹

²⁰ Great Britain, *Annual Statement of the Trade of the United Kingdom with Foreign Countries and British Countries*, 1925-28.

²¹ See Chap. VI, under sub-title "Indirect Preferences, etc."

Whatever be the actual amount of preference given by Australia, it must involve a cost additional to the costs imposed by the tariff, unless the preference is restricted to luxuries or semi-luxuries. To be effective the preference must give British exporters some advantage over their competitors in the Australian market. On goods in which the United Kingdom is at a disadvantage the price in Australia will tend to be the cost of free imports plus the higher duty on non-British goods. Preference involves an additional cost to consumers, and this cost is ultimately passed on to the export trades, the output of which is thus restricted. The cost of Australian imports is increased, as is the cost of British imports, by the preference granted in the United Kingdom. Imports into Australia are reduced, and the higher cost of Australian exports necessitates compensation in the United Kingdom through increased preference. It would appear, therefore, that costs of preference in both countries are greater than the benefits to be derived. This is the conclusion reached by Professor Alfred Marshall:

In particular there is danger in the fact that in these schemes the gain which either side is invited to expect is greater than the loss which she is to incur; and yet, as the scheme includes differential duties which are essentially wasteful, the aggregate material gain must in my belief be less than the aggregate material loss. The schemes would be less dangerous if they started with the frank statement: 'Imperial unity is an ideal worth much material loss; let us consider how best to share this loss among us.' As it is, the schemes appear to me likely to breed more of disappointment and friction between England and her Colonies than of good will and the true spirit of Imperial unity. And, if approached in a spirit of greed, rather than of self-sacrifice, they are likely to rouse animosity in other lands, and to postpone the day at which it may be possible to work towards a federated Anglo-Saxondom, which seems to be an even higher ideal than Imperial unity.²⁹

Yet, even though preference means costs to Australia, for the reasons given, it is still acceptable policy to Australians. The costs, as this Chapter has endeavoured to show, have not been

²⁹ A. Marshall, *Fiscal Policy of International Trade* (London, Eng., Stationery Office, 1908), 29.

excessively high. But preference does involve costs, and it might be profitable to make regular estimates, perhaps yearly, of the costs imposed on Australia by the granting of preferences. In making these estimates of costs those principles could be followed which were suggested by the board of experts who were commissioned to write a Report on the Australian tariff.²² At the same time the money values of the preferences granted to Australia by the United Kingdom and other parts of the Empire could be estimated. This information could serve as a guide in the making of future preferential arrangements. It would not mean that the money values of the costs and the benefits should be made to balance evenly, but the possession of this information would make for clearer ideas, and perhaps for sounder policy, in the arranging of preferences.

²² J. B. Brigden and others, *The Australian Tariff*, 46-47. (The principles are summarized earlier in this study.)

CHAPTER VII

CONCLUSIONS

In the preceding chapters the chief historical, commercial and political aspects of Imperial preference have been considered in so far as they relate to Australia. From what has been written, the following main conclusions emerge:

1. It is not in the best interests of Australia that she should aim at an indefinite extension of Imperial preference because: (a) Supply and demand in intra-Imperial trade are not well balanced, and there seems no easy way of bringing about such a balance; (b) it appears that the benefits to Australia would be outweighed by the costs imposed on her; (c) Australian trade relations indicate the steadily growing importance of foreign countries in that trade, and as far as the future can be forecast, this importance will become more pronounced; (d) such an extension would make for closer Imperial political unity. Australia will work out her own national destiny. Australia desires at least virtual independence.

2. It is not desirable that, at this stage, Australia should reject completely the policy of Imperial preference. The United Kingdom has been, and still is, the most important market for Australia, and the chief source of supply for Australian imports. To abandon Imperial preference would be to antagonize this most important market and supplier. It would be practically equivalent, too, to a complete breach with the United Kingdom. It is undesirable, at this time, to effect such a breach.

3. Imperial preference has meant a cost to Australia, that is, a cost in addition to the costs of the general tariff. The cost, too, to Australia has been greater than the cost to the United Kingdom. But the cost has not been excessive. As a compensation for the extra costs involved, Australia has enjoyed invisible preferences from the United Kingdom. Especially at a time like the present, when the struggle to obtain and to hold markets has become so keen, Australia is not paying an excessive price to aid her in holding her most important market. Australia, too, is well

satisfied with her position in the British Commonwealth of Nations. If it is necessary to pay a price for the stabilizing of such economic union as appears essential to such a Commonwealth, Australia is willing to pay this price in the form of a limited Imperial preference.

4. It is too early yet to trace the effects of the Ottawa pacts of 1932. But this should be soon attempted, and an estimate made of the costs now imposed on Australia by Imperial preference. It is easy to see that just as protection may help infant industries, so the granting of preferences by Australia may help industries in the United Kingdom that have been at a disadvantage in comparison with similar industries in other countries. But if it is found that these United Kingdom industries persist in remaining infant industries, then Australia would be justified in ridding herself of the cost involved in helping such industries. The question that preferences involve costs should be faced, and as far as possible, these costs should be estimated frequently, say at yearly intervals.

5. The question of Australian trade gives the key-note to this whole problem of Imperial preference, as far as Australia is concerned. How is Australian trade developing, and what does the future hold? What is the trend in other countries? In this study it has been shown that foreign countries have been continually growing in importance to Australia in both her import and export trade. It has been indicated that future developments will probably be along the same lines, and especially that foreign countries will probably become increasingly important to Australia's export trade. All this goes to show that it is not to Australia's interest to attempt to confine trade too closely to intra-Imperial trade by the use of Imperial preferences or by any other means. The recommendation of this study is that Australia should continue to give Imperial preferences somewhat as she gave them before the Ottawa Conference of 1932, but regular estimates of the excess costs of preference should be made, according to classes of imports, and on these estimates, in conjunction with trade studies, Australia's future grants of preference should be based.

BIBLIOGRAPHY

1. OFFICIAL PUBLICATIONS

(A) United Kingdom

- Statistical Abstracts for the United Kingdom.* Annual.
Parliamentary Debates.
Accounts Relating to the Trade and Navigation of the United Kingdom. Monthly.
Annual Statement of the Trade of the United Kingdom with Foreign Countries and British Possessions.
Proceedings of the Colonial Conference of 1887. C. 5091, 1887.
Colonial Conference of 1894. C. 7824, 1895.
Conference with Colonial Premiers at London. C. 8596, 1897.
Colonial Conference of 1902. Cd. 1299, 1902.
Proceedings of the Colonial Conference of 1907. Cd. 3523, 1907.
Resolutions Passed by Committee on Commercial and Industrial Policy after the War. Cd. 8482, 1917.
Imperial War Conference, 1917. Cd. 8566, 1917.
Final Report of the Committee on Commercial and Industrial Policy after the War. Cd. 9035, 1918.
Imperial Conference, 1923, Summary of Proceedings. Cmd. 1987, 1923.
Imperial Conference, 1923, Appendices to the Summary of Proceedings. Cmd. 1988, 1923.
Imperial Conference, 1926, Summary of Proceedings. Cmd. 2768, 1927.
Imperial Conference, 1926, Appendices to the Summary of Proceedings. Cmd. 2769, 1927.
Imperial Conference, 1930, Summary of Proceedings. Cmd. 3717, 1930.
Imperial Conference, 1930, Appendices to the Summary of Proceedings. Cmd. 3718, 1930.
Imperial Economic Conference at Ottawa, 1932, Summary of Proceedings and Copies of Trade Agreements. Cmd. 4174, 1932.
Imperial Economic Conference at Ottawa, 1932, Appendices to the Summary of Proceedings. Cmd. 4175, 1932.
Imperial Committee on Economic Consultation and Cooperation, Report. Cmd. 4335, 1933.
Committee on Industry and Trade (Balfour Committee):
Survey of Overseas Markets, 1925.
Survey of Industrial Relations, 1926.
Factors in Industrial and Commercial Efficiency, 1927.
Further Factors in Industrial and Commercial Efficiency, 1928.
Final Report, 1929.

Imperial Economic Committee:

Memorandum on the Trade of the British Empire, 1913 and 1925 to 1928. (1930).

Report on Fruit. (1926).

Report on Wine. (1932).

Committee on Finance and Industry (Macmillan Committee), *Report*. Cmd. 3897, 1931.

Empire Marketing Board:

British Industries and Empire Markets. (1930).

The Growing Dependence of British Industry on Empire Markets. (1929).

Production and Trade of Australia. (1931).

Parliamentary Acts, etc.:

The Commonwealth of Australia Constitution Act, 63 and 64 Victoria, ch. 12, 62. 1900.

Finance Act, 1919, sec. 8.

Finance Act, 1925, 15 and 16 Geo. V, ch. 36.

Statutory Rules and Orders, 1932.

Additional Import Duties Orders, 1932-33.

Finance Act, 1926, 16 and 17 Geo. V, ch. 22.

Abnormal Importations (Customs Duties) Act, 1931, 22 Geo. V, ch. 1.

Import Duties Act, 1932, 22 Geo. V, ch. 8.

Import and Export List (1919, 1924, 1925, 1927, 1928).

(B) Australia

Official Year Book of the Commonwealth of Australia. Annually from 1907.

Oversea Trade. Annually from 1906. (Until 1919 known as *Trade and Customs and Excise Revenue of the Commonwealth of Australia*.)

Production. Bulletins, annually, from 1906.

Quarterly Summary of Australian Statistics, First issue, No. 70, Dec. 1917, replacing *Monthly Summary of Australian Statistics*. (Bulletins 1 to 69).

Parliamentary Debates.

Department of Trade and Customs, *Customs Tariffs*.

Tariff Board, *Report*. Annual.

(C) Canada

The Canada Year Book (called *Statistical Abstract and Record of Canada*, 1886-1888, *Statistical Year Book of Canada*, 1889-1904). Annually from 1905.

Canada, 1932.

Canada, 1933.

House of Commons Debates.

- (D) New Zealand
Official Year Book.
Parliamentary Debates.
Customs Acts.
- (E) South Africa
Official Year Book of the Union of South Africa and of Basutoland, Bechuanaland Protectorate, and Swaziland. Annual.
Annual Statement of the Trade and Shipping of the Union of South Africa, Southern and Northern Rhodesia, and the Territory of South-West Africa.
- (F) Irish Free State
Department of Industry and Commerce, *Trade and Shipping Statistics.* Annual.
Department of Agriculture, *Annual Reports* from 1931-32.
- (G) Newfoundland
Newfoundland Customs Returns. Annual.
Parliamentary Debates.
- (H) United States of America
Department of Commerce:
Commerce Year Book, 2 vols. Annual.
Australia: A Commercial and Industrial Handbook (Ferrin, A. W., 1922).
The Bureau of Foreign and Domestic Commerce publishes monographs, dealing with trade opportunities and economic conditions in Australia. Since 1924 these are called *Trade Promotion Series* (formerly called *Special Agents Series*, *Special Consular Reports*, and *Miscellaneous Series*).
United States Tariff Commission:
Colonial Tariff Policies (1922).
Reciprocity and Commercial Treaties (1919).
A Study of Imperial Preference in the British Empire (Ketcham, J. B., 1931).
Senate Document:
Tariff Preference in Great Britain and British Possessions (1929).
- (I) Publications of the League of Nations: (Geneva)
Statistical Year Book.
Memorandum on International Trade and Balance of Payments, 1926-28, 3 vols. (1929).
Memorandum on International Trade and Balance of Payments, 1927-29, 3 vols. (1930).

2. NON-OFFICIAL PUBLICATIONS

(A) Works Relating Especially to Australia

- Allin, C. D., *Australian Preferential Tariffs and Imperial Free Trade* (Minneapolis, The University of Minnesota Press, 1929).
- Atkinson, M., (editor) *Australia: Economic and Political Studies* (Melbourne, Macmillan, 1920).
- Australian Association of British Manufacturers, *The Australian Market* (London, P. S. King and Son, 1932).
- Benham, F. C., *The Prosperity of Australia* (London, P. S. King and Son, 1930).
- Brigden, J. B., and others, *The Australian Tariff: An Economic Enquiry* (Melbourne, Melbourne University Press in association with Macmillan, 1929).
- Burton, H., "The Growth of Secondary Industry," *The Annals of the American Academy of Political and Social Science*, (Philadelphia, Pa.) 158 (1931) 133-138.
- Cambridge History of the British Empire* (New York, Macmillan; Cambridge, Eng., The University Press, 1929-), VII, Part I, "Australia."
- Campbell, P. C., and others, *Studies in Australian Affairs* (Melbourne, Macmillan, 1928).
- Coghlan, Sir T. H., *Labour and Industry in Australia* (4 vols., Oxford Oxford University Press, 1918).
- Copland, D. B., "The National Income and Economic Prosperity," *The Annals of the American Academy of Political and Social Science* (Philadelphia, Pa.) 158 (1931), 259-265.
- Copland, D. B., *Australia in the World Crisis 1929-1933* (New York, Macmillan, 1934).
- Copland, D. B., (editor) *Australian Wool Annual* (Melbourne, Reviews Pty.).
- Dalton, R. W., (His Majesty's Senior Trade Commissioner in Australia), *Report on the Economic and Commercial Situation of Australia to June, 1927* (London, Stationery Office, 1927).
- Dalton, R. W., *Economic and Trade Conditions in Australia to August, 1929* (London, Stationery Office, 1929).
- Dalton, R. W., *Economic and Trade Conditions in Australia to December, 1930* (London, Stationery Office, 1931).
- Dalton, R. W., *Economic and Trade Conditions in Australia to December 1932* (London, Stationery Office, 1933).
- Economic Mission to Australia, *Report* (Canberra, Govt. Printer, 1929).
- Giblin, L. F., "The Tariff—Its Costs and Effects," *The Annals of*

- the American Academy of Political and Social Science* (Philadelphia, Pa.) 158, (1931), 119-132.
- Heaton, H., *Modern Economic History, with Special Reference to Australia* (Adelaide, Workers' Educational Association of South Australia, 1925).
- Jose, A. W., *Australia, Human and Economic* (London, G. Harrap and Co., 1932).
- Jose, A. W., *History of Australia, from the Earliest Times to the Present Day* (ed. 15, Sydney, Angus and Robertson, 1930).
- Mauldon, F. R. E., *A Study in Social Economics: The Hunter River Valley* (Melbourne, Robertson and Mullens, 1927).
- McPhee, E. T., "Review of the Australian Export Trade, 1904-8 to 1926-27," *The Economic Record* (Australia) IV (Supplement, Feb. 1928).
- Melbourne, A. C. V., *Report on Australian Intercourse with Japan and China* (Brisbane, Govt. Printer, 1932).
- Oxford Survey of the British Empire* (Herbertson and Howarth editors, 6 vols., Oxford, The Clarendon Press, 1914), vol. II, "Australasia."
- Phillips, P. D., and Wood, G. L., (editors) *The Peopling of Australia* (Melbourne, Melbourne University Press, 1930).
- Rodwell, H. R., "Economic Aspects of Empire Tariff Preference," *The Economic Record* (Australia) VIII, No. 14 (1932), 1-18.
- Schachner, R., *Australien in Politik, Wirtschaft, Kultur* (Bd. I. Jena, 1909; Bd. II, Jena, 1911, Fischer.)
- Scott, E., *A Short History of Australia* (ed. 5, Oxford, Oxford University Press, 1928).
- Shann, E. O. G., and Copland, D. B., (compilers) *The Crisis in Australian Finance 1930-31* (Sydney, Angus and Robertson, 1931).
- Shann, E. O. G., *An Economic History of Australia* (Cambridge, Eng., The University Press, 1930).
- Smith, N. S., *Economic Control: Australian Experiments in "Rationalisation" and "Safeguarding"* (London, P. S. King and Son, 1929).
- Sutcliffe, J. T., *The National Dividend* (Melbourne, Melbourne University Press, 1928).
- Taylor, T. G., *Australia in its Physiographic and Economic Aspects* (ed. 3 rev., Oxford, Clarendon Press, 1919).
- The Australian Encyclopedia* (Jose and Carter editors, 2 vols., Sydney, Angus and Robertson, 1925-26).
- Turner, H. G., *First Decade of the Australian Commonwealth* (Melbourne, Mason, Firth and M'Cutcheon, 1911).
- Wadham, S. M., "Boundaries of Arable Cultivation in Victoria," *The Economic Record* (Australia) VI (1930).
- Wadham, S. M., "Land Utilisation," "The Pastoral Industries," "The Wheat Industry," and "Dairying and Other Rural Industries," *The*

- Annals of the American Academy of Political and Social Science* (Philadelphia, Pa.) 158 (1931), 31-65.
- Walker, E. R., *Australia in the World Depression* (London, P. S. King and Son, 1933).
- Wilson, R., *Capital Imports and the Terms of Trade Examined in the Light of Sixty Years of Borrowings* (Melbourne, Melbourne University Press, 1931).
- Wilson, R., "The Export Trade and Imperial Preference," *The Annals of the American Academy of Political and Social Science* (Philadelphia, Pa.) 158 (1931), 86-94.
- Windett, N., *Australia as Producer and Trader 1920-32* (London, Oxford University Press, 1933).
- Wise, B. R., *The Making of the Australian Commonwealth 1889-1900* (London, Longmans, Green, 1913).
- Wool Enquiry Committee, *The Australian Wool Industry* (Canberra, Commonwealth Govt. Printer, 1932).
- Wood, G. L., *Borrowing and Business in Australia* (London, Oxford University Press, 1930).
- Wood, G. L., *The Pacific Basin* (London, Oxford University Press, 1930).
- Wood, G. L., "Sketch of Economic Geography," and "Survey of Production and the National Income," *The Annals of the American Academy of Political and Social Science* (Philadelphia, Pa.) 158 (1931), 1-8, 26-30.

(B) General Works

- Ashley, P., *Modern Tariff History* (ed. 2, London, J. Murray, 1910).
- Ashley, W. J., *The Tariff Problem* (ed. 2, London, P. S. King and Son, 1904).
- Ashley, W. J., *The British Dominions* (London, Longmans, Green, 1911).
- Amery, L. S., *Empire and Prosperity* (London, Faber and Faber, 1931).
- Beveridge, Sir W. H., *Tariffs: The Case Examined* (London, Longmans, Green, 1931).
- Bowley, A. L., *A Short Account of England's Foreign Trade in the Nineteenth Century* (rev. ed., London, S. Sonnenschein and Co., 1905).
- Brentano, L., *Eine Geschichte der wirtschaftlichen Entwicklung Englands* (3 vols., Jena, Fischer, 1927).
- Buell, R. L., *International Relations* (New York, H. Holt and Co., 1925).
- Cambridge History of the British Empire* (edited by Newton, A. P., Rose, J. H., and Benians, E. A., 8 vols., New York, Macmillan; Cambridge, Eng., The University Press, 1929-).

- the American Academy of Political and Social Science* (Philadelphia, Pa.) 158, (1931), 119-132.
- Heaton, H., *Modern Economic History, with Special Reference to Australia* (Adelaide, Workers' Educational Association of South Australia, 1925).
- Jose, A. W., *Australia, Human and Economic* (London, G. Harrap and Co., 1932).
- Jose, A. W., *History of Australia, from the Earliest Times to the Present Day* (ed. 15, Sydney, Angus and Robertson, 1930).
- Mauldon, F. R. E., *A Study in Social Economics: The Hunter River Valley* (Melbourne, Robertson and Mullens, 1927).
- McPhee, E. T., "Review of the Australian Export Trade, 1904-8 to 1926-27," *The Economic Record* (Australia) IV (Supplement, Feb. 1928).
- Melbourne, A. C. V., *Report on Australian Intercourse with Japan and China* (Brisbane, Govt. Printer, 1932).
- Oxford Survey of the British Empire* (Herbertson and Howarth editors, 6 vols., Oxford, The Clarendon Press, 1914), vol. II, "Australasia."
- Phillips, P. D., and Wood, G. L., (editors) *The Peopling of Australia* (Melbourne, Melbourne University Press, 1930).
- Rodwell, H. R., "Economic Aspects of Empire Tariff Preference," *The Economic Record* (Australia) VIII, No. 14 (1932), 1-18.
- Schachner, R., *Australien in Politik, Wirtschaft, Kultur* (Bd. I. Jena, 1909; Bd. II, Jena, 1911, Fischer.)
- Scott, E., *A Short History of Australia* (ed. 5, Oxford, Oxford University Press, 1928).
- Shann, E. O. G., and Copland, D. B., (compilers) *The Crisis in Australian Finance 1930-31* (Sydney, Angus and Robertson, 1931).
- Shann, E. O. G., *An Economic History of Australia* (Cambridge, Eng., The University Press, 1930).
- Smith, N. S., *Economic Control: Australian Experiments in "Rationalisation" and "Safeguarding"* (London, P. S. King and Son, 1929).
- Sutcliffe, J. T., *The National Dividend* (Melbourne, Melbourne University Press, 1928).
- Taylor, T. G., *Australia in its Physiographic and Economic Aspects* (ed. 3 rev., Oxford, Clarendon Press, 1919).
- The Australian Encyclopedia* (Jose and Carter editors, 2 vols., Sydney, Angus and Robertson, 1925-26).
- Turner, H. G., *First Decade of the Australian Commonwealth* (Melbourne, Mason, Firth and M'Cutcheon, 1911).
- Wadham, S. M., "Boundaries of Arable Cultivation in Victoria," *The Economic Record* (Australia) VI (1930).
- Wadham, S. M., "Land Utilisation," "The Pastoral Industries," "The Wheat Industry," and "Dairying and Other Rural Industries," *The*

- Annals of the American Academy of Political and Social Science* (Philadelphia, Pa.) 158 (1931), 31-65.
- Walker, E. R., *Australia in the World Depression* (London, P. S. King and Son, 1933).
- Wilson, R., *Capital Imports and the Terms of Trade Examined in the Light of Sixty Years of Borrowings* (Melbourne, Melbourne University Press, 1931).
- Wilson, R., "The Export Trade and Imperial Preference," *The Annals of the American Academy of Political and Social Science* (Philadelphia, Pa.) 158 (1931), 86-94.
- Windett, N., *Australia as Producer and Trader 1920-32* (London, Oxford University Press, 1933).
- Wise, B. R., *The Making of the Australian Commonwealth 1889-1900* (London, Longmans, Green, 1913).
- Wool Enquiry Committee, *The Australian Wool Industry* (Canberra, Commonwealth Govt. Printer, 1932).
- Wood, G. L., *Borrowing and Business in Australia* (London, Oxford University Press, 1930).
- Wood, G. L., *The Pacific Basin* (London, Oxford University Press, 1930).
- Wood, G. L., "Sketch of Economic Geography," and "Survey of Production and the National Income," *The Annals of the American Academy of Political and Social Science* (Philadelphia, Pa.) 158 (1931), 1-8, 26-30.

(B) General Works

- Ashley, P., *Modern Tariff History* (ed. 2, London, J. Murray, 1910).
- Ashley, W. J., *The Tariff Problem* (ed. 2, London, P. S. King and Son, 1904).
- Ashley, W. J., *The British Dominions* (London, Longmans, Green, 1911).
- Amery, L. S., *Empire and Prosperity* (London, Faber and Faber, 1931).
- Beveridge, Sir W. H., *Tariffs: The Case Examined* (London, Longmans, Green, 1931).
- Bowley, A. L., *A Short Account of England's Foreign Trade in the Nineteenth Century* (rev. ed., London, S. Sonnenschein and Co., 1905).
- Brentano, L., *Eine Geschichte der wirtschaftlichen Entwicklung Englands* (3 vols., Jena, Fischer, 1927).
- Buell, R. L., *International Relations* (New York, H. Holt and Co., 1925).
- Cambridge History of the British Empire* (edited by Newton, A. P., Rose, J. H., and Benians, E. A., 8 vols., New York, Macmillan; Cambridge, Eng., The University Press, 1929-).

- Chomley, C. H., *Protection in Canada and Australia* (London, P. S. King and Son, 1904).
- Cole, G. H. D., *The Next Ten Years in British Social and Economic Policy* (London, Macmillan, 1929).
- Cole, G. D. H., *British Trade and Industry* (London, Macmillan, 1932).
- Culbertson, W. S., *International Economic Policies* (New York, Appleton, 1925).
- Donaldson, J., *International Economic Relations* (Reprinted, New York, Longmans, Green, 1930).
- Egerton, H. E., *A Short History of British Colonial Policy, 1606-1909* (ed. 9, London, Methuen and Co., 1932).
- Elliott, W. Y., *The New British Empire* (New York, McGraw-Hill, 1932).
- Encyclopaedia of the Social Sciences* (New York, Macmillan, 1929—).
- Encyclopaedia Britannica* (ed. 14, London, The Encyclopaedia Britannica Co., Ltd., New York, Encyclopaedia Britannica, Inc., 1929).
- Fuchs, K. J., *The Trade Policy of Great Britain and Her Colonies Since 1860* (trans. by C. H. M. Archibald, New York, Macmillan, 1905).
- Gregory, T. E. G., *Tariffs: A Study in Method* (London, Charles Griffin and Co., 1921).
- Gronzona, L. S., *Empire Stock-taking* (London, Simpkin Marshall, 1930).
- Herbertson, A. J., and Howarth, O. J. R., *Oxford Survey of the British Empire*, (6 vols., Oxford, The Clarendon Press, 1914).
- Hobson, J. A., *The New Protectionism* (New York, G. P. Putnam's Sons, 1916).
- Holland, B. H., *The Fall of Protection* (London, E. Arnold, 1913).
- Jebb, R., *The Imperial Conference* (London and New York, Longmans Green, 1911).
- Keith, A. B., *Speeches and Documents on the British Dominions, 1918-1931* (London, Oxford University Press, 1932).
- Knowles, L. C. A., and C. M., *The Economic Development of the British Overseas Empire* (3 vols., London, G. Routledge and Sons, 1924).
- Laubuscher, C., *Liberalismus und Protektionismus in der englischen Wirtschaftspolitik seit dem Kriege* (Jena, Fischer, 1927).
- Loveday, A., *Britain and World Trade* (London, Longmans, Green, 1930).
- Marshall, A., *Official Papers* (London, Macmillan, 1926).
- Marshall, A., *Fiscal Policy of International Trade* (London, Stationery Office, 1908).
- Melchett, Lord A. A. M., *Imperial Economic Unity* (London, G. Harrap and Co., 1930).

- Nicholson, J. S., *A Project of Empire* (London, Macmillan, 1909).
- Pigou, A. C., *Protective and Preferential Import Duties* (London, New York, Macmillan, 1906).
- Pillai, P. P., *Economic Conditions in India* (London, G. Routledge and Sons, 1925).
- Pulsford, E., *The Empire Aspect of Preference* (London, Cassell and Co., 1907).
- Roorbach, G. B., *International Competition in the Trade of India* (Worcester, Mass., Carnegie Endowment for International Peace, 1931).
- Review of the Trade of India* (Department of Commercial Intelligence and Statistics, Calcutta, Govt. of India Central Publication Branch, Annual).
- Schubart, W., *Die wirtschaftliche Selbstgenügsamkeit Joseph Chamberlains: ein historischer Entwicklungsversuch* (Berlin, L. Simeon, 1911).
- Siegfried, A., *England's Crisis* (trans. by J. J. and D. Hemming, New York, Harcourt Brace, 1931).
- Somerville, H., *Britain's Economic Illness* (London, Harding and More, 1931).
- Tryon, C. C., *A Short History of Imperial Preference* (London, P. Allan, 1931).
- Waters, C. M., *A Short Survey of the Economic Development of England and the Colonies, 1874-1914* (London, N. Douglas, 1926).
- Wilson, T. R., *Imperial Preference in the United Kingdom since the War* (Doctoral dissertation submitted to the Georgetown School of Foreign Service, Washington, D. C.).

3. PERIODICALS AND NEWSPAPERS

- Board of Trade Journal*, weekly, (London, Eng.).
- Economic Journal*, quarterly (London, Eng.).
- English Review*, quarterly (London, Eng.).
- Foreign Policy Reports*, twice monthly, (New York).
- New Statesman and Nation*, weekly, (an amalgamation of the two weeklies, *Nation* and *New Statesman*, London, Eng.).
- Nineteenth Century*, quarterly, (London, Eng.).
- Proceedings of the Academy of Political Science* (twice yearly, New York).
- Saturday Review*, weekly, (London, Eng.).
- Spectator*, weekly, (London, Eng.).
- The Annals of the American Academy of Political and Social Science*, bimonthly, (Philadelphia, Pa.).
- The Courier-Mail*, daily, (an amalgamation of the two dailies, *The Daily Mail* and *The Brisbane Courier*, Brisbane, Australia).
- The Economic Record*, twice yearly, (Melbourne).

Bibliography

The Economist, weekly, (London, Eng.).

The Index, XII (Jan., 1932, New York).

The Round Table, quarterly, (London, Eng.).

The Times, daily, (London, Eng.).

The Times Imperial and Foreign Trade and Engineering Supplement, weekly, (London, Eng.).