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Australian Foreign Policy

1935-1936

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Australian Foreign Policy 1935-1936

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THE AUSTRALIAN INSTITUTE OF INTERNATIONAL AFFAIRS

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INTRODUCTION.

Two of the papers published in this booklet were read to a conference on Australian Foreign Policy, which was held by the Australian Institute of International Affairs in Brisbane in August, 1935. The other three papers were prepared by a Study Group in Queensland for the Fifth Round Table (on the Changing Balance of Political and Economic Forces in the Pacific), of the Sixth Conference of the Institute of Pacific Relations which is to be held in Yosemite, California, U.S.A., in August, 1936.

In October, 1934, on the occasion of the visit of the present Secretary of State for Dominion Affairs, Rt. Hon. Malcolm MacDonald, to Australia, the Queensland Branch held a conference with him on Australian Foreign Policy at Southport, Queensland. The proceedings of that conference were published as "Australian Foreign Policy, 1934" (a publication which is also being submitted as a data paper for the Fifth Round Table of the Yosemite Conference). A second conference on the subject of Australian Foreign Policy, which was attended by members of the Victorian and New South Wales Branches, was held by the Queensland Branch of the Institute in Brisbane in August, 1935 . Some of the papers contributed to the second conference have already been published elsewhere, two are published herein, and the remainder are being held for incorporation in a more comprehensive study concerning Australian Foreign Policy which the Queensland Branch hopes to publish in 1937.

Late in May, 1936, there was set up a Study Group on Australian Foreign Policy, and three of the papers published herein were prepared for consideration by that Group. The Group is under the chairmanship of Mr. E. A. Ferguson.

Miss P. Courtice has already done valuable work as its research secretary. Dr. T. P. Fry is its rapporteur. Other members of the Group are Professor R. Yoke Hedges, LL.D., Professor A. C. V. Melbourne, Ph.D., M.A., and Messrs. T. J. N. Foley, B.A., R. Jay, B.A., and Elsden Smith, B.A.

The papers included herein have been prepared at short notice, and are sections of a wider study on Australian Foreign Policy, for the purpose of which it is intended to make additions to the Group and to obtain the co-operation of persons in other States.

In this comprehensive study on Australian Foreign Policy, the Institute's Group under the chairmanship of Mr. Ferguson will endeavour to collect and express compendiously the available information concerning the following topics:—

I. Machinery and Structure.

1. General historical introduction.
2. Governmental machinery.
   - (i) Diplomatic and commercial representations (both of, and in, Australia).
   - (ii) Participation in international, and imperial, institutions and organisations with offices or conferences abroad (e.g., I.L.O., League of Nations, Imperial Conferences).
   - (iii) External Affairs Department, other Government Departments concerned (e.g., Customs and Commerce), and Ministries (e.g., for External Affairs, and for Trade Treaties).
   - (iv) Advisory bodies (e.g., Advisory Committee on Eastern Trade).
   - (v) Treaties and Conventions.

3. Control of overseas communications (e.g., shipping, telegraphy, airways).
4. Unofficial machinery.
   (i) Associations for the study of international affairs or the entertainment of visitors.
   (ii) Australian businesses with affiliations abroad, and oversea businesses with affiliations in Australia.
   (iii) Professional, cultural, political, commercial and industrial organisations with oversea affiliations.
5. Dissemination of information and propaganda.
   (i) Institutions teaching international affairs.
   (ii) Organisations controlling news and opinions (e.g., newspapers and periodicals, wireless broadcasting, and other media such as cinematograph films).
   (iii) Means and extent of publication of occasional literature on international affairs.
6. Groups within Australia influencing its foreign policy (e.g., racial, political, economic, religious, cultural and industrial groups).

II. Past Policy.

1. Attainment of Australia's present powers over foreign policy.
2. Problems of foreign policy formerly affecting Australia.
3. Emergence of new problems by reason of Australian development or of changes in the international environment.

III. Present Policies.

1. Internal policies affecting foreign policy.
   (i) Development (e.g., land utilisation and population).
   (ii) Standards of Living.
   (iii) Industrialisation.
2. Collective security (e.g., Ethiopia, Rhineland).
3. Imperial relations.
4. Administration of Australia's dependencies.
5. Attitude towards peaceful changes in the international status quo (e.g., New Guinea).
6. Defence.
7. Oversea trade (e.g., the Ottawa Agreements, and the proposed trade treaties with Japan and other countries).
8. International and imperial finance (e.g., the exchange rate).
9. Migration.
10. The White Australia Policy.
11. Co-ordination of British and Australian foreign policies.
12. Relations with other countries in fields such as culture, religion and science.
13. Diplomatic and commercial representation.
14. Communications.

(N.B.—These policies are to be considered not only from the viewpoint of governmental attitude, but also from the viewpoint of public opinion, as influenced by propaganda or by the prejudice or knowledge emanating from sections of the community.)

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Developments in Australian Foreign Policy and Diplomatic Machinery, 1934-1936

By Dr. T. P. FRY.

I. THE SITUATION IN 1934.

In October, 1934, the date of the Southport Conference of the Australian Institute of International Affairs, the possibility that Australian foreign policy would diverge from the foreign policy of Great Britain was agitating the minds of those who reflected upon Australia's increased trade with Eastern Asia.

During the Manchukuo and Chapei affairs there had been no Australian sentiment in favour of economic sanctions against Japan. On the contrary, it was precisely at that time that marked attention was being paid to the fostering of the Australian wool export trade with Japan, and it was felt that nothing should be allowed to jeopardise a development which, in those years of economic depression, was vital to Australian economic recovery.

In February, 1933, there had been convened in Sydney by the Minister for Commerce a conference of primary producing, manufacturing, and commercial interests which led to the setting up in each State of the Commonwealth of Advisory Committees on Eastern Trade. (See "Australian Foreign Policy, 1934," pages 18-20). These committees, in their turn, were useful in securing for the then Minister for Commerce the support of the interests which they represented for his policy of appointing Trade Commissioners in oversea countries. (See his paper on "Australian Commercial Representation Abroad" in "Australian Foreign Policy, 1934.") As a consequence, the Commonwealth Trade Commissioners' Act, 1933, was enacted. (See "Australian Foreign Policy, 1934," pages 16-18), and Trade Commissioners were appointed by Australia to Japan, China, and the Dutch East Indies. Lieutenant-Colonel E. E. Longfield Lloyd, of the Commonwealth Prime Minister's Department, who had travelled to Eastern Asia with Sir John Latham on his Eastern Mission of 1934, was appointed Trade Commissioner in Japan, with Mr. A. J. Tonkin, who had been in charge of the Eastern Trade Section of the Department of Commerce, as his assistant. To China was appointed Mr. V. G. Bowden, an Australian who had for many years held a responsible position in the business world of Shanghai. Up to that time Australia's only oversea commercial representative outside London had been Mr. L. R. Macgregor, in Canada On Mr. Macgregor's staff had been Mr. C. E. Critchley, who was now appointed Trade Commissioner in the Dutch East Indies.

These appointments were made early in 1935. They not only evidenced the increased importance which Australia's commercial interests with The East had assumed prior to 1934, but they also were an earnest of Australia's desire for substantial increases in her export trade to those countries. Even at that stage, however, the possible implications of this development of exports to Eastern Asia, principally in wool and wheat, were seen. The reasonable inference that increased Australian exports would be either accompanied, or followed, by an increase in Australian imports from Eastern Asia of manufactured goods, principally from Japan, was

drawn by Australian manufacturing interests, some of whom had unsuccessfully brought pressure to bear to prevent the appointment of Trade Commissioners, on the grounds that if they were to fail in their task it would be foolish to appoint them, and if they were to succeed the indirect result would be detrimental to Australia's infant secondary industries. The indirect result upon manufactured imports from Great Britain was not then a live issue, because the general feeling was that Great Britain had secured valuable concessions under the Ottawa Agreements of 1932, and could not complain if Australia, regarding the concessions given to her by Great Britain at Ottawa as the maximum concessions she was likely to receive from Great Britain, did as well for herself as she could in Asiatic markets, especially as the economic depression had made it imperative to market in foreign countries overseas the surplus Australian primary production which the British market was unable to absorb. (See Dr. Earle Page, "Australian Commercial Policy" herein).

Meanwhile, on the political side, there was a tendency to consider that Australia's rightful diplomatic role should be played independently of, and in a different theatre than, that played by Great Britain.

There has never been in Australia any strong objection to following Great Britain's lead in foreign policy, leaving to British Ambassadors the protection and furtherance of Australian diplomatic interests overseas. Evidence of this is the fact that Australia has never availed herself of her right to appoint her own Ministers to foreign nations, and that Australia has not yet adopted the Statute of Westminster, 1931.

In 1934, however, it was fashionable in Australia to think that Great Britain was pre-occupied with her interests in Europe, and that it was Australia's duty and privilege to assist Great Britain by taking some interest in diplomatic affairs in the Pacific Ocean area. It was with a sentiment such as this, as well as with a feeling of satisfaction that Australia's commercial relations with Eastern Asia were being advanced thereby, that Australians regarded the visit of the Deputy Premier, Attorney-General, and Minister for External Affairs, of the Commonwealth (Rt. Hon. J. G. Latham, now Sir John Latham, Chief Justice of the High Court of Australia), to Japan, China, and the Dutch East Indies in 1934 on a diplomatic mission of goodwill.

Australia was, however, not equipped to play a diplomatic role, whether independently of, or in co-operation with, Great Britain. Even the Commonwealth's External Affairs Department in Canberra was hopelessly under-staffed, consisting as it did of two persons, one of whom devoted himself almost entirely to League of Nations matters. In other departments there were isolated individuals concerned with foreign affairs indirectly, such as the officer in charge of the Eastern Trade Section of the Department of Commerce.

In 1934 the possibility that commercial and political facts would result in Australia formulating and prosecuting her own commercial and political purposes independently of Great Britain, was a subject to speculation amongst the small minority in Australia who think about such matters. The question arose at the Southport Conference in October, 1934, and some discussion took place between Professor A. C. V. Melbourne, Chairman of the Commonwealth's Advisory Committee on Eastern Trade, and Rt. Hon. Malcolm MacDonald, now Secretary of State for Dominion Affairs, but then

Under-Secretary. (See "Australian Foreign Policy, 1934," pages 22 and 45-47.) Amongst a larger section of the community it was not discussed from theoretical viewpoints, but it nevertheless arose in connection with the possibility that Great Britain's foreign policy might precipitate Australia into war in Europe or in the Pacific. There was no definite opinion that Australia would refuse to participate in such a war, but there was a definite opinion that Australia would refuse to participate in such a war, but there was a definite opinion that Great Britain should be made to understand that she must not undertake commitments which might result in wars, because wars might menace Australia's safety.

II. DEVELOPMENTS SINCE 1934.

Since 1934 important developments have taken place.

(1) There have been developments in the commercial and diplomatic machinery which links Australia with other countries.

The Trade Commissioners have been performing their duties in a manner satisfactory to the Government and people of Australia. Fitfully there has been talk of additional appointments, and in this connection the United States of America, India, Egypt, and other countries have been mentioned, but so far no additional appointments have been made.

Certain developments of a similar character have served to put imperial trade matters upon a better administrative basis. The presence in London as Australian High Commissioner (he has now ceased to be Resident Minister) of a former Prime Minister of Australia, Rt. Hon. S. M. Bruce, who enjoys the complete confidence and the fullest confidences of the Commonwealth Government, and the visits to London which have been made by the Commonwealth Ministers (the Prime Minister, Rt. Hon. J. Lyons, the Deputy Prime Minister, Hon. R. G. Menzies, the Minister for Commerce, Rt. Hon. Dr. Earle Page, and several others), and by State Premiers (such as Hon. W. Forgan Smith, Queensland, and Hon. B. B. Stevens, New South Wales), have resulted in close collaboration between the Governments of Australia and the Government of Great Britain for the promotion of Australian commercial interests in Great Britain. The appointment of a British Commissioner to Australia, with a staff of officials assigned to separate territorial jurisdictions, has assisted in safeguarding Great Britain's commercial interests in Australia, and has facilitated negotiations between the Governments of Great Britain and the Commonwealth.

The Commonwealth's External Affairs Department has been considerably strengthened by the addition of three additional officers in Canberra and one in London. Lieutenant-Colonel W. R. Hodgson, who was formerly in charge of External Affairs at Army headquarters, and who was transferred to the External Affairs Department when Major Keith Officer went to London as Australian liaison officer, has reorganised the Department and has himself been given the new status of Under-Secretary. His assistants in Canberra were in March, 1936, increased in number from one to four. It is of interest to note that the senior new appointee is Mr. Alfred Stirling, who was the secretary of the delegation sent by the Australian Institute of International Affairs to the Banff Conference, and that another of the recently appointed officers is Mr. R. P. Heydon, who until his appointment was Commonwealth Secretary of the Australian Institute of International Affairs.

DEVELOPMENTS IN AUSTRALIAN FOREIGN POLICY AND DIPLOMATIC MACHINERY, 1934-1936 (Continued).

Meanwhile the Commonwealth Government seems to have recognised, as a normal means of direct diplomatic communications between the Governments of foreign countries and the Commonwealth Government, the Consuls-General of those countries. By international law Consular officials possess functions which are only commercial and informal, and definitely not diplomatic or formal. Thus, the Commonwealth Government could refuse to receive any formal communication presented through a Consul-General instead of through the formal diplomatic channel, which would mean indirect representations through London from an Ambassador accredited there, as there are no diplomatic officials accredited by foreign nations to the Commonwealth Government. In the period under review the Commonwealth Government has on several occasions waived this point, for instance, when the German Consul-General made a formal protest against a statement made by the Governor-General (Sir Isaac Isaacs) in an Anzac Day Message to the people of Australia. The Australian Trade Commissioners abroad seem to have been similarly used by the Commonwealth Government. The Commonwealth Government nevertheless refuses to accord to the Consular body in Australia any diplomatic status. This insistence upon their strict international law status, which is that of private individuals only, has led to several recent "incidents," the one which attracted most notice being one in Canberra at a function in honour of the visiting Duke of Gloucester, the Consular body claiming a precedence which neither international law nor the Commonwealth Government has granted to them.

The importance of the Consuls-General have increased considerably as the result of Australia's recent attempts to conclude trade treaties with most of the foreign nations with whom she has commercial relations of importance.

The Ministry of External Affairs is no longer merely the second or third Ministry held by a member of the Cabinet whose primary responsibilities are those of another department. The allocation of External Affairs to Sir George Pearce as his sole concern, and the appointment of Sir Henry Gullett as Minister in charge of Trade Treaties, have emphasised the importance with which the Commonwealth Government regards matters of foreign policy, especially so far as they are concerned with oversea trade.

As a reciprocal gesture of goodwill, Japan, late in the year 1935, sent to Australia His Excellency Mr. Katsuii Debuchi. The Commonwealth Government did not intend its Eastern Mission to undertake any negotiations on trade or on any other matter with the Governments to which it was sent, and if the Japanese Government desired the plenipotentiary it sent to Australia to negotiate a trade treaty as well as bear goodwill greetings it was disappointed in its desire. Australia's obvious unwillingness at that time to conclude with Japan a trade treaty embodying the Japanese proposals was a logical forerunner of the trade dispute which is at present raging between the two nations.

(2) The experience gained, and the additional machinery created, during this period, has placed Australia in a more favourable position for pursuing a foreign policy independent of Great Britain's foreign policy, but the increased potentiality for divergence has been accompanied by a marked increase in de facto convergence. Seldom have the Governments of Great Britain and Australia been in closer accord on matters of foreign policy, whether in commercial or political matters, than they have been during the past two years.

DEVELOPMENTS IN AUSTRALIAN FOREIGN POLICY AND DIPLOMATIC MACHINERY, 1934-1936 (Continued).

The frequent visits which, we have seen, the principal Commonwealth Ministers, and some of the State Premiers have made to London, have been of great importance in this integration of the joint foreign policy. The visit of the present Secretary of State for the Dominions to Australia for the Melbourne Centenary Celebrations in 1934, and of the permanent secretary to the Imperial Cabinet, Sir Maurice Hankey, for the same celebrations, were of similar importance.

Thereby has been implemented a policy of active co-operation, based upon a widespread and strong loyalty in Australia toward the Throne and persons of King George V. and King Edward VIII., and a sensible increase in the spirit of common kinship between Australia and the British Isles.

A most important ingredient in the cementing of these ties has been the personalities and activities of the Royal Family. King George V. and Queen Mary were dearly beloved, and the occasions of His Majesty's Jubilee and later Funeral were occasions of great emotional loyalty. The Royal Brothers, all of whom except the Duke of Kent have visited Australia, inspire respect and affection in Australians.

Also of great importance has been the sense of common danger which the militarism of Germany, Italy and Japan has occasioned.

A desire to eliminate the canker of militarism as well as the idealistic dream of an effective League of Nations, were the basis of an overwhelming public opinion in favour of the imposition of economic sanctions against Italy for her aggression in Abyssinia. If the British Commonwealth of Nations had been involved in war as the result of the Government's adoption of sanctions, Australia's support would have been as whole-hearted as it was in the Great War, 1914-9. Nevertheless, it was the hope that war would be averted if Australia refused to have anything to do with the League of Nations and concentrated instead upon building up the resources and the defences of the British Commonwealth of Nations, which led the Australian Labour Party and "The Bulletin," an independent periodical of importance, to oppose the Commonwealth Government's policy concerning sanctions. The policy of the Commonwealth Government, like that of the British Government, was to confine its action against Italy to economic sanctions and to refrain from anything which might resemble military sanctions. As soon as economic sanctions were proved to be ineffective to prevent the capture of Abyssinia, the Commonwealth Government agreed with the Government of Great Britain to support their removal. The concentration of the British Fleet, including two of Australia's cruisers, in the Mediterranean during the crisis tended to obscure the fact that the common policy of Great Britain and Australia was the policy of securing a peaceful solution to the crisis. The resignations of Sir Samuel Hoare in Great Britain and of Rt. Hon. W. M. Hughes, in Australia, and their subsequent reinstatement, tended to emphasise the unwillingness of either Great Britain or Australia to resort to force except in defence of the British Commonwealth of Nations. The crisis did, however, awaken both Great Britain and Australia to the necessity for preparedness.

Australian viewpoints and policies during the crisis which arose over the Italian invasion of Abyssinia are set out in detail in "Australia's Attitude Towards Collective Security," by E. A. Ferguson, in this booklet.

DEVELOPMENTS IN AUSTRALIAN FOREIGN POLICY AND DIPLOMATIC MACHINERY, 1934-1936 (Continued).

It is to-day quite apparent that Australia will take here full share of responsibility for the defence of the British Commonwealth of Nations. Commonwealth Ministers, and especially the Deputy Prime Minister, Hon. R. G. Menzies, have commenced to preach a doctrine of active co-operation. Insistence upon the privileges of autonomy has given place to a willingness to undertake the responsibilities of autonomy, such as the responsibilities connected with defence.

Defence, however, is not merely a question of armament. It also necessitates the increase of human and material resources in both Great Britain and Australia. Of particular importance in this connection is the fostering of trade between Great Britain and Australia, with resumption of emigration from Great Britain to Australia as a corollary.

The Commonwealth Government was faced with the prospect that textiles from Great Britain would be driven off the Australian market by the cheaper textiles of Japan unless Australia imposed the quota system which most other countries have imposed upon the importation of Japanese textiles. The visit to Australia early in 1936 of a Manchester Trade Delegation of an unofficial character, led by Sir Ernest Thompson, served to emphasise the desirability of increasing, or at least maintaining, the prosperity of Great Britain as a measure of Imperial defence, and the desirability of granting concessions to the manufacturers of Great Britain in order to obtain from the Government of Great Britain more favourable terms for the admission of increasing quantities of Australia's surplus primary products, such as meat and butter, to the British market.

By increasing Australian exports to Great Britain, it was hoped, the prosperity of Australian industries would be increased, with a consequent increase in Australia's capacity for absorbing further population, including immigrants from Great Britain. (See "Immigration into Australia," by Mr. R. Jay herein.)

An increase in the prosperity of Australia and the resumption of immigration would both be facilitated by the encouragement of secondary industries in Australia. It was natural that an industry such as the automobile industry, which is in the hands of American firms to a great extent, should be selected as the object of the Commonwealth Government's policy of encouraging Australian secondary industries.

During the past few years there has been laid the basis for a policy of active advancement of Empire Trade, designed to ensure the prosperity of the component parts of the British Commonwealth of Nations, and the strengthening of their defences. In its negotiations with various foreign nations, such as Japan, for trade treaties, the Commonwealth Government has proceeded on the basis, that the interests of Australian primary industries should be protected in Great Britain by discriminations in the Australian market in favour of the manufacturing industries of Great Britain, and that Australian secondary industries should be set up to make Australia less dependent upon foreign nations for vital manufactures such as automobile and airplane engines.

The Commonwealth Government has, rightly or wrongly, felt that it was in a strong position for successful negotiation. When the Japanese Government insisted on an expanding market in Australia for Japanese textiles, and when the American Government found itself unwilling to increase the quantity of its imports from Australia, the Commonwealth Government decided in June, 1936, to impose quotas upon the importation of textiles and automobiles

from Japan and the United States of America, respectively. The quotas were to be equal to the quantity imported from those countries during the preceding year, and were aimed principally against future increases in these quantities.

Textiles and automobiles can be imported from Great Britain, and steps are also being taken to build up an automobile industry in Australia. The most successful action which could be taken against Australia's exports, is by Great Britain, because it is in Great Britain that Australia's "vulnerable" exports are principally consumed. (See papers by Rt. Hon. Dr. Earle Page and Mr. J. B. Brigden herein, on the topics, respectively, of "Australian Commercial Policy" and "The Scope for Trade Treaties"). The United States of America imports very little from Australia, and Japan imports principally wool and wheat, which are not "vulnerable," in the opinion of experts. (See Mr. Brigden's paper herein).

The imposition of these quotas has resulted in almost a complete, but perhaps a merely temporary, cessation of trade between Australia and Japan. In reply to Australia's quotas Japan imposed a prohibitive tariff and an unofficial, but complete boycott, against imports from Australia. To this Australia replied in July, 1936, with what is practically a total prohibition of Australian imports of Japanese goods.

The past two years have seen Australia hesitate in her Asiatic trade policy, fearing the creation of vested interests which would interfere with the active promotion of Empire trade as an instrument of Imperial defence. So long as the Commonwealth Government and the Government of Great Britain continue to integrate a joint foreign policy concerning the League of Nations, concerning trade, and concerning other matters, the Commonwealth Government is likely to refrain from entrusting Australia's oversea trade or her political future to any greater extent than at present to foreign nations in the Pacific Ocean area.

PERPUSTAKAAN NASIONAL RI.
PERPUSTAKAAN NASIONAL REPUBLIK INDONESIA



Australia's Attitude Towards Collective Security

By E. A. FERGUSON.

This endeavour to present Australian attitude towards collective security will be confined to the points of view expressed by various groups of opinion in the community:

(1) In Parliament,
(2) in the Newspapers, and
(3) Elsewhere.

The period of our analysis will be from March, 1935, to May, 1936.

Under such an arbitrary selection of materials, it must be admitted that a complete picture of the Australian attitude might not necessarily be presented..

(1) PARLIAMENT:

Australia in the Commonwealth realm has a Senate, or Upper House and a House of Representatives, or Lower House. In each of the six States there is a Legislative Assembly. For the purpose of this analysis, the points of view expressed in the national Parliament, and particularly in the House of Representatives, which is the Chamber where Government opinion is first expressed, will be given close attention.

The subject of Australian attitude towards collective security, has been under discussion more or less continuously in the House of Representatives during the 1935 and 1936 sittings because of the Italo-Abyssinian dispute. Associated therewith has been the conflict upon the subject of "Sanctions," and in endeavouring to ascertain Australian attitude towards collective security, it will be necessary to pursue a narrow pathway through the debates in order to avoid the numerous besetting by-paths. Perhaps the best single summing up of the point of view of Parliamentarians at this stage is that of Mr. Street (a private Member for Corangamite), who, in the House of Representatives, on 10th October, 1935, said that:—page 674):

> "Seldom in my short membership of this Parliament have I seen such unity among honorable members with regard to the objective they desire to achieve; but seldom either have I seen such divergence of opinion as to the methods that should be adopted to achieve that objective. We all desire to preserve world peace, and to devise the best machinery to maintain it."

A perusal of "Hansard" shows that there has been more or less unity in objective and divergence of opinion as to methods.

At this stage we divide our analysis of opinion under the following heads:—(a) Government, (b) the Opposition, (c) other Labor points of view.

The Commonwealth Government in Australia is United Australia Party and United Country Party. The Opposition is Labor, which until 1935 was divided into two sections—Federal Labor and State Labor—but, in the later stages of the 1935 session became united as an official Labor Opposition, headed by Mr. Curtin.

AUSTRALIAN ATTITUDE TOWARDS COLLECTIVE SECURITY (Continued)

(a) Government:

One of the early outstanding pronouncements of Government policy was that of Sir George Pearce, Minister for External Affairs, delivered in the Senate on 5th April, 1935, in which he stated:—(page 806):—

> "The view of the Government, and, I believe, of most of the people of Australia, is that the League of Nations has performed, and is performing, a very great service to humanity by the frequent meetings of representatives of nations of the world, who discuss and determine methods of international co-operation for mutual benefit, and for the cause of international peace and security. This must conduce to a better understanding among peoples, and lead to the gradual removal of acute nationalistic tendencies, suspicions, and jealousies, and so provide a real and stable foundation for international peace and goodwill. . ."

Sir George Pearce followed this up on 23rd September, 1935, with a statement that:—(Page 873):

> "The Commonwealth Government, while convinced that the upholding of the principles of collective security, embodied in the League of Nations, is essential to the world's peace, desires to point out that none of the provisions of the Covenant has been violated by either Italy or Abyssinia."

Mr. Lyons, the Prime Minister, on 23rd September, 1935 (page 31), by special leave, made a Ministerial statement on the Italo-Abyssinian dispute, in which he said that Mr. Bruce (High Commissioner for Australia, and Australia's representative on the League of Nations Council) had been instructed on 30th August, 1935, that the policy of the Commonwealth Government was one of close co-operation with the Government of the United Kingdom in continued efforts to settle the dispute by peaceful means and to maintain the principles of the League.

Dr. Earle Page, Minister for Commerce in the Federal Government, in a statement on the Italo-Abyssinian dispute in the House of Representatives, on 9th October, 1935 (page 548) said:—

> "The Government considered that the position was so delicate that it should exercise great discretion by limiting its statements to the actual facts and circumstances. At the same time it declared its policy in no uncertain terms; that is, whole-hearted support of the British Government in its continued efforts to secure peace, and to maintain the principles of the League of Nations. There could be no clearer indication of policy than is given by those last words, because they have behind them the full knowledge and responsibility of the obligations underlying the Covenant of the League."

An important statement was made by the Right Honourable R. G. Menzies, K.C., Attorney-General and Minister for Industry—and representing the Minister for External Affairs in the House of Representatives—on 9th October, 1935 (page 582) when he said:—

> "Are we to be told that because the League in its present state is not the perfect instrument that we would like, we must throw it overboard; that because the League is not fully grown we must destroy it. To desert the League of Nations because it is not fully grown to-day would be, in my opinion, a betrayal of the interests of the future. It is the Commonwealth's individual duty as a nation just as it is the individual duty of any nation that to-day is a party to the League of

Nations, to say 'Every effort we can put forward in the direction of ensuring peace through the League of Nations we shall put forward.' The only alternative is that we shall say, 'The League is an imperfect thing, and we shall wash our hands of it. Its Covenant is not completely operative, therefore we shall disown it.' Can Australia honestly remain a member of the League of Nations and at the same time deny the obligations of membership?

Mr. Brennan: No.

Mr. Menzies: I agree with the honorable member, and consequently Australia has the grim choice between remaining in the League to assist it to grow into the power it ought to be, or resigning its membership and saying that it will have nothing more to do with it. If the latter course is the right one for Australia to adopt, it would also be the right policy for Great Britain, South Africa, and Canada, and, indeed, every other nation belonging to the League to-day to adopt. If that policy be adopted, it will destroy completely the one conspicuous, modern attempt to make the securing of peace the collective responsibility of all the Powers. Are we to take that risk, or are we to say that we shall retain our membership of the League with a full consciousness of the responsibility which such a declaration involves?"

Sir Littleton Groom, a Member of the Government Party, and a former Attorney-Geneal, said in the House of Representatives on 9th October, 1935 (page 562):—

"The settlement of the Italo-Abyssinian dispute must take place as the result of collective action, and not that of any one Government. Enforcement of the League principles by collective and co-operative action is the principle on which nations must work."

Another important announcement of Government policy was made by Senator A. J. McLachlan, Postmaster-General, under the heading of "Ministerial Statement," in the Italo-Abyssinian dispute in the Senate, on 24th September, 1935 (page 65), viz.:—

"Either we must stand by the League, or resort to the only means which, prior to the constitution of the League, maintained the peace of the world—the strong right arm.

"From the inception of the League, this country, in common with the sister Dominions and the Motherland, has adhered to the principles of that organisation. We have given expression to our determination in that direction, and, I, myself, with trembling hand, in 1928, signed the Kellogg Pact as an instrument not in contra-distinction to the policy of the League, but implementing it, and outlawing war. We have stood to that policy; we are standing by it to-day."

A sensation was caused in Australia in November, 1935, when Mr. W. M. Hughes, P.C., K.C., M.P., Minister for Health in the Commonwealth Cabinet—a former Prime Minister of Australia—was called upon to resign by Mr. Lyons because of certain opinions expressed in his book—"Australia and War To-day." The Prime Minister claimed that these opinions clashed with Government policy in regard to Sanctions, the Italo-Abyssinia crisis, and policy generally.

AUSTRALIAN ATTITUDE TOWARDS COLLECTIVE SECURITY
(Continued)

Mr. Hughes resigned; a controversy followed, but after some months of absence from the Cabinet, Mr. Hughes was invited to rejoin, after he had pointed out that he had now fallen into line with the Government's point of view.

His book—"Australia and War To-day" (Angus and Robertson, Ltd.)—is a frank expression of opinion, written—as he points out himself—"to arouse the people of Australia to a realisation of the danger to which the country is exposed through the utter inadequacy of its defences."

That is Mr. Hughes' summary of it, but a reading indicates that its contents are a trenchant attack on those who believe in the idealistic method of obtaining world peace and an exposure of the weakness of the League system, a lack of faith in any proposal to seek world peace without adequate armed force, and a very free criticism of Sanctions and Government policy generally.

Mr. Hughes sets out his attitude towards collective security thus:—

> "The League of Nations cannot preserve peace; it cannot ensure security. In the face of what is happening to-day this needs no emphasis. Whether the war between Italy and Abyssinio will be confined within its present narrow limits time alone can tell. But one thing is certain: the whole of Europe is like a field of dry stubble needing but a spark to set it ablaze. In this book the facts are set out, and the position examined without passion; without prejudice. From this sober review it would appear that unless the League adjusts its methods to the realities of the present situation, and the nations who compose the League are prepared to fulfil their obligations by making adequate armed forces available to deter, or if need be, to crush any aggressor, without respect to persons, the prospects of world peace are remote. Germany is again armed. Militarism is her creed. The restitution of the territories wrested from her by the Peace Treaty is her avowed purpose. The East is in a highly unstable state. The Dove of Peace has fled to regions unknown. Mars once again in the ascendant, smiles sardonically at Geneva.
>
> Yet Australia in an armed world is almost defenceless."

He reinforces this on page 13, under the heading of "The Causes of War," with the statement that "Our race has been one of the banner-bearers of the army of mankind along the road of civilisation," and whilst there is no desire to force anything upon other nations, Mr. Hughes expressed the hope that such steps will be taken as are necessary to preserve them by ensuring the security of Australia against aggression.

His method of attaining that, so his book sets out, is not by a collective security system so much as by the individual effort of the nation. "National secuity is essential to the existence of every nation, and no policy can be carried into effect unless the people enjoy peaceful possession of their country."

The following quotations more fully set out Mr. Hughes' point of view:—

> "The rule of law in the international sphere cannot be established until armed forces are available adequate to compel law-breaking nations to obey the law, or to punish them for their disobedience. These armed forces do not now exist."
>
> "The League is not a sovereign Power outside and independent of nations: it is what the nations make it—strong or weak, wise or foolish. It is said that every country has the

Parliament it deserves. So, in like fashion, it may be said that the world has the League it deserves. If it is a League that talks about peace and does nothing effective to ensure peace, that is because the nations that compose it are not prepared to give the League the unqualified support essential for the maintenance of peace."

"The League, without the means to enforce its decisions, cannot preserve peace and ensure national security. In minor disputes its intervention has been effective, but on every occasion where a first-class Power has been involved, the impotency of the League to preserve peace or to protect a weaker Power from aggression has been distressingly evident."

"The League, which was intended to rest on the rock of armed force, has in fact been built on shifting sands. It can neither preserve world peace nor guarantee our security. As things are, every nation must provide for its own security.

"But three facts stand out pregnant with meaning. Australia is not in a position to defend herself. The British Navy, no longer mistress of the sea, cannot ensure her security; and the League of Nations that was established to ensure security to all nations is utterly powerless to protect her from aggression."

(b) Opposition:

The attitude of Labor towards collective security is interesting. The Leader in the House of Representatives, Mr. Curtin, has spoken frequently and fully on this subject, and expressed the Labor attitude, which has also been concurrently expressed by Senator Collings, leader of Labor in the Senate. Speaking on 23rd September, 1935, in the early stages of the Abyssinian dispute, Senator Collings stated that he was expressing the attitude of the Federal Labor Party as agreed by a unanimous Resolution at a Party Meeting:

"While the Australian Labour Party's platform provides for adequate home defence against foreign aggression, it also contains a proviso against raising forces for service outside the Commonwealth or participation, or promise of participation, in any future overseas war, except by the decision of the people. While we admire the efforts of countries that have been striving to settle the dispute in a peaceful manner, and particularly the way in which Great Britain has endeavoured to have conciliation used in this dispute, we strongly hold the view that Australia should not allow the statesmen of any country to determine this country's course of action. . . ."

"The attitude of the Australian Labour Party is clear and unequivocal. It wants no war on foreign fields for economic treasure. It wants Australia to be kept free of the entanglements leading to a repetition of the horrors of 1914-18. Therefore the Australian Labour Party, for which I speak to-day, says :'Non-participation'."

Labor attitude as expressed has varied from the original declaration of "non-participation" to a certain amount of wavering on the brim of a dilemma.

Speaking on 9th October, 1935, Mr. Curtin said:— (page 565):

"I agree, and I think that my party agrees unreservedly, that we cannot wash our hands of this dispute; we cannot be

indifferent to the fate of Abyssinia, or to anything that threatens or jeopardizes the peace of the world, and may by its repercussions profoundly affect our own security. But at the same time, we must have regard to our position, to our circumstances, to the place that we hold in the geography of the world, and to what we are capable of doing towards the maintenance of the peace of the world. . . .

"I would say that, desiring peace for ourselves, we have always to assist every cause that seeks the general peace of the world. . . .

"We cannot now embark upon a policy that may end in war, without being fully conscious of our responsibility not to particiuate in war. . . .

"The Australian Labour party is, therefore, ready, if the Government is not, to indicate its attitude towards war and sanctions. It declares that, as a world concert in restraint of Italy is not at the present stage of the evolution of the League of Nations attainable, Australia should not resort to warlike acts against any other nation.

Summing up, it may be said that the Labor objective has been a refusal to commit Australia to participation in war for the purpose of ensuring collective security.

A slightly different point of view was presented by Mr. Curtin on the subject of collective security on 1st November, 1935, when he said:—

"It is true that, in a substantial measure, the efforts at concerted action have their origin in a series of agreements reached in consequence of the functioning of the League of Nations, and that the efforts towards collective security have been more or less accepted by many people in many countries as a method of safeguarding their particular territories against the risk of war. I believe, however, that an examination of the present circumstances would suggest that a general bargain to go to war in the name of collective security is the worst possible policy for a nation which has proclaimed its determination to act peacefully towards the rest of the world. Australia declares that it stands for peace. By the provisions of the Kellogg Pact, it undertook that the settlement or solution of all disputes or conflicts which arise, of whatever nature, or of whatever origin, shall never be sought except by pacific means. It is, therefore, quite clear that the pacific course is the only one open to Australia if it is to honor its obligations under the Kellogg Pact."

In October and November, 1935, the Sanctions Bill came before the House of Representatives, and there was a full-dress debate, with very comprehensive speeches, in which the Labor attitude was again set out, Mr. Curtin summarised his Party's outlook on collective security in these words:— (page 1268):

"No matter how attached to the doctrine of collective security this Government may be, this Parliament must calmly recognise that support for collective security, in the realities that confront us, may in the last resort mean war."

In the course of that speech, Mr. Curtin said this: (page 1266):

"Australia is entitled to review the hopes it had when it became a member of the League, and to compare them with the realities of the present situation. What had been an ideal

may, in the vastly changed order of things to-day, become a veritable snare. . . . ."

"The Labour Party declares that war is not a remedy for the disease of war."

An interesting criticism of the attitude of the Labor Party was contained in the speech of Dr. Earle Page, Minister for Markets, in the Federal Government, speaking on 9th October, 1935, in which he said that the policy of the Labor Party in every country had been that of adherence to the covenant of the League and the prevention of so-called imperialistic wars by an aggressive and powerful nation again a weak and defenceless one." (page 549).

(c) Other Labor Points of View.

Until the end of 1935, the State Labor Party (New South Wales) were a separate group in the House of Representatives, and expressed views varying from those of the official Labor Party. Mr. Beasley was the State Labor group leader, and represented the left section in the Labor movement. Speaking in the House of Representatives on 23rd September, 1935, he said (page 39):—

"Similarly, in Australia the time has arrived when this Parliament must declare that under no circumstances will it stand for any administrative act that is likely to involve the Commonwealth in external conflict.

"Labour declares its policy to be one of absolute isolation from the wars of imperialism, and specifically it declares that it will not support a war camouflaged as sanctions. . . ."

"The League's fate has already been sealed. An attempt is now being made to transform it into a military machine, and Australia must withdraw from it. . . .

"The Labour movement emphatically affirms that in no circumstances will it consent to the despatch of a single soldier to a foreign battlefield."

Mr. Blackburn, the left wing Labor Member for Bourke, who has been expelled from the party for his opinions on foreign policy, revealed another point of view in the Labor movement in his speech in the House of Representatives on 1st November, 1935, in which he regretted that he differed from other members of his party, and said (page 1287):

"It seems to me perfectly clear that the true attitude of the Labour Movement in Australia should be that adopted by the Labour Movement throughout the world, and this view is already shared by a large section of the Australian Labour Movement. . . .

"I remind honorable members that, although on the matter of economic action the Australian Labour Movement is divided, yet on the policy of resisting military action the whole of the Labour Movement is determinedly united. . . ."

"Labour elsewhere supports the proposal that sanctions should be applied against Italy. This, I think, is the only country where Labour does not support the policy of economic sanctions. (Even in Australia a large section of the Labour Movement favours such sanctions.)

Mr. Blackburn stated that though he had never been an enthusiastic admirer of the League, and believed that it had failed in its work over and over again, yet he proposed to support it "on an occasion when I consider that it is trying to do the work for which it was created."

He summed up his point of view by saying that "we cannot remain a member of the British Commonwealth of Nations and at the same time remain immune from attack when a fellow-member is engaged in war."

(2) NEWSPAPERS:

INTRODUCTION:

Any generalisation regarding the attitude of the Australian press towards collective security must of necessity be speculative, but the bald statement that the Australian press as a whole favours a collective system through a strong League of Nations is, perhaps, not far short of the mark.

To this must be added the reservation that the attitude is that the League at present constituted is not capable of maintaining a secure collective system.

The newspapers of the eastern seaboard of Australia are the best index of Australia's outlook. The circulation and influence of the metropolitan newspapers of Melbourne, Sydney, and Brisbane are considerable, and a cross section of the columns in 1935/36 reveals a desire to achieve peace through the League, but the motto is —"Caveat Emptor" (Let the buyer beware), for the press warns the public of the selfishness of individuals and of nations, the centuries of warfare, and the difficulty in wooing world peace.

In this analysis segments of the newspaper circle are presented:

QUEENSLAND:

"The Courier Mail"—"Murdoch Chain."
"The Worker"—Weekly Labor—A.W.U. Organ.

NEW SOUTH WALES:

"The Sydney Morning Herald"—Daily Fairfax Group.
"The Bulletin"—Weekly—Owned by Bulletin Newspaper Co.

VICTORIA:

"The Age"—Daily.

Echoing throughout the leading columns of the various newspapers are phrases such as :"The League of Nations is the hope of the world"—"A collectively guaranteed security offers an assurance of peace."

"The Bulletin."

"The Bulletin" is one of Australia's leading weekly newspapers, and claims to be the national Australian newspaper.

In years past it occupied a very high place in Australian journalism, particularly because of its fearless advocacy of an Australian sentiment, an Australian outlook, and a freedom from Imperial domination. In later years it has been less strident in its advocacy, but nevertheless, to-day it is an organ of expression of an Australian attitude, and widely accepted as a voice of the people.

In analysing "The Bulletin" attitude towards "collective security," there is presented the difficulty of ascertaining whether the newspaper is opposed to collective security as such or merely as expressed through the League of Nations. It is a frank opponent of the League; it sees no virtue in League efforts; stresses its failures, and condemns it as "the clumsiest diplomatic instrument ever contrived."

But, it sees virtue in the broad principle of collective security, and in a very revealing leading article entitled "Prepare to Fight," published on 22nd January, 1936, it states that "the League of Nations was envisioned as a confederacy of all nations banded together

in a grand alliance to ensure the peace of the world. That was to be the collective security. There can be no question of the value of that ideal, as an ideal." But that is as far as the newspaper will go.

Its columns have been ever blatantly expressive of disgust with the League failure, and we find on 29th April, 1936, the statement:—

> "To-day the League and its shibboleth of collective security are proved beyond all reasonable doubt to be not only weak and ineffectual, but terribly dangerous."

"The Bulletin" deplores the fact that Australian foreign policy is merely the child of British foreign policy; that we in this country are of necessity under the present Parliamentary system of following something devised for the benefit primarily of the British Isles, secondly of the British Empire, and lastly—if at all—of Australia as one of the Dominions.

Would Australia go to war in support of a collective system ideal? Would it even go to war in support of Britain?

On 29th April, 1936, "The Bulletin" declared that:—

> "If there is one independent voice of constructive leadership anywhere in the Dominions, it will say now flatly that the Dominions are unquestionably with Britain in any threat to the British Commonwealth, but they emphatically are not with Britain in the sort of war that British foreign policy has blundered along the crust of for the past 7 months."

On 25th March, 1936, it is stated that:—

> "There is a large body of sensible opinion here that does not want war on any account, short of actual attack upon Britain and the Empire. Also, even if such a war came, Australia would go into it more grimly, less jauntily, than it went into the last."

The isolationist policy of the United States is envied by the newspaper. It pines for the opportunity to plow a lone furrow.

Summed up, its attitude is expressed in the article of 22nd January, 1936—"Collective Security"—thus:

> "For what is the meaning of this shibboleth 'collective security,' and what does its strength amount to. And to what extent is world public opinion remarkably unanimous in vigorous support of either it or the League.
>
> "The answers to those questions form the staple of a story of degeneracy that is one of the most pitiful tragedies in the history of mankind. It is a story of one of the noblest ideals of mortal conception brought down to a bedraggled figure of fun; a glorious hope and splendid aspiration reduced to the semblance of a miserable dummy stuffed with wind and straw—all the more tragic if it remains an object of idolatry to cheering simpletons and gaping fools.
>
> "Degeneracy complete, it stands to-day, this ideal of a grand alliance to ensure the peace of the world—reduced to no more than an ill-disguised resurrection of the Triple Entente—Great Britain, France, Russia—with sundry satelite and parasite sprat and tiddler nations gathered curiously about. On the map of the world, big enough to cover a wall, the entire sphere of its possible effective activity can be covered by a closed fist.
>
> "Even in this narrow area its impotence is a laughing-stock. Even here it has failed to prevent war; it has failed to stop war; it has failed to make peace. Attempting all these things, it has succeeded only in demonstrating itself to be the clumsiest diplomatic instrument ever contrived.

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"That is the whole meaning of 'collective security'; what its strength amounts to, and the 'world public opinion' that supports it. It is for that dangle of carrots that we must be 'prepared to fight' ".

"The Worker" (Brisbane).

The Queensland "Worker" is the organ of the Australian Workers' Union, the union which is the mainstay of the Labor movement in Queensland, and, perhaps, of the Labor movement of Australia. Published weekly, "The Worker" circulates widely, and is a reflex of working class opinion in Queensland.

It is favourable to the League of Nations idea, somewhat sceptical of the results achieved in the face of capitalistic opposition, fearful of a further war, but placing a degree of reliance upon a collective system effectively controlled.

From time to time it has published leaders entitled—"Organising the League," "Wanted a New League of Nations," but throughout there is the note of confidence in a collective system.

Perhaps the best expression of its attitude is that published on 19th May, 1936, thus:—

"The great majority hold that the self-same influences which ensure the peace of small communities and families can be organised to establish and ensure the peace of the world, if they are only handled rightly and given a chance."

In the course of that article, the newspaper pointed to the success of Courts of Conciliation and Arbitration in Australia, and their success in ensuring the industrial peace of the community. It advocates support of the League of Nations because of its machinery based on somewhat similar lines, but in the working of which it claims there is scope for improvement.

The "Courier-Mail" (Brisbane).

The "Courier-Mail" is the leading newspaper in Queensland—a morning daily, with a circulation of more than 60,000, and a unit in the big Murdoch chain of newspapers, which is the dominant voice in the newspaper world in Australia.

The "Courier-Mail" attitude towards "collective security" is that of the middle and upper classes, with some reflex of the working class, because it circulates very widely among all sections of the community. In politics it is anti-Labor.

Its attitude towards "Collective Security" has, during the period under review, varied but little. In the early stages it was perhaps more pro-League than it is to-day, but throughout it has taken a view as expressed in its leader of 14th May, 1936, that—"Most people will agree that a strong League of Nations is the world's best security against war on a devastating scale. But it will have to be re-modelled on a new basis."

This viewpoint has resulted from the Italo-Abyssinia crisis.

The attitude of the "Courier-Mail" is typically stated in a leading article, 26th December, 1935 (page 10):—

"Security from aggression is a basic principle of the League of Nations, and Britain is intervening between Italy and Abysinia, not only for the maintenance of the principles of the League, but for the early restoration of peace. If the other members of the League will stand firmly behind Britain and support her, not by empty words and carefully prepared phrases, but by whole-hearted co-operation, that object can be achieved."

That is clearly an indication of support of "Collective Security." It is, also, fairly typical of the Australian attitude generally. But, the "Courier-Mail," like individuals, has wavered in its belief of the efficacy of the League working as a collective instrument, and on 12th December, 1935, it points out that the League is again exposed to danger from those who would ascribe to it super-national powers.

In respect to war, so the newspaper says, its main functions are to direct the machinery of international collective action, so as to prevent a threatened war if that can be done.

Upon the elevation of Mr. S. M. Bruce (a former Prime Minister of Australia) to the position of chairman of the League Council, the "Courier-Mail" said that, that an Australian should take a leading part as representative of his country in relieving international tension over Danzig was in accordance with the League contract and collective security.

The train of events in the Abyssinian War altered the newspaper's view-point somewhat, and in April, 1936, it points out that recent events have shown that it is unwise to depend upon the League of Nations, because it is not in a position to enforce its decrees, or even to impose effective Sanctions against an aggressor. It comes to the conclusion that the Empire's real safeguard is not now, as in the past, the British Navy, but that it is imperative that there should be immediate and effective measures in our own defence.

There is, further, a note of scepticism in the leading article of 21st April, 1936, under the heading, "Force and World Security." "Britain's foreign policy is to maintain peace and friendship, and to make the League of Nations really effective, and the League's policy of collective security a safeguard for every nation. All Europe must recognise that if the League is to be of any real value to the world, it must seek to enforce its authority, and to vindicate its reputation." The leader concludes thus:—

> "Britain intends to do her part by increasing her armaments. It may seem a terrible conclusion, but it is a logical one. Force is the only argument that will appeal to the deliberate aggressor, and unless the members of the League are prepared to exert that force, the League in its testing time will be merely a League of dreams."

The "Courier-Mail" throughout that leading article is reviewing Britain's foreign policy with a background of the Australian attitude.

This note is struck again in the leader of 17th April, 1936—"Geneva Facing Another Test," which comments thus:—

> "In the circumstances, the best service that Geneva can can give to Abyssinia is to try to end the fighting, and to concentrate upon making the best terms that are possible for a stricken country that trusted too implicitly in the strength of the League."

"The Age" (Melbourne).

"The Age" is a liberal daily paper which claims to be independent of all political parties, and seeking to give a fair deal to all classes in the community. It is published in Melbourne, has a wide circulation, and is representative of the thought and attitude of a considerable portion of Australia.

Its attitude towards "collective secuity" through the League of Nations has not wavered during the recent periods of crisis, and it has been a consistent supporter of the League method and of the collective system generally. It is, perhaps, the most pro-League newspaper in Australia.

AUSTRALIAN ATTITUDE TOWARDS COLLECTIVE SECURITY
(Continued)

At a time when newspapers and individuals were roundly condemning the collective system and its instrumentalities for failure to cope with the international situation, "The Age" calmly and consistently informed its readers that "the League of Nations, with all its imperfections, is a nobly conceived institution, and it is still the citadel of humanity's faith." (11th May, 1936—"The Future of European Peace").

A very outspoken expression of Australian attitude was published in a leading article in "The Age" (5th May, 1936—"After the Conquest") viz.:—

> "The Australian attitude will be that from this stage forward all risks and all obligations must be genuinely shared. Britain should be prepared to do what all her fellow members are willing to do and no more. The duty of British statesmen to the League is important; that to their own country is paramount. Intensely disappointing though its failure in this practical test has been, the League of Nations remains the only bulwark against international anarchy, the only possible medium of preserving and eventually assuring peace. The lesson that buries itself in is that unless collective action in the fullest sense can be depended upon when the need arises, collective security is and must remain a myth. . . ."
>
> A strong League is the hope of the world."

Then, instead of joining in the chorus of "Smash the League," "The Age" coined the slogan, "A castle to rebuild," and on 22nd April last gave expression to this:—

> "A perplexed and anxious world immediately asks—'What next.' The answer is embodied in Mr. Eden's grave and brave speech expounding the British attitude and policy. 'If it is desired to wreck the League. . . now is the time to set upon it. But with what purpose and to what effect? . . .'
>
> "Britain stands staunchly to the ideal of collective security through the League. . . .'
>
> "If that is the attitude of other nations, the League will survive not only the present crisis, but every future test."
>
> "Nothing but a collectively guaranteed security offers any assurance of peace, and the principal lesson of the recent past is that collective security is unattainable while the League is incomplete.
>
> "The higher aim is to rebuild on a broadened basis, including all the great Powers combined for the supreme purpose of saving civilisation from the perils that beset it."

"The Age" leader on Armistice Day, 11th November, 1935, was a further indication of the strength of support for the collective system on the part of this newspaper, when it was declared:—

> "The League of Nations is something more than an elaborate consultative, administrative machine; it is composed of human factors with all their liability to frailty. But men and women who feel at times dispirited may remind themselves that in the League the world possesses a unique asset. An institution dedicated to the purpose of preventing war, and of restricting it when begun has never before in the world's history existed. It would have been extravagant to expect the marvellous untried experiment instantly and completely to succeed."

A perusal of "The Age" leaders over the last 12 months shows no departure from the consistent belief that Australia's hope of

security in the future lies in the collective system operated through the League of Nations.

"The Sydney Morning Herald."

"The Sydney Morning Herald"—Australia's oldest newspaper, might be compared with "The Times," London, in its viewpoint on affairs. It is staid, conservative, cautious, and reflects the opinion of that section of the community which is opposed to change.

Somewhat paradoxically, the "Sydney Morning Herald's policy in regard to collective security has changed considerably. In this regard it was truly a mirror of a strong body of Australian public opinion. It has now turned upon the League, and has denounced it almost as a sham, but it is questionable whether its opinion that "the League had been reduced to such straits that it was doubtful whether the British Empire to-day would engage in another world war in the cause of upholding the League Covenant," was shared by a majority in Australia. (10.3.36).

Perhaps it was more in accord with the general viewpoint in its leader of 11th March, 1936, in stating that "it had been shown again that without adequate force diplomacy can effect little." It was then considering the plight to which the League of Nations had fallen because of the Abyssinian conquest.

Its columns indicate that League supporters have not been able to point to a realisation of the idealistic aims. It traverses from time to time the League failures; criticises the means adopted, and generally takes the stand of a hostile critic.

But, it still has a fragment of faith. On 13th May, 1936, in "Facing the Facts," it points to League ideals as a counsel of perfection; expresses agreement with the merits of these ideals, but clamors for th reconstruction of the League.

Perhaps this is more truly the Australian attitude and more truly the viewpoint of the "Sydney Morning Herald."

(3) PUBLIC OPINION EXPRESSED ELSEWHERE:

Returned Soldiers' Viewpoint.

A most interesting and important expression of the viewpoint of Returned Soldiers in Queensland was made by Mr. R. D. Huish, State President of the Returned Soldiers' League, speaking in Toowoomba on 15th February, 1936—as reported in the "Courier-Mail" of 17th February, 1936.

Mr. Huish said:

> "If we did not awaken public interest in the necessity of preparing to defend our shores, we may have to make a bigger sacrifice than in 1914/1918. While I hope that we will have peace through the machinery of the League of Nations, we should learn a lesson from what other nations are doing, and see that our country is reasonably defended. . . . . The Returned Soldiers' League must face the duty of awakening public interest in the necessity of making Australia safe to live in. Notwithstanding faith in the League of Nations, the leading nations were still frightened of their neighbours, and the nations which were members of the League were paying strict attention to their armies, yet Australia seemed to be hiding behind the might of Britain.
>
> "The Soldiers' League should take up the work of ensuring that the Commonwealth would have at least tme machinery to make people think twice before visiting her shores, other than in a friendly manner."

AUSTRALIAN ATTITUDE TOWARDS COLLECTIVE SECURITY (Continued).

Sir Littleton Groom, M.H.R., speaking at the same function, said that Australia would have to stand by Great Britain and the League of Nations in an endeavour to create peace.

Speaking at the Foundation Luncheon at Gatton College on 8th July, 1936, Professor J. K. Murray, of the Queensland University, and Principal of the Gatton Agricultural College, said that "Every school should fit its young men for defence. The need for military organisation had never been greater in the history of the Commonwealth or the British Empire."

The Minister for Public Instruction in the Queensland Government, Mr. Cooper, said he agreed with Professor Murray, that unless we were prepared to meet the present world situation, the position was hopeless.

Sir Leslie Wilson (Governor of Queensland) said he was delighted to see the military units of the College. No one wanted to go to war to-day, but if they were going to have a League of Nations that was to be of any good, they must have defence forces capable of seeing that their decisions were brought to fruition. He was delighted to see young men trained not for defiance, but for defence.

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REPUBLIK INDONESIA

Australia's Commercial Policy

By Rt. Hon. Dr. EARLE PAGE.

(A Paper delivered at a Conference of the Australian Institute of International Affairs, Brisbane, August, 1935)

THE PRINCIPLES OF INTERNATIONAL TRADE.

The foundation of international trade is the difference in natural and human resources in different countries. It begins in specialising in the production of something for which the country has special aptitude. Thus a poor country may have a low population, low standard of living, or even both, but it will have an international trade by concentrating on the best of its poor resources. Therefore, the size of the international trade of a country is not necessarily a measure of prosperity. New countries must necessarily concentrate on the most suitable forms of production, and their international trade per capita is usually higher than in more fully developed countries.

In Australia we have specialised in primary production, chiefly wool, wheat, metals, meat and butter. The result is that we have a high international trade per capita. International trade in merchandise per head for various countries before the depression was:—

New Zealand	68
Canada	57
Australia	44
United Kingdom	40
Belgium	45
Argentine	36
France	21
Germany	20
U.S.A.	16
Italy	10
Spain	6
Japan	6

HINDRANCE TO INTERNATIONAL TRADE.

If the world was one free political unit the degree of specialisation would be carried to its fullest economy and the international trade of the world would be very large.

There are, however, hindrances to world specialisation, the chief of which are :—

(a) Differences in language,
(b) Differences in currency,
(c) Distances,
(d) National boundaries,
(e) Tariffs,
(f) Different national interests, etc.

Under world specialisation income per head would be higher than it is at present. The world, however, is divided into various

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political units with different national interests and many of these political units have used tariffs as a means of developing their countries to a stage which would not be possible under world specialisation.

In the case of Australia, if we had devoted ourselves entirely to primary production the population would have been smaller than it is to-day. The Tariff Committee of 1929, estimated that even with all ancillary industries the population in 1929 might not have amounted to more than 2,000,000. Moreover the aggregate consuming power of such population would be small even though the individual consuming power would be greater and an extremely large proportion of our production would have to be exported. The result would have been a less balanced community, almost entirely dependent on the export market, the prices in which are determined by world conditions generally.

While some aspects of Australia's tariff policy may be regarded as injudicious, it is generally claimed that it has enabled Australia to increase her population and that the increased diversity of occupations has given more stability to the national income.

AUSTRALIA'S TRADE POLICY BEFORE THE DEPRESSION.

The development of our secondary industries (which was made possible by the prosperity of our primary industries) has been limited almost entirely to the demands of the home market. Primary products, therefore, account for practically all of Australia's export trade.

Before the depression markets were freely available for all food stuffs and raw materials exported from the surplus producing countries and Australia had no difficulty in disposing of her export production. It may be said that before the depression we had no fixed marketing policy but sold to any country who would buy.

As conditions did not militate against profitable marketing we were not greatly concerned whether any one particular market was closed against our products. In brief the total market was a profitable one and we sold principally to United Kingdom, except for world products, such as wool, wheat, and metals.

Australia's objective was to attain a more important place in world's markets which appeared capable of absorbing increasing quantities of food stuffs and raw materials. Thus the yolicy of development was proceeded with in an atmosphere of increasing demand.

AUSTRALIA'S TRADE POLICY SINCE THE DEPRESSION.

(a) THE EFFECT OF THE DEPRESSION.

With the depression our primary industries not only suffered with the fall in price, but also in the contraction of markets for our exports.

The structure of production in Australia is such that we are compelled to export a large proportion of many of our primary products. The quantities exported of several of our products are approximately as follow :—

Wool, 90%
Wheat, 30% (varies according to the crop).
Butter, 55%
Beef, 20%
Mutton and Lamb, 24%
Apples, 45% to 50%
Dried Vine Fruits, 85%
Canned Fruits, 36%
Wine, 20% to 25%

It is also essential that Australia should import certain commodities, and exports are vital not only to meet interest commmitments abroad, but to pay for essential imports. Another factor is that before the depression our import trade was supported by oversea borrowing. Although we considerably reduced our imports with the depression the fall in the prices of primary products was so great that it was necessary not only to maintain the volume of our exports but actually to increase them. The increases have been mainly in butter, mutton and lamb, beef and gold. Gold, of course, presents no marketing difficulties but for many other commodities such as butter, mutton and lamb, beef, eggs, apples, dried vine fruits, canned fruits and wine, the United Kingdom is practically the only market open to us.

(b) THE DEVELOPMENT OF EMPIRE TRADE.

Before the depression the development of Empire trade was not seriously concentrated on as an Empire policy. Australia had Trade Agreements with Canada and New Zealand but no others. Since 1908 we have afforded preference to the United Kingdom over a very wide range of commodities, but until 1932 we had no agreement with that country providing for reciprocal concessions.

Before the depression the development of reciprocal Empire preference was difficult. The only large Empire market for Dominion products was the United Kingdom and the commodities supplied to that country by the Dominions were mainly raw materials and foodstuffs. Great Britain was unwilling to tax foreign supplies of these commodities because of the cost to the British consumer, and to industry generally. The result was that British preference to Australia was confined to sugar, dried fruit, wines and hops. Even this small degree of preference came about rather fortuitously, and partly from reductions in taxation imposed on semi-luxuries during the war.

With the depression most countries limited imports by prohibitive duties, quotas and other forms of restriction. This contraction of foreign markets, accompanied in some cases by increased production in Empire countries, resulted in greater quantities of foodstuffs being thrown on the United Kingdom market and led to a serious fall in prices which adversely affected the British agricultural industries. The result was the adoption by the United Kingdom of a policy of protection which made possible the achievement of widespread Empire preference.

The loss of a large part of her world trade and the threat to her own domestic market for both primary and secondary products were factors which influenced Great Britain in abandoning her traditional free trade policy, and adopting protection. This change of policy afforded Britain the opportunity of applying the principle of Imperial Preference, and she took advantage of it.

By the Import Duties Act passed early in 1932 Great Britain imposed duties on practically the whole range of her imports, but the Dominions were exempted from the operation of those duties. At the same time plans were laid for the Ottawa Conference, which was held in July and August, 1932. Under the Ottawa Agreement practically the whole range of Australia's exports to the United Kingdom were granted preference.

The nature of the preferential settlements varies according to the part played by the commodities in Empire trade and world trade. The Empire is a net exporter of some commodities such as wool, wheat, and metals, while of others the Empire is a net importer, i.e., the Empire production is insufficient for Empire needs. It

is the latter class of commodities which lends itself most readily to a preferential arrangement which is difficult of application to products of which there is a net export. The outstanding example of an Australian product of which the production exceeds Empire needs is wool, which unfortunately could not be made the subject of preference. Australia alone exports more than the total imports of the United Kingdom, and South Africa and New Zealand are large exporters. The Empire as a whole supplies Great Britain with 80% of her requirements, and this commanding position could not be improved in any way by a duty against the foreigner.

In the case of wheat and certain metals it was possible to secure a preference which ensures a market for practically the entire output of the metals and a proportion of the output of wheat, with the provision that these commodities will be sold in the United Kingdom at world prices. The other export commodities of Australia enjoy preferences which have as their object the reservation of a substantial part of the British market to Australia and the other supplying Dominions. These preferences were secured by means of duties against non-Empire products, except in the case of meat, the preference for which was provided by means of definite restrictions of imports from foreign countries. These principles still obtain.

(c) THE LIMITATIONS OF EMPIRE PREFERENCE.

Empire preference is limited by the costs of preference and the fact that the Empire is dependent on foreign markets for the sale of a considerable portion of its commodities.

In 1934, 37% of Great Britain's imports were from Empire countries and 63% from foreign countries. Of her exports 47% went to the Empire, while 53% went to foreign countries. Of Australia's total trade in 1933/34, 42% was with foreign countries.

In Australia we are dependent on non-Empire markets for the disposal of a large proportion of our two main export commodities, wool and wheat. About 90% of the Australian wool clip is exported and of the exports about 70% goes to foreign countries. Upwards of 70% of our wheat production is exported and 50% or more of the exports goes outside the Empire.

The conclusion to be drawn is that, while Empire trade is of prime importance to both the United Kingdom and Australia, trade with foreign countries is of large proportions, and must be fostered and expanded. This was recognised at the Ottawa Conference, and both Great Britain and Australia retained the right of freedom of action in regard to future relationships with foreign countries. Immediately after the Ottawa Conference the British Government commenced negotiations with foreign countries and has since concluded Trade Treaties with a number of foreign primary producing countries.

AUSTRALIA'S TRADE POLICY TO-DAY.

Since the conclusion of the Ottawa Agreement Australia's marketing problems have become more acute. Of outstanding significance was the continued contraction of the German market for butter which had the effect of throwing upon the United Kingdom market largely increased supplies of that commodity. Another new feature has been the increased concentration by the United Kingdom on the policy of protection to domestic agriculture.

The future of Australia's development depends, not on a static condition in regard to the volume of exports, but on an enlargement

of the demand. Our progress depends not only on market conditions within the Empire, but also on world market conditions. Foreign countries which were formerly important markets for our products are now wholly or partially closed. The wool purchase restrictions by Germany and Italy are examples of the contraction of markets for an important commodity. Their ill effects on both seller and purchaser demonstrate the urgency of checking further progress towards economic nationalism.

The British market is so important to Australia that in the interests of our primary producers a continuance of a full measure of Empire preference must necessarily be an important part of Australia's trade policy. At the same time we realise the importance of foreign markets, and another part of our policy is to secure increased foreign trade. Australia, therefore, while continuing Empire preference, is desirous of fostering friendly relations and making satisfactory trade agreements with foreign countries. We enjoy a favourable balance of trade with a number of these countries and a continuance of the goodwill of those countries is necessary for the improvement of marketing conditions. It is in the best interests of Australian primary producers that foreign markets should be maintained and developed.

World conditions at present are such that the resumption of international trade must necessarily be slow and irregular. In the interests of the world as a whole it is to be hoped that a steady improvement will be maintained. Australia has made internal adjustments which will enable her to take advantage of any increase in world demand.

There is an all too widespread assumption that it is useless to endeavour to reverse the economic tendencies of the last few years. If such an attitude were continued, we could expect to see the export trade in our staple products reduced to still smaller proportions, with disastrous results to our economic welfare.

There is justification for an Empire policy in regard to this matter. It would be a retrograde step still further to destroy the value of triangular trade by each country endeavouring to balance exactly its trade and payments with each other country. In the case of Australia, such a course would necessitate lower purchases from the United Kingdom, the United States of America, and other countries with whom we have passive balances of payments, and the transference of our custom, to that extent, to the countries with whom we have active balances. I do not believe in such a policy, but the pressure for the balancing of bilateral trade is so great that Australia is being forced to consider it, and we may have to cease purchasing from countries which do not buy from us in approximately equal value. The only sound and reasonable course, however, is to work on an Empire basis for the re-establishment of triangular trade as the foundation of world prosperity.

PERPUSTAKAAN NASIONAL
REPUBLIK INDONESIA

The Scope for Trade Treaties

By J. B. BRIGDEN.

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1. INTRODUCTION.

Australia, in common with many other countries, and with the general consent of its people, has embarked upon a policy of intensive Governmental regulation of its oversea trade. Customs tariffs generally have been so much increased in recent years that the further regulation of private trade by inter-Governmental treaties may be regarded as an inevitable development. This may be quite "a good thing," but it is disconcerting to find that the treaties so far envisaged are all exclusive and particular to individual countries.

If one is historically minded this trend may be regarded as a reversion to medievalism. Nor is this reversion a strange thing, for the remarkable lapse into freedom which characterised the nineteenth century may have been but a passing phase in the long history of human adventure. The more normal practice has been regulation, and especially in the field of external trade. The very word "customs" is eloquent of the ancient privilege of governments to tax and to regulate that trade. And we may yet find external trade not only regulated by series of special treaties between individual countries, but farmed out to groups of selected people as it was in the past, with modern names for them in place of Merchant Guilds, official "Adventurers" and Chartered Companies.

Alternatively, a series of separate treaties may be a means of achieving general international readjustment from the reactions of the depression period, and the only way of doing so under the circumstances now prevailing.

This paper is concerned only with the special problems affecting Australian policy. We have entered with characteristic lightheartedness upon this latest phase, for it is not our custom to map out a course with much regard to obstacles or complications when any new ventures are projected. We prefer to find them as we go along.

As to irritating objections on the grounds of cost, all that need be said at present is that costs which are not obvious and do not appear in budgets do not matter politically.

I need hardly say that this friendly survey has been prepared entirely from the point of view of economic theory, and without any

knowledge of the proceedings or experiences of our political representatives. I hope that they will succeed in their objectives, and on a scale which will justify the large expectations they have created.

2. BASES AND TYPES OF TREATIES.

The strategy of commercial policy to-day is to establish a high customs tariff against the world, and then to bargain for concessions from another country by offering special reductions or other privileges. The first basis, therefore, is a high enough tariff. Australia qualified for this very thoroughly in 1930 and 1931.

Formerly it was necessary to raise customs duties against other countries, and although this has been a political advantage in Australia, it has been an obstacle elsewhere, and especially in Great Britain where the difficulty still remains in large degree.

The second basis is reciprocity, and this is more difficult. Ottawa produced a series of Trade Treaties and its aftermath has made us all familiar with the conflict of opinion as to relative advantage and the degree of reciprocity achieved. It is quite impossible to measure the advantages gained, and the controversies which ensue must be reckoned as one of the costs of the policy.

Trade treaties may be classified into three main types, namely:—

(a) Treaties which are or may become inclusive of other countries,
(b) Exclusive treaties, and
(c) Defensive treaties.

Inclusive Treaties: Trade treaties of this type were familiar characteristics of the early stages of international co-operation and are to be desired on all grounds. They are preferable to exclusive treaties precisely as a wider and inclusive political treaty is preferable to a narrow and exclusive alliance. But in the conditions of the world to-day—with "economic nationalism" rampant, they are no longer popular. They are incompatible with the exchange of particular privileges.

Exclusive Treaties: These are of the type now aimed at. Its general development is best illustrated by a brief outline of what has happened with the growth of reciprocal tariff protection between Great Britain and Australia. The word "Preference' 'is commonly used; an ambiguous word disguising the fact of protection while connoting the sentiment which inspires it. The reality is best expressed by using the plain word protection, for the effects are achieved by protecting certain of each others products within their respective territories. A certain implement of cultivation is better called a spade.

Australia commenced this policy with the tariff of 1908, under which duties were increased on all imports, but to a greater extent on goods from countries other than Great Britain. No specific reciprocity was then sought, as the policy was part of a general increase in the Australian tariff, and its first effect was against British interests. As further tariff increases were made the margin of protection to British goods was increased. In 1921 a new device was introduced, the tariff being given three degrees with the intention of applying the intermediate rates to other Dominions where reciprocal arrangements could be made, and in certain circumstances to foreign countries also. Nothing much came of this intention, but it was the

beginning of the idea of having trade treaties independently of Great Britain.

The tariff emergency measures of ten years later (1930-31) seriously damaged this system. The Ottawa Agreements followed in 1932, and they are for all practical purposes "trade treaties," although not so labelled. The Australian Agreement was applied by confining the reductions and readustments to more normal tariff levels (and restrictions) to goods from Empire countries, and particularly from Great Britain. In consequence the margins of protection given in Australia to those products were very greatly increased. The "Intermediate Tariff" was dispensed with, and reductions from the very high "General" level were to be made under a system of special, separate, and supplementary treaties with both the Dominions and foreign countries. It is the scope for these treaties that is now to be discussed.

Defensive Treaties: This is virtually a new type (for modern times), and may be expected to increase as supplementary to the second type. It is illustrated by the Treaty with Belgium, under which certain quantities of window glass (previously prohibited) were allowed to be imported in return for the withdrawal of reprisals against Australian meat and cereals.

It is this type of trade treaty which appears to be most generally thought of in connection with Japan.

3. CHARACTERISTICS OF AUSTRALIAN EXPORT TRADE.

Before any progress can be made on this subject certain crudities in its usual approach need to be attended to, and the subject matter requires to be examined. It will not do simply to look at the trade as a whole, as for example between two individual countries. To do so is as though an engineer were to reckon steel and sand and cement all together in terms of mass or weight without regard to differences in composition. In this survey the analysis will be crude enough, but some advance must be attempted on the customary practice.

Differences between Primary and Manufacturing Production: First there are certain general distinctions to be noted in the classes of goods which are the subejct of international trade, and a simple distinction is between raw materials and finished products. There are between these two broad classes certain essential differences in character which affect their status as subjects for bargaining and for reciprocal treaties. Thus raw materials or primary products are not susceptible to the same "come and go" in production as most manufactured products. The boom and depression years have demonstrated this fact very plainly. While manufacturing enterprises have in good times worked overtime and in bad times shut down or curtailed operations, the production of things from the soil has proceeded with no apparent effects from price variations. The seasons dominate, not the market conditions. Price variations do in time expand or contract primary production, but they do not have anything like the same effect as on industries which manufacture raw materials. While a protected market gives higher prices to the protected producers, it gives to protected manufacturers in addition a greater scope for expansion because they are less limited by local geographic conditions.

Normally a protected market gives much greater scope for the expansion of manufacturing industry than for the expansion of a primary industry. This difference is substantial and significant, and it needs to be taken into account.

Differences in Vulnerability: There are within the total imports and exports of any country many differences in degrees of competitive strength, and of vulnerability to competition, or to hostile tariffs or other restriction. The situation is much the same as that of a factory or a trading business, and needs only to be pointed out to be appreciated. Thus one particular line or market will be more profitable than others, and some may not be profitable at all. It is the object of costing systems to discover the facts.

The situation is more complicated when the production and trade of a community is considered, and the following analysis is on broad lines. There are minor profits and losses (e.g., to merchants) which must be ignored here, and other details which are not proportionately important.

Wool as Example: Wool and woollen goods illustrate the differences between the scope for primary and manufacturing production for export in any one country. Their differences in expansion and contraction are very great, and their differences in vulnerability are still more so.

Wool has for its market a large number of manufacturers of woollen goods in very many countries. If one national group expands its internal sales or exports of woollen goods that group buys more of the raw material. This has happened in Japan. If the expansion is at the expense of another national group, that group buys less wool. In any event, the wool is bought where it is cheapest, for the particular grade required. It follows that at any time, or in any season, there is for a particular grade of wool a world demand at a price. There are in fact series of demands at series of prices, and scales of parities at each place of purchase, but these details do not affect the main question. No purchaser can afford to or is willing to pay more than the competitive world price, and (as a business man) no purchaser is the slightest bit interested in where he gets the wool. Nor (as a business man) is the wool producer interested in where his wool goes.

Wheat: Much the same is true of the next largest Australian export, wheat. It is a matter of no practical consequence to the Australian farmer whether his wheat goes to Europe, Asia, or Africa, and generally he does not know where it goes. It may matter to the middleman merchant who sells it but not to a very great extent, and to the nation or the producers there is nothing of economic importance in the destination of such exports.

DIFFERENCES IN MARKETS:

(a) **World Prices:** With world commodities of this kind (with keen international buyers) there is at any moment, for any precise grade, and at a fairly definite price, a fairly definite quantity of that commodity that is wanted and can be sold. The price has its numerous parities everywhere, and the grade, etc., numerous variations.

If A sells proportionately more to Z, then B, C, and D, sell less to Z. But at the same time B, C, and D sell proportionately more to X and Y, and A sells proportionately less to X and Y.

Note that **proportions** are referred to, not absolute quantities. The total quantities produced and sold by A, B, C, and D vary with the seasons and with any expansion or contraction or transfer to or from other productions. Similarly the quantities taken by each of X, Y, and Z vary also, but not in relation to the supply from any one country.

If any apology is needed for this elementary exposition, it can be taken as read.

(b) Dumping Prices: An increasing proportion of commodities is now sold, both in the world's markets and at home, at prices less than total cost, *including* "overhead cost." For clarity they may be divided into two classes :—

(i) Goods whose sale or export is subsidised through some form of Governmental control. We are familiar with this class in Australia.

(ii) Goods whose sale or export is a small proportion, and whose local or special market is large enough, or protected enough, to carry perhaps the whole of "overhead costs," and to allow some exports to be "dumped" abroad with profit to the producers. The dumping may be of a "surplus" quantity, too great to be absorbed by the local market at local prices. Some Australian exports to "The East" are in this particular category.

(c) Protected Oversea Markets: There remain those markets which for political or treaty purposes are protected, and where our exporters enjoy either a higher price than can be received by other suppliers, or a market from which other supplies are otherwise restricted, or both. Great Britain is the important market so protected.

4. VULNERABILITY OF AUSTRALIAN EXPORTS.

To separate our exports into manageable categories is no simple matter. Each year changes the classification, and there is a progressive movement from the least vulnerable to the most vulnerable, which of course are those dependent upon protection abroad. Something is attempted in the Appendix to illustrate the present position. The crudeness and tentative character of the classification given will not invalidate the conclusions. It may carry the study a step further.

Three grades are distinguished, namely:—

I. Exports least vulnerable to hostile action oversea; commodities required in world markets and able to compete with any other production.

II. Exports which are more vulnerable and less able to compete.

III. Exports which are most vulnerable because dependent upon political protection in another country.

The analysis should go at least as far as to tell us roughly what proportions of the chief Australian exports are in each class, and what proportions go to different markets. The minimum is attempted in the brief Appendix, and the markets are divided into only five groups, namely :—

(a) Great Britain,
(b) Other British markets external to Australia, and not including those in "The East,"
(c) British markets in "The East" from and including India to the Pacific Islands but not New Zealand,
(d) Foreign markets in "The East," and
(e) All other foreign markets.

Egypt is included as a British market in the second group, although technically not British.

The prominence given in this Conference to Asiatic countries explains why they are given special attention in this paper. It is by no means established as a fact that they will be more important to Australia than the countries of Europe and America, which should certainly be distinguished in the last of the five groups here used.

The figures are averages for the four years 1930-31 to 1933-34, later data not yet being available. This avoids bad distortions due to fortuitous transactions recorded in any one or two years.

Vulnerability to reduced world demand: There is another kind of vulnerability which may be very relevant to trade treaty policy. This is general vulnerability to a reduced world market. We are suffering from this cause very acutely.

The effect of hostile action against imports of any commodity by any importing country is to depress the world price for that commodity. Economic Nationalism applied to agriculture has hurt the Australian wheat farmer more particularly. German action against imports of wool has depressed wool prices.

Any action by any country impeding freedom of trade reacts upon the world's capacity to buy its own products at profitable prices. Apart from this fact there is the competition of substitutes, and any possible extension of the German policy of self-sufficiency. Some other country might sacrifice itself so much as to try and do without imported wool altogether, or some other product in which we are vitally interested.

Australian policy might well be directed towards dealing with those countries which place the fewest obstacles in the way of their own consumers, including consumers of our raw materials.

In any well considered plan for trade treaties information such as the above should be expanded in full detail, and be supplemented by estimates of the vulnerability of each commodity in each country:

(a) To tariff or other obstructions, whether new or intensified, and

(b) To decreases in protection given, e.g., in Great Britain.

The same kind of information is needed for imports. Then and then only will our representatives be equipped to undertake the responsibilities of negotiation.

It is not suggested that our representatives lack this equipment. We do not know. The newly appointed Trade Commissioners will provide some information. Intimate and upto-date commercial knowledge on a very wide range is really necessary. The public and the press must be satisfied with generalisations.

5. LIMITING COMMITMENTS.

The scope for new trade treaties is always limited by existing treaties. Our commitments are chiefly to protect, in the Australian market, a large variety of the products of our own people, and of those of certain other countries. It is impossible to describe here the legal and other obligations which limit us, apart from specific undertakings such as were embodied in the trade treaties known as the Ottawa Agreements of 1932. Nor is it possible here to set out or to interpret with any precision the obligations even of the Ottawa Agreements. Already there has been a crop of misunderstandings and wide divergencies of interpretation on them.

But this much is clear: Australia is definitely pledged by formal Agreement, by tradition, by interest, and by policy, to protect the manufacturing industries of Great Britain in the Australian market against the competition of any foreign producers. There are already two groups enjoying priority, the Australian and the British, and the extent of these commitments is very wide. Moreover it is the intention to extend them further. The intention is sometimes explicit, and sometimes implicit in the demands we are making continually for further protection in Great Britain.

Our commitments are for practical purposes parallel with the range of manufacturing industry in Great Britain. There are also our commitments—actual and prospective—to the other Dominions and the Crown Colonies. But while at first sight this fact may seem to rule out the practicability of any reciprocal arrangements outside the Empire on any scale worth while, the range of commodities in our external trade is so vast that there may be quite a large scope for reciprocity on particular items. There may be for example no Australian producers of some commodity or grade of commodity, and even none in the Empire. The scope has to be found.

6. LIMITING CONDITIONS.

Apart from our treaty obligations, the conditions which limit us are of two kinds, namely the specific difficulties peculiar to Australia and the economic limits common to all countries. These may most usefully be outlined with special reference to trade with "The East."

(a) Australian Conditions:

It is well known that Australian costs of production are relatively high. These are chiefly due to labour costs together with costs of a relatively small output. Exceptions are notable, and comprise the commodities in Grade 1. For such commodities Australia has either special natural advantages, or the production requires relatively less labour than land. Wool has both of these competitive advantages. Where mineral resources are rich enough, their products are also included. Certain products such as skins, undressed timber, shell and other minor commodities belong to this class for the same reasons. The cattle industry produces prime beef for a special market (in Great Britain) and its by-products are not dependent on their own prices, so they too may be included. These comprise the inferior grades of beef, tallow, and other fats, hides and sundries. Lamb is usually produced for the British market. Mutton is often a by-produce of wool.

Some of our "potentialities" are illustrated by the remark of a visiting Japanese recently that Japan could take our chilled beef if it were half the price. We ourselves could buy more of their natural silk, if it were half the price.

Our steel industry is concentrated and uses rich ores. There are others which are able to sell abroad by some degree of "dumping." Other industries depend entirely on the protection given either by transport and other costs which add naturally to the world price, or by tariff or other protection, or some combination of both. To some extent these disabilities are overcome by Governmental control, whereby exports are subsidised at home, or protected abroad or enjoy both benefits.

The geographic nearness of markets in "The East" is generally not sufficient in itself to offset our higher costs f.o.b. ports. With some commodities sea freights may be lighter than from competing countries, e.g., in Europe. But costs of shipment depend less on steaming distances than on other things. They are governed chiefly by volumes of cargo from and to particular ports, and by handling charges at the ports. Australian port and handling charges are high. Incidentally it may be mentioned that shipping freights are the same from all Australian ports.

(b) General Limitations:

These limitations are all questions of cost and can be dismissed quickly since very few people are at all interested in this aspect. Control is imposed with the object of diverting purchases from goods that would naturally be purchased to other goods. The usual way is to tax the goods naturally preferred and to make them more expensive. So far as this limits the individual it may be of no great consequence, except that he can buy fewer goods. But it also limits the industries which purchase the taxed or protected materials, and so restricts their expansion. And if they are subsidised in some way to compensate them, the restrictions are still effective, only they are more general and less obvious. Trade regulation which does this to excess defeats its own object of protection and expansion. The **net** gain is the important consideration. There may be net gain. But it has yet to be discovered how much net gain is resulting from the Ottawa Agreements, after deducting foreign trade lost in consequence, or in process of being lost, and the reactions on all industries. The accounts usually offered to us reckon only the gross gains, and are like a balance sheet with the liabilities and contingencies omitted. Incidentally it may be remarked how curious is the assumption that the benefits of trade are all with the sellers.

There are certain dangers as well as costs which limit prudent commitments. There are dangers of retaliation from countries discriminated against. There are dangers of rigidity. There are dangers of friction between the parties themselves. The least important dangers are illustrated by the trade treaties between Great Britain and the Argentine and between Great Britain and Denmark. The more important dangers were illustrated long ago by the trade bonds which lost to the Empire the old American colonies.

7. A TREATY WITH JAPAN?

The idea of a trade treaty with Japan is popular at present, and it offers a good specimen for examination. It is thought of as an exclusive treaty, under which Japanese goods would be protected in Australia against others from Europe and America, subject to higher protection being given firstly to Australian and secondly to British goods. There would be discrimination for example in favour of Japan and against the U.S.A. The reason would be because Japan buys much more of our commodities.

Such a treaty might indeed be merely defensive, to protect us from hostile action by Japan. Suggestions for such action have been made, and the Federal Government has refrained from imposing exchange duties on account of the depreciated yen, which otherwise it might have imposed.

What are the facts of our trade with Japan. It has grown prodigiously and is still increasing. Of what is it composed?

Take imports first and in terms of £ sterling. They increased during the war, and have now almost recovered to their pre-depression level, while our imports are still about half of their pre-depression total. Piece goods, silk and other textiles account for 70 per cent of our imports from Japan and pay very heavy duties. The balance is of miscellaneous items. The proportion of Japanese to all Australian imports is now about 6 per cent. These imports comprise about 3 per cent. of Japanese exports, this proportion having increased from about 2 per cent. in the pre-depression years.

The Australian market is obviously a good one for Japan, and has increased more than other Japanese markets, but the burden of our heavy customs taxation is undoubtedly borne in part by Japanese exporters, being shared between them and our own consumers. Therein lies a grievance, but it is common to other countries which sell us their goods A further grievance may lie in the fact that we protect British textiles and other goods by taxing them less, but this is part of our commitments, and the price we pay for protection given to our exports in Great Britain.

Turn now to our exports to Japan. These now comprise about 10 per cent. of all our exports. They comprise 9 per cent. of Japanese imports, having increased from 6 per cent. in the pre-depression years, and 2½ per cent. just after the war. The Japanese buy rapidly increasing quantities of our produce.

The character of these exports to Japan next needs close attention. Wool accounts for 80 per cent. and more than accounts for the difference between the value received from Japan and the value paid for imports. The other commodities are chiefly wheat, metals, shell, tallow, and other by-products of the pastoral industry. Practically all of our exports to Japan except wheat are in Grade 1 of our exports as classified herein. And as Japan does not produce wheat the exception for that country can be neglected.

What is the significance of this fact? Firstly, it must be remembered that these commodities sell on their prices. "The East" is a "price market" entirely. Whether we sell more or less wheat or flour to "The East" depends on the price of wheat or flour from other wheat producing countries, and on the relative value in local currencies of our own currency at the moment. Other factors enter too. And our merchants may get a shade of advantage in selling to Japan or some Eastern country instead of to Europe or Africa. But there is nothing much in it. We get the world's price wherever we sell, and we supply a world market whatever Japanese buyers take from us; whether it be wool, wheat, metals, shell, or the by-products of our pastoral industry.

What then is the significance of the increasing purchases of our wool by Japanese buyers? It is very different from the significance of increasing purchases of our butter, etc., by British buyers, for (either individually or as a community) they are paying more for it than if they purchased foreign supplies. The answer is that it has no significance at all for treaty purposes. If the Japanese for some reason chose to buy more wool from South Africa or South America, other national groups would have to buy more from Australia.

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It has been suggested in this Conference that for some special reason Japan might discriminate against Australian wool, or possibly against all wool, which would have much the same effect. The Japanese are concerned about their trade balances and they might choose wool to discriminate against. The habit of using wool is re-

latively new. It has grown under the influence of cheap wool, and of skilled manufacture in Japan.

The Japanese might be so foolish as to do this. The Germans have preferred to buy armaments instead of wool. The Japanese trade balance is similarly influenced by armaments. It is possible that we might appease the Japanese to a greater extent than we should annoy Europeans and Americans by some kind of treaty in defence of our wool. I wonder whether we are not unduly sensitive.

The question may be put bluntly as follows. Are we, on this evidence, to invite retaliatory measures from Europe and America by protecting Japanese goods against competition from those continents? Are we to endanger our sales and our prices in Great Britain for butter, sugar, canned and dried fruits, wines, and sundries, and our prospects for meat by compromising the protection given to Lancashire, Yorkshire, and other centres of British manufacture?

There may be a better way. We Australians are appreciative of the great quantities of wool taken by the Japanese in recent years. They have demonstrated that there are markets at a price, even if the price is low. We might find scope for a treaty which shall not be exclusive of other purchasers of our products. We might begin a new and inclusive policy for all countries, and we could with advantage begin it with Japan.

8. CONCLUSIONS.

The late Professor Cannan, of London, remarked some time ago that the world was on its way to a time when the only things that would be exchanged without legal permits would be shells and poison gas. An American observer last year reported 10,000 trade treaties between the various countries. Certainly the world's trade is becoming so tied up with Government regulation that the end of it may be for Governments to do all the trading themselves. Of course the more probable alternative is the customary reaction towards decontrol. We in Australia at least must have room to grow.

In this paper I have given what seemed to be a timely emphasis to the obstacles and limitations affecting **exclusive** trade treaties. The scope may be found for them by the familiar process of trial and error. It is a wretchedly expensive and uncomfortable process, and it always leaves an aftermath of trouble, but it is the way of the world. In my judgment the errors we are liable to make in Australia are particularly dangerous for two quite separate reasons. One is the material cost to us of endangering our protected markets in Great Britain. We cannot take these markets and that protection for granted. They are part of our bargain, since we have gone in for bargaining. The other is the non-material cost to us, to the Empire, and to the whole world of endangering that precious spirit of friendship which is the essence of the British Commonwealth. There are wider dangers too. The ideal of an English-speaking union is worth safeguarding, and we have not yet made enemies in the U.S.A. The ideal of world peace is worth something, and exclusive trade treaties are a menace to world peace.

I venture to suggest to this Institute that it could assist towards a better international understanding if it were to concentrate on one simple discipline for its own members, and that is to rid their minds of cant. We may need a modern Carlyle to preach the sermons

on this subject. I complain frankly that the themes we discuss are saturated with cant. The phrase "preferential trade" is saturated with cant.

I would ask also whether it is inevitable for people to lose their common sense when they get abroad into large questions of national policy. Consider how we argue from our sentiments, our hopes, fears, illusions, likes and dislikes on these matters, and discuss restrictions on trade as though our Governments were distributing bonbons to children. Perhaps we dislike the Yankees. Then we are willing to penalise ourselves by specially taxing their goods. We seem to think by doing so we are penalising them only, and not ourselves at all. Or we admire the Japanese, and we let their propagandists work upon our psychological weaknesses, our vanities, our hopes, and our fears, especially perhaps, our fears. We are children in these matters compared with those ancient practitioners in psychology who inhabit what we call "The East."

Consider also how we discuss balances of trade between individual countries as though they had some special significance entirely different from our personal balances with individual traders. We may sometimes prefer to pay more for our bread because we like a particular baker, or more for our meat because a butcher is a customer of ours, but not without limits. We are very much concerned as individuals with our balances between purchases and sales, or between income and expenditure **as a whole**, but not so much with individual items. In international trade, dealings with particular countries are individual items of the same nature. Cannot we apply the same sense of proportion."

If we can achieve a less primitive common sense on these matters we could get clearer views on the whole problem. We could develop the necessary strategy for trade treaties (for strategy there must be). We could recognise differences in vulnerability, and in benefits. We could make use of these differences.

Hitherto our representatives appear to have been concerned chiefly with wool in negotiations with foreign countries, both in Europe and Asia, and it appears that some concessions may be made to those countries. In return for such concessions these countries are to allow their manufacturers to continue purchasing our wool. Probably these countries have enough sense to do this in any event. And the concessions we are to make will be made in any event also. To some extent they will be concessions to ourselves as purchasers and taxpayers. And the more of these treaties we make the less exclusive each can be. It may be that we are on the way to a general readjustment via a very round-about route, and that eventually all the separate treaties may be incorporated in one, which will be equivalent to a simple reduction in tariff levels.

Recovery from depression is never achieved in a straightforward manner, and if this is the way in which world trade and our part in it is to recover then it will conform to usage. The details need to be watched lest we make trouble over them, but the trend may be more a cause for sorrow than for alarm. Fortunately the scope for better trade relations with other countries is not confined to manifestations of political showmanship. Fortunately the scope for better relations is not confined to trade. And it may be that out of the contacts we are now making in connection with our readjustments of trade regulation there will arise with other countries a wider and greater reciprocity, and a sequence of treaties of the spirit which shall be neither legal nor exclusive, and not even selfish.

Appendix to "The Scope for Trade Treaties."

AUSTRALIAN EXPORTS AND THEIR MARKETS.

With the Commodities Graded According to Vulnerability.

(i.e., to competition from other exporting or hostile action by importing countries.)

Averages for the Four Years, 1930-31 to 1933-34.

TABLE I.

GRADE 1: LEAST VULNERABLE TO COMPETITION AND HOSTILE ACTION.

Commodities and Groups Thereof.	Average Annual Value (£A1,000's).	Percentage to: Great Britain.	Other Brit. (excl. next column).	"The East" British.	"The East" Foreign.	Other Foreign
Wool	39,410	32.6	0.6	0.2	21.6	45.0
Gold and Silver	5,698	93.9	—	4.4	0.4	1.3
Base Metals (inc. concentrates)	4,066	70.6	1.1	2.3	5.3	20.7
Skins, Hides and Leather	3,625	32.3	2.2	2.4	2.6	60.5
Tallow	690	29.6	6.1	12.9	36.5	14.9
Other Pastoral By-Products	4.15	11.2	11.5	5.4	4.5	67.4
Undressed Timber ..	457	27.8	39.9	17.0	4.8	10.5
Other (see Table 2)	556	12.5	5.1	28.2	12.6	41.6
TOTAL, GRADE 1 (54 per cent.)	54,917	41.3	1.2	1.6	16.8	39.1

GRADE II.. MORE VULNERABLE, E.G., TO "ECONOMIC NATIONALISM."

Wheat and Flour	18,852	39.8	8.7	5.9	35.2	10.4
Meats	6,040	86.3	2.9	3.8	3.3	3.7
Fresh Fruits	2,026	74.1	7.0	3.2	1.8	13.9
Milk and Cream	730	8.2	2.5	50.1	39.1	0.1
Manufactures of Metals (1933-34 only)	921	7.2	66.0	21.6	2.2	3.0
Coal	326	0.3	42.8	18.9	36.6	1.4
Other (see Table 2)	2,159	25.2	31.2	21.4	9.1	13.1
TOTAL, GRADE II. (31 per cent.)	31,054	48.2	10.5	8.0	24.3	9.0

GRADE III. MOST VULNERABLE; DEPENDENT UPON PROTECTION ABROAD.

Butter	8,767	91.2	1.5	1.5	5.4	0.4
Fruits—Dried and Canned	3,000	75.6	22.5	1.1	0.5	0.3
Sugar	2,026	90.1	9.2	0.5	0.2	—
Wine	753	91.5	6.9	0.6	0.1	0.9
Eggs	742	99.5	0.1	0.3	—	0.1
Cheese	252	91.0	0.6	5.3	2.9	0.2
TOTAL, GRADE III (15 per cent.)	15,540	88.5	6.7	1.2	3.2	0.4

The above comprises 97 per cent. of the whole, excluding money. See Table 2 and Notes on page 3.

TABLE II.

Australian Exports Grouped as "Other" in Table 1.

GRADE I. LEAST VULNERABLE.

Commodities and Groups Thereof.	Average Annual Value (£A1,000's).	Percentage to: Great Britain.	Other Brit. (excl. next column).	"The East" British.	"The East" Foreign.	Other Foreign
Shell (mainly Pearl)	288	19.1	0.5	—	14.6	65.8
Horses (excl. N.Z. racers)	97	0.1	6.8	85.4	5.7	2.0
Sandalwood	96	—	—	76.7	23.3	—
Eucalyptus Oil	42	32.9	13.5	1.8	1.3	50.5
*Tanning Bark	33	1.1	44.6	—	—	54.3

GRADE II. MORE VULNERABLE.

Barley	378	33.3	5.2	0.1	4.3	57.1
Fodders	269	53.2	13.1	22.4	1.3	10.0
*Rice	86	35.0	33.7	27.2	4.1	—
Beans and Peas	82	81.6	3.3	4.8	—	10.3
Cereal Foods (manufd.)	82	0.1	0.8	13.7	85.3	0.1
*Biscuits	71	0.3	2.2	47.7	49.5	0.3
*Confectionery	51	1.7	62.7	25.7	9.2	0.7
Jams and Jellies ..	47	9.6	3.0	64.3	21.9	1.2
*Tobacco (manufd.)	253	—	53.2	41.7	5.0	0.1
*Beer and Spirits	97	13.0	8.2	66.3	6.7	5.8
*Medicines	88	2.3	63.9	15.3	17.3	1.2
Soap	185	64.0	13.3	18.9	3.5	0.3
*Footwear	47	1.5	69.5	18.1	8.9	2.0
*Piece Goods	59	1.1	95.7	2.4	0.1	0.7
*Other Apparel	121	14.6	54.1	19.2	4.5	7.6
*Manufactures of Rubber	64	2.9	76.0	14.4	2.6	4.1
*Books & Stationery	117	13.5	63.0	15.3	0.8	7.4
*Explosives	62	4.9	82.5	11.4	1.2	—

* The chief market is in New Zealand and/or the Pacific Islands.

The figures include imports re-exported except for the two items most affected by this trade, e.g., Piece Goods and Manufactured Metals (the latter given in Table 1).

The other 3 per cent. of Australian exports are too miscellaneous in character to be worth dissection in this survey.

NOTES ON THE TABLES AND THE GRADINGS.

GRADE I comprises commodities least vulnerable to competition from other exporting countries and/or to hostile tariff or other action by the importing countries. They are chiefly raw materials essential for the manufacturing industries of the importing countries, and have the least significance as subjects of trade treaties. For reasons see text. They are the kind of essential raw materials for which manufacturing countries seek sources.

Pastoral by-products include hides, leather and tallow (given separately), other animal fats and oils, sausage casings, bones, hoofs, hair, glue, etc.

GRADE II comprises products in the production of which more labour is employed, and which have more difficulty in competition. Some are sold because of lower transport costs to nearer markets,

or because of the effects of the depreciated pound, or at "dumping" prices, or because of some combination of these causes.

Wheat is included because it is vulnerable to economic nationalism in Europe more particularly. Most of the volume in this grade belonged formerly to Grade I, and some is on the way to Grade III.

"Manufactures of Metals" is a group significant because it has doubled in the four years, and the figure given is now representative. Fifty-two items are included in this group. Thirty per cent. of the whole is of steel, wire, and netting, and 16 per cent. is electrical. New Zealand is the chief market.

GRADE III is dominated by exports to the protected United Kingdom market, and a small proportion goes to Dominions where similar protection is given. A smaller proportion goes to foreign markets where it gets no protection, but has equivalent advantages in lower transport and exchange costs to markets and/or higher costs from competing countries. This proportion belongs properly to Grade II.

Grade III commodities are also subsidised by Australian consumers. The costs of subsidising (III) limits expansion in (I) and increases the proportion of exports in (II) and (III).

Proportions and Destinations.—Certain refinements would be necessary to obtain completely accurate percentages, but more exhaustive research would not materially alter the significance of the figures. Grade I exports to Great Britain include substantial re-exports from that country to world markets. For the grouping of markets, see the text.

The Tables were prepared by D. C. L. Smith, B.Com., Statistical Officer, The Bureau of Industry, and in part published in "Economic News"—the monthly Bulletin of the Queensland Bureau of Industry.

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REPUBLIK INDONESIA

Immigration Into Australia

By R. JAY, B.A.

I. THE IMMIGRATION ACT, 1901-1935.

One of the first acts of the newly-elected Commonwealth Parliament was to pass the Immigration Restriction Bill of 1901. The Barton Government, under pressure from Joseph Chamberlain, the English Secretary of State for the Colonies, adopted from Natal the "dictation test," by which any immigrant could be required by a Customs or other officer, to write out not less than 50 words in any European language at the dictation of the officer and in his presence, and if he failed in this test, he became a prohibited immigrant. This diplomatic method of exclusion did not prevent China and Japan from protesting vigorously.

In 1905, an amendment to the Act substituted for "any European language," "any prescribed language." This change was made on the representations of the Japanese Government, but as no other language has been prescribed, the provisions of the original Act apply.

In 1904, Australia undertook to admit freely all Japanese bearing passports from the Japanese Government for a period of one year, while the Japanese Government undertook to issue passports only to merchants engaged in foreign trade, students, and tourists. Similar arrangements were concluded with the Indian Government (1904), and with Ceylon, Burma, Hong Kong, and the Straits Settlements (British possessions), and Annam, Egypt, the Philippines, and Hawaii. The one-year period of exemption can (since 1919) be extended on application.

Despite the early adverse criticism of the dictation test, it has worked extremely well in practice. Few immigrants are turned back, because those at whom it is aimed do not atempt to enter, knowing that it would be useless.

In 1925 a stream of immigrants from Mediterranean countries began to enter the Commonwealth. They had been diverted from the United States by the amendment to the Immigration Act in July, 1924, and a clamour was soon raised against them, on the ground that they settled in groups, did not assimilate with the existing population, had a lower standard of living, and were entering the country in excessive numbers. An amendment to the Immigration Restriction Act was passed in 1925 in consequence of this agitation. It provided that: the Governor-General could restrict the immigration of aliens of any race:—

> "(a) on account of the economic, industrial, or other conditions existing in the Commonwealth;
>
> "(b) because the persons specified in the proclamation are, in his opinion, unsuitable for admission into the Commonwealth; or
>
> "(c) because they are deemed unlikely to become readily assimilated, or to assume the duties and responsibilities of Australian citizenship within a reasonable time after their entry."

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These powers have not so far been exercised. Provisions (b) and (c) could cause offence, but up to the present have not come into question as they have not been applied. The Italian Government did not favour emigration and entered into an arrangement for the limitation of passports. A quota of 100 immigrants per month applies to Italy, Greece, Jugo-Slavia, and Albania, and 120 to Malta, a British possession; and the Italian Government refuses passports to those who have not £40 landing money, or relatives in Australia to guarantee to support them.

The report of the Royal Commission on Social and Economic Effect of the Increase in the Number of Aliens in North Queensland presented to the Queensland Parliament by Mr. T. A. Ferry, in 1925, expresses the opinions of trade unionists. He reported that North Italians are satisfactory settlers, but that South Italians were not easily absorbed, and had a low standard of living, as did Greeks and Maltese. Greeks took to trading, and the Maltese, though hardworking, were poorly educated. He recommended regulation of immigration to prevent undue numbers coming at one time or settling in one place, and to prevent the entry of unsuitable immigrants.

The only direct prohibition of a particular race contained in the Act arose out of the War. It was inserted in December, 1920, and prohibited any person, who, in the opinion of an Immigration Officer, was of German, Austro-German, Bulgarian, or Hungarian parentage and nationality, or was a Turk of Ottoman race. This ban was to last for five years in the first instance, and thereafter until the Governor-General, by proclamation, otherwise determined, and it was raised at the end of the five year period—in December, 1925—except as regards Turks of Ottoman race.

II. ASSISTED IMMIGRATION SINCE 1920.

Before the War, the English Government was not prepared to do any more than establish an Information Office in London. The Commonwealth Government, similarly—although it had power to legislate on the subject of immigration—refused to take charge of the existing machinery in London for lack of co-operation from all States, and confined itself to publicity work. The encouragement of immigration, therefore, fell upon the States and various voluntary associations.

The States paid part of the fares to the shipping companies (who employed commission agents to recruit migrants) and undertook the settlement of migrants on their arrival. The feeling for immigration was enthusiastic from 1906 on, with improving conditions, and the States promoted a large influx.

Various voluntary organisations gave valuable assistance, as they had in earlier times, especially in the field of propaganda, and the care of migrants after their arrival. The bulk of the financial assistance, however, came from the Governments, and the voluntary organisations are chiefly significant as an aid to administration, humanising the relations between the authorities and the migrants.

During the War, of course, immigration was practically suspended. After the War, the Commonwealth Government took over all machinery, abolished the existing recruiting system, and appointed medical referees in various parts of England, with the idea of selecting a good type of migrant.

An Imperial Conference on Immigration showed that there was much interest in the subject, and the outcome was the Empire Settlement Act of 1922 by which the English Government undertook to

co-operate financially with any Dominion in any scheme mutually agreed upon, to the extent of £1½m. in the first year and £3m. in any subsequent year on a £1 for £1 basis. The scale of assistance in passage-money given below was drawn up, such assistance to be shared equally between the English and Commonwealth Governments. The migrants were to be either selected by the medical referees or nominated by relatives in Australia. The former were selected according to the numbers required by the States, which undertook to find employment for them, while the nominating relatives had to guarantee the support of those for whom they asked. The scale of assistance was as follows : (Taken from Commonwealth Year Book, 1935, p. 560):—

	Government Pays.	Individual Pays.
Chidren under 12	£16 10 0	Nil
Juveniles, 12-17	£27 10 0	£5 10 0
Do., 17-19	£22 0 0	£11 0 0
Married Couples (including widows, widowers, and wives nominated by hushands) with at least one child under 19.	£22 0 0 per parent. Children according to age.	£11 0 0 per parent. Children according to age.
Household workers	£33 0 0x	Nil. x
Others (including children under 19).	£16 10 0	£16 10 0

x £22 and £11 after 31.3.28.

The main objective of the Governments of Australia was to settle these immigrants on the land. The only large scheme attempted under this arrangement was the Group Scheme of the Western Australian Government. This was undertaken with the idea of developing the timber country of the wet south-west corner of Western Australia. This area has an equable Mediterranean climate, with good winter rain, and it was hoped to establish dairying there. The prolific growth of timber however, was a big obstacle to settlement and soil deficiencies drove the settlers into isolated pockets.

The system was begun with groups of Australians in 1921. In February, 1923, a tripartite agreement was drawn up with the following conditions :—

(a) Commonwealth Government to raise loans for the Western Australian Government;

(b) British and Commonwealth Governments to pay one-third of the interest each.

(c) The Western Australian Government to settle 75,000 new migrants from the United Kingdom and establish 6,000 of these on farms in the South-West.

It was hoped that farms would be partly cleared and stocked and houses erected thereon by the co-operative effort of the groups at a total cost of £1,000.

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The potential farmer worked for wages of about 10/ per day until his farm was ready, and then took control of it, giving a mortgage of £1,000 to the Agricultural Bank. But, in June, 1924, group settlement was suspended, and a Royal Commission appointed to enquire into the mounting costs of preparation of farms. This Com-

mission estimated that the final cost of the farms would be £3,000 (majority report), £2,000 (minority report) instead of £1,000.

Since the report of this Commission, the project has been pushed to somewhere near completion, but there was a heavy wastage of men, farms and money. The piece-work system adopted after the report had been made, proved no less costly, and the proportion of men who had no intention of becoming farmers remained as high. Much land proved unsuitable, many farmers proved inept, and much capital expediture had to be written off.

At the end of 1931, £3,164,758 had been written off out of the £5,000,000 expended in preparing the farms. A further £5m. had been advanced by the Agricultural Bank, and the result of all this, over a period of ten years, was the establishment of 1,704 farms (705 being fully self-supporting, and the remainder requiring further assistance), carrying 2890 migrant families and 153 single migrants. It is no wonder that the Labor Premier of Western Queensland has just declared—"We are stone-cold on the subject of assisted immigration."

The lack of response to the Empire Settlement Act led to a new agreement in 1925. The English Government agreed to make available to the Australian State Governments—over a period of ten years—£34,00,000 of loan money at a specially cheap rate of interest, on the following conditions :—

(a) Half could be used to settle Australians on the land, but one assisted immigrant was to be brought from England for every £75 lent—not necessarily to be settled on the land, however.

(b) Of every 10,000 assisted immigrants, 3,750 could be without capital.

It will be seen that this scheme envisaged the immigration of 450,000 immigrants in ten years. The Commonwealth Government set up a special commission of experts, known as the Development and Migration Commission, to advise it on projects for the utilisation of the loan money.

This Commission did most valuable research work on the subject of migration, particularly in calling attention to the heavy indirect costs of land settlement, in the shape of new roads, post offices, water and power facilities, police, schools, and so on. Most of the projects put forward by the States were rejected as unsound, and only £5½m. was actually borrowed for developmental work under this scheme. At the end of 1929 the depression overtook Australia, and the scheme collapsed. In 1930 the Federal Government (Labor) limited assistance to farm workers, domestics, and nominated immigrants, and since then the States have cancelled all requisitions for selected migrants.

At the present time, 1936, the Lyons Government appears to be toying with the idea of resuming immigration. Whether this will take the form of assisted immigration, and if so, how the cost will be shared between Australia and England, remains to be seen. It has been very definitely linked with the question of markets, however, and it would seem that the Australian Ministers have told the English Government that a renewal of immigration is dependent upon an extension of the English market for Australia's products.

A table of assisted and total immigration is added. x:—

1788-1851	109,000	317,000
1851-1900	575,000	1,310,000
1901-1921	179,900	1,518,000
1922-1931	212,168	901,000

x. Constructed from figures in the article by H. Burton previously quoted—the figures are approximate in some cases.

111. AUSTRALIAN OPINION CONCERNING IMMIGRATION.

Present day opinion on the wisdom of encouraging even "Nordic" immigration is not unanimous . The Labor Party, for instance, is always apprehensive of undue competition among wage-earners, which might be the outcome of too rapid an inflow of migrants. The jealously guarded standard of living is conceived of as being in danger, and there is, therefore ,a section of the Labor movement which would like to see all immigration stopped.

On the other wing, there is that section of the employers which would like to see a large immigration of workmen for the very purpose of breaking the Awards. Both sections are a minority, however, and neither dares to be vocal. They give the key, however, to the general attitude of the two parties—the Labor Party very anxious to regulate immigration so as to prevent "the flooding of the labour market," the conservative parties anxious to stimulate a big flow of migrants "to develop the country's resources."

The latter policy seems to hold the balance of public favour, except when depression makes immigration manifestly unwise, and this support is probably due to the importance of the political aspect of immigration as distinct from the economic.

It can safely be said that at the present time, all parties are prepared to resume immigration, provided they can find the markets overseas for the increased production which may be expected to result, and provided adequate capital is available for the immigrant.

The Labor Party is antagonistic to any further schemes of assistance whereby Australia provides that capital—the other parties probably less so. One might say that the renewal of immigration is expected, and is regarded as a necessity, but that all parties are anxious to avoid further losses, or the transfer of unemployed from the one country to the other.

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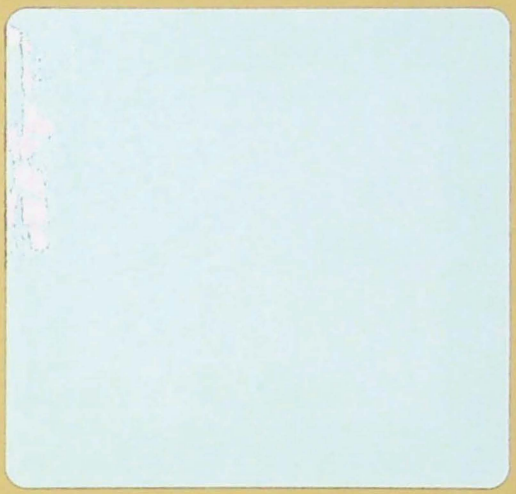

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