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The First 100 Years of Tariffs in Australia: the Colonies

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Abstract

This paper reviews the history of tariffs imposed by the six Australian colonies during the nineteenth century. In each of the colonies, we identify the starting dates for the first tariffs, first preferences and other features, and the turning points in the levels of tariffs. We then construct a time series of the average tariff levels in the individual colonies and an average for all six colonies combined. The conclusion notes general features of the pattern of tariffs and how the main features of colonial tariffs, such as the favourable treatment of intermediate inputs, the complex differentiation of tariff rates within industries and the protection implicit in the excise tax system all carried over to the Commonwealth Customs Tariff in the twentieth century.

Keywords: colonies, tariffs, revenue, protection

JEL Code: N1, F13

Short running title: The First 100 Years of Tariffs in the Australian Colonies

1. Introduction

The first tariffs on Australian territory were introduced in the colony of New South Wales (NSW) by Governor King in 1800. Thus there is exactly 100 years of tariff history in Australia before the Federation in 1901. This paper reviews the evolution of tariffs during this first 100 years by compiling a time series of tariff levels in the six individual colonies and an average for all six colonies combined. It also examines the crucial differences that emerged in the latter part of the nineteenth century between the two large colonies of NSW and Victoria. In this period NSW was known as the “free trade” colony and Victoria as the “protectionist” colony. This 100-year period divides neatly into two sub-periods of roughly equal length; the earlier period of Imperial control of tariff-fixing and the period of colonial control after the passage of the Australian Colonies Government Act by the Imperial Parliament in 1850. This enabled responsible government in the colonies, starting with NSW and Victoria in 1855.¹

Very little has been written on tariffs for the period before responsible government. The most comprehensive account is that of Mills who reviewed the tariff history of the four colonies in this period as a part of the general history of taxes in Australia.² Economic histories of tariffs in the nineteenth century contain only brief mention of tariffs in this period for example, Coghlan and Reitsma.³ The only other studies with much detail are the history of Imperial control of tariffs in NSW for the period 1800 to 1850 by La Nauze and the history of tariffs in NSW by Thomson⁴.

For the second half of the nineteenth century, there are a number of valuable studies. The most comprehensive are the books by Patterson, which provides a very useful general history of tariffs in the colonies for the period of responsible government (1856 to 1900), and Mills.⁵

¹ After the 1850s, Western Australia was the only location that remained a Crown Colony administered by the Colonial Office in London until 1890.

² Mills, *Taxation*.

³ Coghlan, *Labour and industry*; Reitsma, *Trade protection*.

⁴ La Nauze, *Australian tariffs*; Thomson, *The financial statements*.

⁵ Patterson, *The tariff*; Mills, *Taxation*.

Coghlan and Allin⁶ examine the conflict among the colonies over the imposition of tariffs on inter-colonial trade for the period 1850 to 1865. There are also some excellent accounts of particular events or aspects of the development of tariffs in this period. For example, the account by La Nauze of the introduction of the tariffs by the colonies after the granting of responsible government, the analysis by Boehm of the under-recording of trade values because of the omission of transshipments of trade between colonies and the review by Patterson of the Murray River customs border disputes.⁷

These histories have firmly established the chronology of the main events in colonial tariff evolution as well as providing a large amount of detail of tariffs on individual items and the circumstances leading to changes in tariffs. In this paper the emphasis is on quantifying tariff levels in the individual colonies over the 100-year period as far as practicable. Knowledge of the levels of tariffs prevailing in the individual colonies and in Australia as a whole is essential for understanding and analysing fiscal issues during the colonial period, the development of Australian industries, and regionalism and colonial economic growth.

There are no time series of tariff levels for any part of the 100-year period examined here.⁸ *Australian Historical Statistics* has a time series for the six colonies in the aggregate of Customs Revenue from 1850 and Value of Total Imports from 1861.⁹ However, during the period of responsible government, these revenue statistics combined the revenues of both import and export duties and, in some cases, excise duties too. Export duties mostly collected very little revenue with the exception of Victoria due to the export duty on gold, which collected large revenues from its introduction in 1855 until its termination in 1867. Other adjustments also need to be made to the raw series of customs revenue and the series of

⁶ Coghlan, *Labour and industry*; Allin, *A history*.

⁷ La Nauze, *Merchants in action*; Boehm, *Appendix*; Patterson, *The Murray River dispute*.

⁸ The only calculation of averages that I have found is for the colonies in 1900, the very last year of the colonial period, by Coghlan (*A statistical account*, p. 284). Patterson, (*The tariff*) has tables comparing tariff rates on individual items in the six individual colonies for 1855, 1864, 1876, 1880 and 1893. These are very informative but he does not calculate any ad valorem equivalent rates for specific duties or any averages. Hence, one cannot see the wood for the trees in these tables.

⁹ Vamplew, *Australian historical statistics*, (series GF357 and ITFC23).

the value of imports. Here, we make these adjustments to these estimates by taking data from the primary sources in the Blue Books and Statistical Accounts of the colonies.

In calculating the series two issues arise. The first concerns tariff rates on individual tariff items. In any one colony, the rate of duty applied to imports of one good coming from different sources in any one year was generally the same for all sources, both from the other colonies and from other countries. However, there were two minor exceptions to the general rule of non-discrimination before responsible government, which applied in the colonies of NSW, Tasmania and South Australia (these are noted in section two). In the series calculated here, these minor preferential imports are combined with the general non-preferential imports.

The second issue concerns the weight to be attached to the tariff rates for individual items. For one colony in one year, the average rate of duty can be calculated by dividing the total tariff duty collected by the value of all merchandise imports.¹⁰ This measure is the arithmetic mean of the tariff rates on individual tariff items, using actual import shares as weights. This yields a time series which is a Paasche index of average tariff rates. An alternative is to use an index with fixed weights which yields a Laspeyres index. A fixed weight index would remove variation from year to year which is due to changes in the composition of the value of imports. To make the best choice one should begin with the theory of index numbers. In this context the theoretically-correct index is the Mercantilist Trade Restrictiveness Index (MTRI) which was recently developed by Anderson and Neary.¹¹ That choice was based on the premise that the interest in measuring tariffs is their effect on imports and, following from that, on domestic production. In any one year, the MTRI is defined as the uniform rate that leaves the aggregate volume of imports at their current level.¹² This is an index which uses current period import weights. Doing this in each year of the series yields a Paasche index

¹⁰ Appendix 1 discusses the problems of adjusting the raw data to obtain a consistent series of data for the numerator and denominator of the index

¹¹ Anderson and Neary, The Mercantilist index; Measuring the restrictiveness.

¹² To be precise, the aggregate value of imports at constant prices.

with import weights.¹³ These current period weights in the MTRI should use the import shares for each item in the free trade situation. Using weights from the actual (tariff-distorted) situation biases the measured average downwards as it underweights items with relatively high tariff rates and reduced imports. However, for the colonial period, there is no way of estimating the weights applicable under a free trade regime. This makes the Paasche index with actual trade weights the closest possible approximation to the MTRI.

A fixed weight index has a number of disadvantages. It is not the theoretically correct choice and, like the Paasche index, the use of actual trade situation weights biases the measure. Fixed weights require a sample, a subset, of goods to represent all imports. The sample may not be truly representative and over a long period of time one would need to revise the sample and link the indices. Moreover, for all Australian colonies in their early years, the breakdown of total imports and/or of customs revenue by commodity is not available. Hence, the time span of the fix-weighted series would be considerably shorter. The Paasche index calculated in this paper for individual colonies and for all six colonies combined is the only measure available for most of the nineteenth century Australia.

As background to the statistical series, section two begins with a discussion of tariffs and the introduction of responsible government in the colonies after 1850. This outlines the range of goods subject to tariffs and the types of duties (tariffs, excise duties and export duties). It focuses on events which were either starting points (such as the first ad valorem rates, the first protective tariffs and tariff preferences) or turning points (such as substantial changes in the levels of tariffs) and on the motives for these policies. It then presents the series of the average tariff for each colony. In section three, information for the six individual colonies is combined into a series of average tariffs for all colonies combined. Section four draws some general conclusions.

2. Tariff policies in the Colonies, 1800-1900

¹³ For further discussion of the index, see Lloyd, Customs union.

For the purpose of tariff fixing, NSW comprised all of modern “Australia” from the establishment of the first settlement in Botany Bay in 1788 until 1825. A second penal settlement was established in 1803 in Van Diemen’s Land (Tasmania) and free settlement began soon after that date. However, the island was administered as a part of NSW until it became a separate colony in 1825. Settlement in Port Philip Bay (Victoria) began in 1834/35 but this territory was not separated from NSW until 1850. In Moreton Bay (Queensland) settlement began in 1824 but this colony did not separate from NSW until 1859. Official settlements in the other two colonies of Swan River colony (Western Australia) and South Australia were established in 1829 and 1836 respectively.¹⁴ In the discussion of each colony below, the territory of the colony is as defined in each year. Thus, the area of NSW shrinks during the century and the statistical series for NSW in each year refers to the colony as geographically defined at the time.¹⁵

In terms of tariff history, the century is divided into two sub-periods around the year 1850. In legal terms 1856 is the year which separates the sub-periods before and after responsible government and some commentators have used this dividing line; for example, Patterson.¹⁶ However, when the legislature of Victoria debated the first Customs Act of 1852 and the NSW legislature debated the important Deas-Thompson Tariff Act of 1852 they both behaved as if they were already self-governing. For the purpose of tracing tariff history, therefore, 1850 is the natural dividing line.

Until 1850, the ability of Tasmania, South Australia, and NSW to fix tariff rates within their individual colonies were governed by a series of British Parliament Acts.¹⁷ From 1822, each colony was permitted to fix its own rates with the advice and consent of the Legislative Council of the colony with maximum rates set down by an 1822 Act of the British

¹⁴ For an account of early settlements see Crittenden, *First European Settlements*.

¹⁵ However, after separation from Victoria, the *Statistical Register* of NSW 1851 contains a series for the years 1837 to 1850, which relate to the territory of NSW excluding what became Victoria. (This was referred to as “New South Wales proper”.) These include series of customs revenue and of the value of total imports that could be used to compute the average tariff for these years excluding the territory that became Victoria.

¹⁶ Patterson, *The Tariff*.

¹⁷ See La Nauze, *Australian tariffs*.

Parliament. This gave Tasmania and South Australia some, not unlimited, discretion to fix rates that differed from those in NSW. In practice, the structure of tariff rates in these two colonies was very similar to that of NSW.

The goods subject to duties and types of duties

In 1800 NSW introduced tariffs on imports of alcoholic beverages. Spirits and other strong drinks were taxed at 1 shilling (s) per gallon, wine at 6 pence (d) per gallon and beer at 3 per gallon.¹⁸ Tariff revenue was used to pay for the construction of the Sydney and Parramatta gaols and the bridge across Tank Stream in Sydney (now known as Bridge Street). These were the first taxes of any kind levied in the colonies, as distinct from service charges such as various port and wharfage charges and a levy on grain received in public stores. La Nauze noted that “The fiscal system of Australia had its origins in the thirst of the convicts and their military gaolers.”¹⁹ The duty on spirits was raised several times, peaking at 10s/gallon in 1818. Tobacco became subject to tariffs at 6d/pound (lb) in 1818. The rates on all of these goods were specific, based on the volume of imports of the item. By 1827 the first Collector of Customs was appointed. The focus on the two groups of alcoholic beverages and tobacco is a carry-over from the commodity tax system of Great Britain. In the nineteenth century colonies, these groups were described as “stimulants” and “narcotics” respectively. Later these taxes were described as “sin taxes”.²⁰

There is a curious twist to the taxation of alcoholic beverages in early colonial NSW. In contrast to the rising duty on spirits, the duty on beer was maintained for some years and then imports of beer ceased to be subject to specific duties.²¹ In the early days of the colony, there was much official concern over the level of drunkenness in Sydney. The consumption

¹⁸ Accounts of this event are given La Nauze, *Australian tariffs*; Mills, *Taxation*; Joint Committee on Public Accounts, *A brief history*.

¹⁹ La Nauze, *Australian tariffs*, p. 1.

²⁰ Adam Smith, *An Inquiry*, pp. 821-23 described these products as “luxuries”. However, they were luxuries only in the sense of not being subsistence goods.

²¹ I have not been able to establish the date when the import duty on beer was abolished but this occurred some time between 1806 and 1818. Beer was presumably subject to ad valorem duties imposed on all goods not subject to specific duties at the rate of 5 or 10 per cent. Similarly, wine was subject to ad valorem duties only over the shorter period 1840 to 1848.

of rum, whisky and other strong liquors was blamed. In a letter to Governor King of August 29 1802, the Colonial Secretary, Lord Hobart, opined

The introduction of beer into general use among the inhabitants would certainly lessen consumption of spiritous liquors. I have therefore in conformity with your suggestion taken measures for furnishing the colony with a supply of ten tons of Porter, six bags of hops and two complete sets of brewing materials.²²

Other measures were taken to encourage local production of beer: the Government assisted local brewers by grants of land, and set up a government brewery in 1804 but it was a financial failure and closed after 12 months.²³ Beer remained free of specific duties until 1855. The rates on products in these two groups were changed several times during the remainder of the century, mostly upwards. In nineteenth century NSW, with a strongly male-dominated population, taxation of these goods yielded large revenues. These two product groups remained the main source of revenue from tariffs in the colony for the rest of the century.

In 1802 an ad valorem duty of 5 per cent was levied on all merchandise imports except goods of British manufacture. This introduced ad valorem tariff rates and preferences into the tariff structure. Hereafter, tariff rates in NSW were a mixture of specific and ad valorem although in some years all rates were specific. The same applied to the other colonies. In the late colonial period, the only other type of tariff rates used were primage duties. These are supplementary revenue duties that were imposed from time to time in some colonies.

The preference for British manufactures were stated by Governor King in a letter to the Colonial Secretary, “My reasons for this measure are the necessity of encouraging English

²² *Historical Records of Australia*, vol. 4, p. 824.

²³ “In the early days of Australia’s colonial history, the governors of the day – Phillip, Hunter, King and others – all supported the development of a local brewing industry, and for several very good reasons. They realised the importance of having a regular supply of locally produced beer, which, with a lower alcohol content compared to rum and other spirits, would combat the effects of excessive spirit drinking and drunkenness rampant in the community. Moreover, they believed that beer could be produced in the colony and sold at prices considerably lower than imported ales. A most compelling reason was the prospect of the establishment and growth of both primary and secondary industries, the cultivation of barley and hops and the setting up of factories to process the products and brew the beer” (Deutscher, *The Breweries*, p. 1).

manufactures in preference to those which come from India... and [the] Americas.”²⁴ All imported goods became subject to this ad valorem duty in 1827. These preferences continued until 1843 when, under the prevailing doctrine of free trade and after the passage of the Corn Laws in Great Britain, the Colonial Secretary notified Governors of all territories in the British Empire that there was to be no discrimination by the place of origin of goods.²⁵ However, the preference margins were small. Similarly, in South Australia, there were preferences for imports of some goods manufactured in Great Britain until 1848.

There was a second instance of preferences involving NSW. After the separation of Tasmania in 1825, these two colonies provided reciprocally for the admission, free of duty, of goods from the other colony. This ended when the Colonial Secretary's prohibition on differential duties was imposed. Quick and Garran outline the steps by which these inter-colony preferences were introduced and removed in these colonies.²⁶ A related feature of Australian tariff history occurred uniquely in South Australia. For some years after 1863 South Australia had a provision for free trade in a sub-territory of the colony, the Northern Territory.²⁷ This policy was intended to promote the development of the Northern Territory sub-region. It created what would become known in the late twentieth century as a “free trade zone”.

In 1821 the UK Parliament, which had assumed legal authority for imposing taxes in NSW, introduced a duty on “colonial spirits”, that is, spirits distilled in NSW, at the rate of 2s 6d per proof gallon, effective from 1 August 1823. This duty is what came later to be called an excise duty. It is a specific duty levied on the volume of the product produced locally. At this time, the tariff duty on spirits imported from Great Britain or the West Indies was 10 shillings. Thus, a margin between the taxation of an imported item and the like locally-

²⁴ *Historical Records of Australia*, I, p. 626. The Governor added the explanation “of their being more durable and of better quality.” An economist today would immediately note that, if this were true, the buyers would factor it into their choice of goods. This decision smacks of a desire to protect British producers.

²⁵ This direction was supposed to rigidly bind the colonial lawmakers. However, Reitsma (Trade protection) claims this direction was largely ignored. One instance is the reintroduction of British Preferential rates in South Australia over the period 1846-8 (Mills, *Taxation*, pp. 130-32), contrary to the ban on preferences.

²⁶ Quick and Garran, *Annotated constitution*, pp.79-80.

²⁷ See Patterson, *The tariff*, pp. 40, 77, 113.

produced good was introduced, in this case a hefty one of 7s 6d. This is an historic event because, as far as I have ascertained, it was the first deliberate use of a tariff for the purpose of protection in the colonial tariff system.²⁸

After separation from the rest of NSW on 1 July 1851 Victoria continued to apply the customs duties and regulations of NSW.²⁹ In 1852 the first Victorian Customs Act was passed. A second act in 1854 added beer to the list of dutiable goods. Therefore, the Victorian list of goods subject to tariffs now followed that of the Deas-Thomson Tariff passed shortly before in NSW. The same goods were subject to tariffs, a small group of popular drinks, both alcoholic (spirits, wine and beer) and non-alcoholic (tea and coffee), tobacco and basic consumables (sugar and flour) and the rates were the same for most of these goods but there were some increases. This was a pure revenue tariff. La Nauze attributes the absence of any protectionist tariffs to the influence of import merchants.³⁰

The discovery of large gold deposits in 1851 and the sudden gold rush that followed had important consequences for tariffs in Victoria. The fiscal needs of the Victorian Government soared along with the colony's population. Both tariff rates and the range of goods subject to tariffs were extended in 1857 and 1862. In 1854 also an export duty on gold was introduced, effective from 1 May 1855. For the next 12 years this became an important source of revenue for the colony.

Another minor but nonetheless interesting consequence of the gold rush was Victoria's 1857 tariff on imported opium. In the statistics of tariffs and tariff revenue, opium was added to the group of "narcotics" subject to import taxes. The duty rate was high and often prohibitive. However, the reason for the tax was different than that for tobacco and tobacco products. It was neither a revenue tariff nor a protective tariff. Instead, it was one of several

²⁸ Protection was provided to NSW wheat growers as well as to the distillers. The announcement began with a provision that distillers were required to use grain grown in the territory of NSW.

²⁹ The *Statistical Register* for NSW for the year 1851 notes trade and revenue statistics exclude the trade and revenue of Victoria. The *Statistical Register* and the *Annual Returns on Trade and Customs* for the colony of Victoria do not begin until the year 1852. The *Report of the Registrar-General on the Progress and Statistics of Victoria* gives the value of imports and the revenue for the colony of Victoria in 1851 with the total revenue being £748, 984 but this does not record how much revenue was collected from customs duties.

³⁰ La Nauze, *Merchants in action*.

measures designed to discourage immigrant Chinese, many of whom smoked opium, coming to the Victorian goldfields. NSW and the other colonies subsequently followed the Victorian lead in taxing this commodity. Opium remained a legal import in the colonies and in the early years of Federation until it was declared a prohibited import from 1906.

Taxation of excisable items in Victoria was introduced in 1858 with an excise on spirits distilled in the colony. From the outset, there was some discrimination in favour of local Victorian producers. The rate of duty on imports of spirits was 10 shillings. While the rate for spirits distilled in Victoria from grain or root, which covers whisky and most spirits, was also 10 shillings, there was a lower rate of duty on spirits distilled from sugar (that is, rum) of 9 shillings and 2 pence. In 1862 the excise rates for spirits distilled from sugar was lowered to 8 shillings and this was applied to other spirits while the duty on imported spirits remained at 10 shillings and thus, the discrimination was extended to all spirits distilled in Victoria. Later the excise tax regime was extended to beer and to tobacco and tobacco products, and differences were introduced between the rates of tax on these Victorian-produced and like imported products.³¹ At the end of the decade of the 1850s, the gold rush ended. Beginning in 1861 net immigration into the colony by sea became negative and protectionist sentiment grew with a Tariff League being formed in 1859.

The turning point in Victorian tariff policy was the 1866 Customs Act. This added to the dutiable items new tariffs on a wide range of manufactures including apparel, millinery, leather goods, woodenware, furniture, toys, woollen blankets and rugs, and glass and glassware, earthenware and porcelain. These tariff rates were protective.³² The rates on the major consumables, tea and sugar, were reduced. Economic historians have generally agreed that the higher tariffs in the 1866 Act were a result of the end of the gold rush in the colony and the need to provide employment for surplus miners as well as to prevent population

³¹ For the year 1900, this author provides estimates of the margins of protection of excisable goods in Victoria in ad valorem equivalent terms: see Lloyd, Excise tax harmonisation, Table 3. All of the rates are substantial, ranging from 20 per cent for draught beer to 99 per cent for manufactured tobacco.

³² At this time the Victorian Parliament also introduced bounties and land grants to assist the establishment of new industries. While these did assist new industries such as woollen mills, glass and paper manufacture (Coghlan, *Labour and industry*), they were secondary to the assistance from the tariffs.

exodus.³³ In reviewing this literature, Patterson agrees with this view, though he cites Butlin who puts more emphasis on revenue needs.³⁴ The 1866 Act was a milestone for protection in Australian history too as it provided protection to manufactures on a scale not previously seen in the colonies. After this date the protective motive for tariffs becomes more important in all colonies except NSW. One feature of the tariff structure in all colonies is that tariffs on imports of agricultural products were much lower than those on imports of manufactures. Imports of wheat, dairy products, wool, beef and lamb were duty free in all colonies. The notable exception is sugar imported into NSW.

An additional feature of the evolution of protective tariffs in the colonies after 1850 is that the colonies lowered tariff rates on some goods used as intermediate or capital inputs in local production, which raised effective rates of protection further. All colonies did this at some time during the second half of the nineteenth century, for both agricultural products and manufactures. One of the earliest examples is the lower rate of duty on imports of unmanufactured tobacco to be used in the local manufacture of tobacco products compared to those on imports of manufactured tobacco products. For example, in 1864 both NSW and Victoria imposed a duty of 1 shilling on imports of unmanufactured tobacco and a duty of 2 shillings on imports of manufactured tobacco.³⁵ In all of the colonies a range of intermediate and capital inputs were added to the free lists.³⁶ In each instance, this was done deliberately for protective purposes. Here there was an intuitive recognition that the effective rate of protection of value added in a production process depends on the tariff rates levied on inputs as well as those levied on outputs. The terminology of effective rates was introduced and the

³³ For general accounts of the origin of protectionism in Victoria, see Coghlan, *Labour and industry*, vol. II, and Shann, *Economic and political*.

³⁴ Patterson, *The tariff*; Butlin, *Colonial socialism*.

³⁵ Patterson, *The tariff*, Table 4/3.

³⁶ Patterson, *The tariff*, pp. 111, 115, 117. Coghlan notes this feature of the pattern of tariffs: "The only canon of taxation which seems to have weighed with the framers of tariffs was that raw material required for local manufactures should remain untaxed, and even this obvious rule has not infrequently been departed from" (*A Statistical account*, p. 358).

first effective rates were calculated in Australia in the 1960s due to the pioneering work of Max Corden.³⁷

Average tariff rates in each colony 1825-1900

Table 1 reports the average tariff rate for each of the colonies over the periods during which the colony existed as a separate colony from NSW and for which both a series of tariff revenue and total value of import exists.³⁸ The series begin in 1825 for NSW. There is some noise in the series due to occasional missing data (notably the Murray River trade over the period 1853 to 1859) and changes over time in the scope of what is reported in the constituent series of tariff revenue and the total value of imports. For example, data on drawbacks and refunds is not available for some colony years and in the denominator data on bullion imports were not recorded in some colonies for some years. Nevertheless, they are an adequate reflection of the true series as they pick up the major turning points and trends in the individual colonies as well as the qualitative differences among the colonies. They quantify these trends and differences.

Figure 1 Average tariff series for the Colonies of NSW and Victoria

For NSW, the numbers are surprisingly constant and the series shows no trend over the entire 75-year period. In the 12 earliest years covered (1825 to 1837) the averages were all above 10 per cent. During this period, average tariffs rates were higher than in later years because the commodity composition of imports was more concentrated on the two heavily taxed groups, alcoholic beverages and tobacco and tobacco products. After 1838, average tariff rates were below 10 or 11 per cent in all but a few years.

This absence of a trend derives mainly from the stability of the list of goods subject to tariffs over the century. Table 1 shows the tariff rates on all goods which were subject to tariffs for

³⁷ Corden, The tariff.

³⁸ The selection of start years for each colony is reported in the Appendix.

the years at 25-year intervals: 1800, 1825, 1852, 1875 and 1900. We have selected 1852 instead of 1850 because the NSW Parliament passed what is known as the Deas-Thompson Tariff in that year. This simplified the tariff considerably by restricting the articles subject to duty to a small range of products; beer and spirits, tobacco and tobacco products, sugar and sugar products such as molasses and treacle, and tea and coffee. For the rest of the 50-year period, NSW changed tariff rates on average about every three years but most of the changes were small and included adjustments both up and down. During the 1890s debates on federation, NSW reduced some rates, increasing a little the difference between tariffs in NSW and those in Victoria before 1901.

One oddity is that ad valorem rates, which were popular among the politicians but disliked by importers, were reimposed and then abolished three times between 1871 and 1895: a five per cent duty was imposed in 1871 and abolished in 1874; a five per cent duty was reimposed in 1886 and abolished in 1887; and duties of five and 10 per cent were imposed in 1892 and abolished in 1896.³⁹ In terms of the goods covered, the scope of these ad valorem duties was broad. Every time they were imposed or abolished the average NSW tariff rate recorded in Table 1 rose and fell respectively and this accounts for much of the year-to-year variability in those years.

Throughout the whole period, the main sources of customs revenue were the duties on the two product groups of alcoholic beverages and tobacco and tobacco products. Astonishingly, in 1900, the last year before federation, the list of goods in the tariff schedule is almost identical to the 1852 list. As in 1852 it comprised beer and spirits, tobacco and tobacco products, sugar and sugar products, tea and coffee, and some minor duties on a handful of luxury processed food imports such as biscuits, confectionery and jam and jellies.

Table 1. Tariff Rates in NSW in the years 1800, 1825, 1852, 1875, and 1900

³⁹ For the last 30 years of the colony, changes in the NSW Customs Tariff are conveniently recorded in Table 33 of the *Statistical Register for 1900 and Previous Years*, compiled by Timothy Coghlan.

After separation from in 1852, Victorian tariff rates mirrored those of NSW for more than a decade. However, the 1866 Customs Tariff led to an increase in the average tariff of almost five percentage points in 1867. Later, there were increases in tariff rates in a number of years. Tariffs were increased both in terms of the number of items subject to tariffs and the tariff rates on the individual items. The schedule of tariff rates attached to the 1866 Act covered one and a half pages but by the 1877 Act that had grown to eight pages. By the end of the century, the schedule attached to the 1890 Act was 12 pages and the tariff structure had become much more complex.

This sharp contrast in the average tariff in the two “large” colonies reflects their diverging views from the end of the gold rush. In Victoria the protectionist voice was led determinedly by David Syme. Syme assumed editorship of the *The Age* newspaper in Melbourne in 1860 and remained editor for almost 50 years. His vision was one of self-sufficiency for the colony won by a restrictive tariff.⁴⁰ For the remainder of the century, his political influence was enormous. In fact, “The power of the *The Age* was used repeatedly to enforce a gradual increase and to prevent reductions in the tariff.”⁴¹ Moreover, Syme’s biographer called him “the father of protection in Australia.”⁴²

By contrast, during debates concerning federation in the last quarter of the century, NSW was known as the “free trade state”, although it did in fact give significant protection to producers of three goods; sugar, beer, and tobacco and tobacco products.⁴³ Economic historians usually explain low tariffs in this colony by its much lower dependence on customs revenue due to the large revenues generated from the sale of Crown land.⁴⁴ Further, Shann provides another difference between the two colonial economies that may account in part for the difference in tariff policy: pastoral and financial opinion was inclined to favour a policy which kept down

⁴⁰ Syme explained his arguments for protection in Syme, *Outlines*. For an independent account of Syme’s arguments, see Shann, *An economic history*. Like others in the colonies, he was influenced by the writings of John Stuart Mill, Friedrich List and American protectionists. John Stuart Mill advocated temporary protection for infant industries but Syme explicitly saw protection as permanent.

⁴¹ Shann, *An economic history*, p. 318

⁴² Pratt, *David Syme*.

⁴³ See Lloyd, *Customs union*, p. 159

⁴⁴ Patterson, *The tariff*; Mills, *Taxation*.

the cost of living and the cost of production for pastoral and mineral (such as coal which was abundant) exports.⁴⁵ Yet, NSW had a substantial manufacturing sector, which was subject to competition from other countries (and from Victoria).⁴⁶

There seems also to have been an ideological divide. In the second half of the century, Sir Henry Parkes was the dominant political figure in NSW, and indeed in the Australian colonies. In fact, he was elected Premier of NSW five times. Throughout his political career Parkes advocated free trade and later served as leader of the NSW Free Trade Party. He was a disciple of Richard Cobden, the free trade leader in Great Britain and one of the authors of the English Corn Laws. While Parkes influence on political opinion in NSW was undoubtedly substantial, Mills considered his influence there was not as important as that of Syme in Victoria.⁴⁷ There were other leading politicians in the colony that supported free trade, especially George Reid who succeeded Parkes as leader of the NSW Free Trade, later becoming leader of the Free Trade Party in the Commonwealth Parliament. The origins of this NSW “free trade” view deserve further close examination.

Figure 2 Average tariff series for Small Colonies

Figure 2 graphs the average tariff rate series for the four “small” colonies. In the latter part of the nineteenth century, debates about federation led to the colonies of NSW and Victoria becoming known as the “large” colonies while the colonies of Queensland, Western Australia, South Australia and Tasmania were known as the “small” colonies.

In South Australia, from its beginning in 1836 until 1849 all or most of the import duties were collected only on the groups of spirits, wine, beer and tobacco. From 1853 onwards, when the Murray River became navigable, imports and customs revenue surged. In order to foster the new and valuable Murray River trade, the South Australian Government refrained

⁴⁵ Shann, *Economic and political development*, p. 271.

⁴⁶ “Free Trade Ministers were fond of quoting figures to show that, under Free Trade, manufacturing industries in New South Wales employed more men (but not more women and children) than were employed in Protectionist Victoria, and it appears that successful manufacturers in the Free Trade Colony took pride in the fact that, without Tariff assistance, they had more than held their own in competition with their rivals in the neighbouring Colony.” (Mills, *Taxation*, p. 202).

⁴⁷ Mills, *Taxation*, pp. 201-204)

from tariff increases. Indeed, it lowered rates in 1860 and the average rate shown in the Table 1 (below) fell. In 1863, budgetary pressures led to an increase in tariff rates including a return to a five per cent ad valorem tariff. In 1870, it increased rates again introducing a new blanket 10 per cent ad valorem tariff on all goods not otherwise enumerated in the tariff (those already subject to the five per cent ad valorem tariff and specific rates) and raised the rates of specific duties. In 1885, South Australian tariff rates were raised substantially; it increased many of the earlier five and 10 per cent ad valorem rates to 15 per cent and imposed a 20 per cent rate on jewellery as well as raising specific rates. Many of the new rates were, for the first time in this colony, based on protective motives.⁴⁸ In 1887, rates were again revised upwards. Each of these general rate increases caused a jump in the measured average rate. For the rest of the century there were only minor variations in rates.

From 1825 Tasmania, the first new colony created, followed the same general strategy as in NSW of levying tariffs on the group of spirits and wine (but, again as in NSW, not beer), and tobacco as the principal source of colonial revenue. An ad valorem duty on all imported goods began in 1829 at multiple rates: five per cent on sugar, 15 per cent on wine and tea and 10 per cent on all other goods. This broadened the list of products subject to duty and produced a substantial and lasting increase in average tariff rates in the colony.

After self-government in 1856, more articles became dutiable with some tariff rates on goods already subject to tariffs being increased in the 1860s. The motives were primarily revenue-raising but some of the tariffs introduced were deliberately protective. However, some duties were reduced after the introduction of land and dividend taxes in 1880. But, by 1888, renewed budget pressures and demands for protection led to a major tariff revision with new tariffs and higher rates on goods already subject to tariffs.⁴⁹ These caused an increase in Tasmania's average tariff rate.

In Western Australia the administration initially avoided any import taxes. The first tariff was introduced in 1832 and was restricted to imported spirits. In the period covered by the

⁴⁸ Patterson, *The tariff*..

⁴⁹ Patterson, *The tariff*.

statistics of average tariff rates, tobacco and wine were added to the list of tariff items in 1839. Thus, from this time Western Australia followed the same general strategy as NSW in levying tariffs on the group of alcoholic beverages and tobacco as the first source of colonial. An ad valorem duty on all imported goods began in 1842 at the rate of two and a half per cent, increasing to five per cent in 1845. After 1850 the rates of specific duties were increased several times and multiple rates of ad valorem duties were introduced.

For the first five years after separation in 1859 the Queensland government maintained the same tariffs as had applied in NSW at separation. There was very little protectionist sentiment in the early years of this colony. However, the 1866 Additional Customs Duty Act, introduced tariffs on a slew of previously duty-free articles. This led to a sharp increase in the average tariff of seven or more percentage points from 1867. This increase in tariff rates was partly protective and partly to raise revenue. Moreover, this act deliberately introduced protection in the form of lowering or removing duties on raw materials.⁵⁰ From 1866 onwards, the colonial government raised the rates and introduced new ad valorem rates, varying these up and down in subsequent years, primarily to finance public works in a geographically very large colony and in response to variations in the colony's budget deficit.⁵¹ Increases in tariff rates in the small colonies from the 1860s were influenced by Victorian experience.

Looking at the series of the "small" colonies, the most notable feature is that, from 1850, the average tariff rates in Queensland, Tasmania and Western Australia were above those of both NSW and Victoria in all but a few years and for Queensland immediately after its separation. Those in South Australia are above those of NSW and Victoria in the great majority of years but the margin is smaller. The explanation for this important difference lies in the lesser tax capacity of the "small" colonies. Discussion above shows that tariffs in these colonies were predominantly revenue duties. Vamplew reports the statistics of the sources of government

⁵⁰ Patterson, *The Tariff*.

⁵¹ See Patterson, *The tariff*.

revenue in each colony.⁵² These show that Queensland, Tasmania and Western Australia raised a much smaller proportion of total revenue from non-tax source (land sales, business and other) than NSW and Victoria. For tax revenue, all four colonies had little or no revenue from excise taxes.

Looking now at the series of all six colonies as a group, these long-term series exhibit a number of features. First, the ranking of colonies in terms of the height of the average tariff changes over the century.⁵³ Before responsible government, the average rates in Tasmania and South Australia are close to those in NSW in all years but those in Western Australia are higher than those in NSW for all the recorded years. After the granting of responsible government, tariff rates among the colonies diverge and the ranking changes. In the early years after responsible government, Western Australia and South Australia had the highest rates but, by the end of the century, it was Queensland and Western Australia that had the highest average rates. Second, for most of the individual colonies, there is no clear trend in the series. In each colony there are periods of high and low tariff rates, depending partly on the fiscal needs of economic expansion and partly on the views of the colony legislature on the desirability of tariffs. However, for Queensland and Tasmania, there was an upward trend in the second half of the century.

There is considerable year-to-year variability in colonial rates. Part of this variability is due to variations in ad valorem or ad valorem equivalent tariff rates. The reliance on specific rates means the ad valorem equivalent rates rise when the price of the good falls. In particular, the high rates calculated for the four years 1892 to 1895 during the depth of the 1890s depression occurred because import values fell sharply but customs revenue fell only

⁵² Vamplew, *Australian historical statistics*.

⁵³ Jonathon Pincus has pointed out to me that imports of manufactures from another colony, and especially those traded between NSW and Victoria, may have had water in the tariff. If labour and capital were perfectly mobile between the colonies, factor prices and the costs of production would be equalised across them. In these circumstances, a small tariff may have given the producers in one colony a competitive advantage over producers in another colony. However, as one referee noted, in many cases, transport and other trade costs were high. Moreover, this argument does not apply to imports of agriculture and minerals that embody specific factors or to imports of manufactures from another country.

slightly as all of the tariff rates were specific. Furthermore, in all of the colonies, tariff rates were shuffled up and down depending on budget needs and the adverse public reactions to tariff increases, thereby causing minor annual fluctuations in the recorded average tariff rates. For example, in Victoria we noted that rates changed several times in the 1880s and 1890s and that in NSW ad valorem rates were removed and then reintroduced. Part of this variability is also due to changes in the annual current weights used to measure the average levels of tariffs as the volumes and prices of imports vary from year to year with alterations in demand and supply.

3. The series for all six colonies combined: 1825-1900

The data on tariff rates for the six individual colonies can be combined to form a series of the average rate in all Australian colonies combined. This is done by aggregating the figures of tariff revenue in each state in one year and dividing by the aggregate value of total imports into all six colonies in the same year and multiplying by 100 to give an ad valorem figure. The resulting statistic is a trade-weighted average of the figures for tariff rates levied in each colony.

The series is reported in Table 2 and shown graphically in Figure 3. This average is surprisingly constant throughout the 75-year period. In the last 50 years of the period colonies were free to decide their own tariff rates and the graph suggests a trend in this sub-period but there is no statistically significant linear or log-linear trend. This series also shows much less variation from year to year than the series for individual colonies as the annual variations differ among colonies and are averaged out in this series.

Figure 3 Average Tariff Rates for NSW and “All Six Colonies Combined”

The series of average tariffs constructed here for the nineteenth century could be linked to the series of average tariffs in Lloyd for the twentieth century.⁵⁴ This link would give a series approaching 200 years in length. However, this would create a marked discontinuity in time. Throughout the nineteenth century the statistics of merchandise imports by value and of the customs revenue collected from tariffs on these imports were all collected on the basis of “General Imports”, that is, they combine imports from other countries and from other colonies. This is appropriate for the colonial period. Individual colonies were in effect separate economies, each centred on the colony capital as the major port and the centre of a fan-shaped intra-colony network of railways and roads.⁵⁵ The trade of individual colonies was mostly with other countries, chiefly the United Kingdom, though the colonial economies became more integrated in the late nineteenth century, especially in south-eastern Australia as rail lines were connected across the colony borders of NSW, Victoria and South Australia.⁵⁶ The all six colonies combined can only loosely be regarded as the “Australian” tariff rate for the year.

There is a second more subtle discontinuity. After federation, the national coverage of tariffs meant the incentives provided by tariffs to encourage Australian production of importable goods applied to the whole country. For protection to elicit domestic production requires only that production occur in one state. On the other hand, increased protection which resulted in trade diversion would be opposed by consumers and producers in other states who wanted to continue to import inputs or finished goods from the cheapest global supplier.

4. Summary and conclusions

⁵⁴ Lloyd, 100 years.

⁵⁵ Ergas and Pincus, Infrastructure.

⁵⁶ We know that the tariff rates on the goods imported from other colonies were generally lower than the rates on the rather different bundle of goods imported from other countries. Therefore, the averages reported here as the average rates for all six colonies combined understate the average for imports from other countries alone. For the year 1900, Lloyd calculated that the average duty on imports of major items from other countries alone was 10.8 per cent whereas the average duty levied in the colonies on imports from other colonies alone was only 6.6 per cent (*Customs Union*, pp. 159-60).

The first tariffs introduced in NSW were duties on alcoholic beverages. Then taxes on tobacco were added. Other colonies similarly started their taxation of imported goods, either wholly or largely, with these two groups of goods. These product groups accounted for more than 50 per cent of total customs revenue in the first four colonies until well after 1850. In the second half of the century, the range of goods subject to customs duty and their rates increased steadily, though with a few reversals, in all colonies but NSW. Yet, by 1900 the group of “narcotics and stimulants” still accounted for 48 per cent of the total customs revenue of all colonies.⁵⁷

Colonial tariffs in the nineteenth century were mostly taxes to raise revenue for the colonies whereas throughout the twentieth century the protection motive was dominant. But the protective effect of colonial tariffs increased steadily throughout the nineteenth century as manufacturing and agricultural production grew and diversified. The legislators in some of the colonies were at times quite explicit about the protective motive; this is particularly true of Victoria and South Australia. Another piece of evidence of growing protectionism is the lowering of tariff rates on materials and other intermediate and capital inputs used in the production of goods in the colonies.

In other respects, the structure of tariffs imposed changed qualitatively from the first half of the century to the second. First, tariff rates were close to uniform across the territory of modern Australia in the first half of the century, apart from rates in Western Australia, which were, from the time the average is calculated, higher than those in NSW, Tasmania and South Australia. However, in the second half of the century, tariff rates became much more diverse among the colonies, with rates diverging between NSW and Victoria in particular. Second, between 1802 and 1843, there were preferences for imports of goods manufactured in Great Britain over imports of like goods from the rest of the world, although the preference margins were small. From 1825 to 1843 there were also minor preferences exchanged between the colonies of NSW and Tasmania. By contrast, during the whole of the second 50-year period, for every tariff item in all colonies, there was only a single rate applied to imports from all

⁵⁷ Coghlan, *A statistical account*, p. 355

sources. Third, there were no export duties in any of the colonies in the first half of the century.

The main features of colonial tariff systems carried over into the first Customs Tariff introduced by the new Commonwealth Government in 1902. This applied to the favourable tax treatment of intermediate inputs noted above, to the complex differentiation of tariff rates within product groups or industries, and to the protection implicit in the differential rates on imports of excisable items and the like domestic product. All of these features have here been traced far back into the nineteenth century and all carry forward for all or most of the twentieth century.

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Appendix 1.

A Note on Data Relating to Tariff Revenue and the Value of Imports in the Colonial Period.

For each of the colonies, one can trace the rate of tariff duty levied on each item (or ‘article’ as it was known then) in every year from 1800.⁵⁸ We require, however, a scalar summary measure of tariff levels in one year, namely, the average tariff rate. Section 1 opts calculates the average using current period import weights. In calculating the average import-weighted duty there is a further choice between the average duty on all imports and the average duty on dutiable goods only. But data on the value of dutiable imports is only available only for a few colonies toward the end of the century. Consequently, the only measure that can be calculated for all colonies is the average (import-weighted) duty on all imports in a colony.

To calculate the average import-weighted tariff on all imports in one colony in one year, we require two pieces of information: the total tariff revenue and the total value of import trade in the colony in that year. Data for one or both of these series is missing for all colonies in the first years of their establishment. In NSW, it took 25 years after the introduction of the first tariff for the colony to compile series of both the revenue and the value of total imports. In Tasmania, perhaps because of the need for a strong bureaucracy to administer and control the penal settlements, the series of total imports go back to 1822, three years before the colony separated from NSW. The second series of import duties collected in Tasmania goes

⁵⁸ In the early years of NSW, import duties were levied on the Governor’s authority alone without an Act of Parliament as there was no legislature at that time. Import duties were notified in a variety of ways: General Orders of the Colony, Government and General Orders, Proclamations, Ordinances, entries in Gazettes and other forms of notification (see, for example, La Nauze, *Australian tariffs*, p. 16). In 1819 an Act of the British Parliament authorised import duties in the colonies (Mills, *Taxation*, pp. 25-31 and La Nauze, *Australian tariffs*). The Legislative Council was established in 1824 and from 1832 tariff rates were amended by legislation. In NSW, colonial administrators began publication of a table of tariff rates (and excise duty and export duty rates) in each annual edition of the *Statistical Register* from the 1858 volume which used a new and expanded format. Western Australia published a series of tariff rates in the colony from its first *Blue Book* of 1837. Other colonies published tables of tariff rates in some years in their *Statistical Registers* and *Blue Books*. In any case, from the later years of self-government, all detail of tariff rates can be recovered from the statutes of the legislatures of the respective colonies.

back to 1827, two years after the colony separated from NSW. Similarly, in South Australia, the series of import duties collected and my series of the average duty starts in 1840, only three years after the establishment of the colony. In Western Australia by contrast, a reliable series of total imports does not start until 1843, 13 years after the beginning of settlement. The population of the colony was, however, still only 3,853 in that year. In Victoria, data on the revenue from customs duties for the first six months of the colony that is, the last six months of 1851, seem not to have been published and the series begins in 1852. The experience of Queensland in its first year of independence resembles the earlier experience of Victoria. The Queensland *Statistical Register* for 1860 shows that only £3,081 was collected from customs duties in that year. For this reason the Queensland series starts in 1861.

For the years included in the series, the problem is to compile the long-term series of these two variables that are based on consistent definitions of “tariff revenue” and “import trade”. Each colony independently produced its own data and each changed the basis of collection and publication several times over the colonial period. For “tariff revenue” in one colony in one year (hereafter called a colony year), we require the total value of revenue collected from all import duties. This should include the revenue from both specific and ad valorem tariff rates and primage rates, and it should be net of drawbacks and refunds of these duties. It should not include revenue from excise taxes on local production of excisable goods and from export taxes, and miscellaneous charges relating to import trade such as pilotage and harbour and wharfage rates. For “import trade” in one colony year, we require the total value of merchandise trade. This should include both shipping and overland trade where they are reported separately and it should be net of imports of bullion and coins.

Data are not published in this form and adjustments were, therefore, made to the gross figures of customs duties and total imports where practicable. A consistent series of data relating to total net tariff revenue has to be generated in each colony from data on gross “customs revenue” and supplementary data relating to excise duties, export duties, drawbacks and refunds, and wharfage and harbour rates, where these data are available. Similarly, a

consistent series of data relating to the total value of imports has to be generated from data on the “value of imports” excluding imports of gold bullion and coins but including overland trade and, in NSW and Victoria, imports via the Murray River, when available. Care must be taken. In some colonies, there are up to three distinct series in one year of what purport to be “total customs duties”. Similarly, there are often multiple series of “total import trade”. As a generality, the precision and quality of the data improve over time. Data preparation is especially difficult in the period before 1850. Vamplew notes “It is necessary to warn readers against unduly simplistic interpretations of the statistical record.”⁵⁹ This is certainly true of the customs duty and trade data for the period of pre-responsible government and for the period of responsible government too, as examined below.

Notes on the Data used

1800-1850

The primary source used for data in each of the four colonies is the *Statistical Returns* (sometimes called the *Blue Books*). The statistics for this period are generally much less reliable than those for post-1850. For example, in Western Australia, the annual edition of the *Blue Book Western Australia* noted for many years the unreliability of the import statistics. *Blue Book Western Australia 1844*, notes “There being no regular Customs House in the colony it is at present impossible to give a correct account in detail of the value and description of the goods imported or specify the place they are brought from.”⁶⁰

Unfortunately, NSW has the poorest records for the sub-period. In that colony, the series of the total value of imports only go back to 1825. Butlin, Ginswick, and Statham have a series of “Customs revenues” going back to 1822 and a series of Customs revenue for the years

⁵⁹ Vamplew, *Australian historical statistics*, p. 452.

⁶⁰ This quote is from page 112 of that publication. The earlier *Blue Books* of 1837 and 1838 give figures of total imports of £43,401 and £46,766 respectively. These are based on estimates by the Harbour Master. Butlin, Ginswick, and Statham, give a series of the value of Total Imports for the colony from 1829 to 1836 but these figures cannot be considered accurate (*Australian historical statistics*, p. 122).

1810 to 1821.⁶¹ These data are constructed from the payments of customs duties into the Orphan, Gaol, and Police Funds. From 1810 Governor Macquarie directed that revenue from these duties be paid into these funds as a method of paying for the costs of the Orphan School and the construction of gaols.⁶² These series enable the calculation of the average tariff rate from 1825.

In relation to adjustments, there are no export duties in any of the four colonies and excise taxes only in NSW and South Australia. Adjustments for the latter were not possible as excise tax revenue was not recorded separately in these two colonies at that time. There are no records of imports of bullion or species in NSW, Western Australia or Tasmania in this period.

1850-1900

(i) NSW

For the period 1850-1900, in NSW there are seven sub-periods with distinct reporting of revenue or trade data. For the years 1893 to 1900, both total import trade and net customs duty can be taken from the summary at the end of the table reporting imports of each article. They are reported there in the form required. The detail and definitions become more blurred as one goes further back in time. In the period 1892 back to 1887, the data relating to total (gross) customs revenue and to drawbacks and to refunds of customs duties are reported separately. Prior to 1887, no statistics of drawbacks or refunds are reported and it is not clear whether the reported customs revenue figures are gross or net of these payments. I have taken them to be net of drawbacks and refunds as the data for these earlier years are the payments into Consolidated Revenue Fund.

Statistics of the total value of imports are available for all years but their reliability and coverage deteriorate in earlier periods. In the introductory section to the *Statistical Register*

⁶¹ Butlin, Ginswick, and Statham, *Australian historical statistics*, p.111.

⁶² *Historical Records of NSW*, vol. VII, p. 254

of NSW for 1858, the Registrar General issues a stern warning about the quality of the import value data at that time:

It is to be regretted that returns [of imports and exports] of such great value, when carefully prepared, should have been kept in the loose, perfunctory and immethodical manner which has hitherto characterized the statistics of the Customs Department...I allude to the stated value of the different articles imported and exported. These values are arbitrarily fixed by the Customs House Agent or Merchant's Clerk, and often without any regard to the real value of the articles and commodities. It is clear, that under this practice, the quantities imported and exported must form the basis of comparison in preference to values.⁶³

There are major problems with the data relating to imports into NSW via the Murray River. Murray River trade began after the river became navigable in 1853 but there are no records of the trade until 1859. In his first *Statistical Register*, the Registrar General laments

the figures refer only to the Goods and livestock crossing the River Murray at Belvoir and Albury; they have been taken from the Customs Returns of Victoria, and they are all I have succeeded in collecting to illustrate the overland trade between the two Colonies...In regard to the trade with Adelaide via the Murray and Darling [which is the third means by which imports entered New South Wales in addition to Shipping and Overland trade] I have no means of collecting information. That there have been large supplies obtained via these rivers for the stations on their banks, and that a considerable quantity of Wool has gone down by the same route, is a matter of notoriety.⁶⁴

In the years from 1858 to 1866 data on both overland trade and trade up the Murray River from Goolwa is recorded in the *Statistical Registers* for more and more ports as this trade grew rapidly during the gold rushes. For the three years 1867 to 1869, however, there are no records. Directions were given to the customs officers to discontinue records of all trade via the River Murray after the Border Treaty came into effect on 12 January 1867. In the 1867 *Statistical Register for NSW*, the Registrar General observed curtly "Were the returns furnished as heretofore the gross results of the year's transactions above indicated would be

⁶³ *Statistical register for NSW*, 1858, pp. 18, 19, 26.

⁶⁴ *Statistical register for NSW*, 1859, pp. 25-26.

considerably augmented.”⁶⁵ In fact, the value of this trade recorded in the previous two years, 1865 and 1866, was more than £500,000 per annum.

Consequently, there is a serious understatement of the total value of imports into NSW over the period 1853 to 1870. On the other hand, in years when the value of import trade via the Murray River is unrecorded or understated, the value of customs duty on this trade is also unrecorded. The omission of these two flows will distort the average tariff on all import trade only to the extent that the average tariff on unrecorded trade is different than that on recorded trade. For the three years when zero Murray River trade was recorded and in most other years, no duty was levied on unrecorded trade. Thus, the absence of these records understates the average duty on all import trade in NSW but the understatement is small: this trade was only around 6 per cent of the total imports into NSW in the years surrounding those when no records were kept.

(ii) Victoria

For Victoria, the limitations of the data are similar to those in NSW. There are multiple breaks in the series as the reporting conventions changed. In relation to the customs revenue statistics, more adjustments had to be made than in NSW as, for most of the period, the totals reported related to either Total Customs Duties or Total Import Duties. From 1855 to 1867, export duties had to be deducted from the “Customs” revenue figures (i.e. revenue collected by the Department of Customs). Wharfage and Harbour Rate revenues had also to be deducted in the years when they are available and recorded as part of “Customs” revenue. There are data for Refunds only back to 1897. However, the statistics of Drawbacks, which are considerably larger in value than Refunds in the years for which statistics are available, go back to 1872. This is a much longer series than in NSW. In relation to the value of trade statistics, the overland trade is underreported, as it was in NSW. Gold was imported into the colony in substantial amounts in some years from other colonies including New Zealand. The value of these imports had to be deducted from reported trade totals in the years before 1878.

⁶⁵ *Statistical register for NSW, 1867, p.9..*

(iii) The smaller colonies

In the other four smaller colonies the data problems are less serious in several respects. In South Australia, for the calculation of the total value of imports, there is almost no overland trade except for trade up the River Murray but some of this is not recorded. Gold production is small but there are significant imports of gold bullion and coin in all of the smaller colonies; however, there are no records of gold and bullion imports in Queensland before 1878, in Tasmania before 1872, in South Australia before 1855 and in Western Australia before 1866. There are fewer excise duties than in the large colonies and no substantial export taxes.

The adjusted series

The adjustments made to both the “tariff revenue” and the “value of imports” were extensive for all colonies. As a result, the final series of average tariff rates in each colony year differ from the series one would obtain by taking the initial (unadjusted) values of the tariff revenue and value of imports from the primary sources. In many cases, the adjustments change the average by several percentage points.

Table 1: Average Tariff Rates in the Six Colonies, 1825 to 1900

	NSW	Victoria	Queensland	SA	Tasmania	WA
1825	16.1					
1826	13.3					
1827	13.7				15.6	
1828	11.4				13.7	
1829	12.2				16.5	
1830	18.7				19.7	
1831	17.9				17.7	
1832	15.5				14.9	
1833	15.2				16.9	
1834	12.6				13.8	
1835	12.6				12.8	
1836	12.4				12.7	
1837	12.6				12.2	
1838	9.2				10.1	
1839	7.1				10.8	
1840	6.5			7.8	9.6	
1841	9.2			7.4	10.1	
1842	14.9			8.8	13.6	17.6
1843	10.7			11.7	10.8	14.4
1844	16.3			14.1	14.3	16.5
1845	12.8			12.7	12.2	22.9
1846	9.3			11.2	12.4	23.7
1847	8.6			9.8	9.7	15.5
1848	10.9			14.6	13.0	22.7
1849	10.4			12.9	13.2	13.1
1850	10.6			11.8	n.a.	19.2
1851	9.8			13.3	n.a.	16.7
1852	11.4	7.8		9.1	n.a.	16.7
1853	5.6	4.9		7.3	n.a.	15.2
1854	6.8	4.9		7.5	10.6	17.3
1855	9.0	8.3		9.6	10.4	15.6
1856	8.6	8.5		11.2	9.3	21.3
1857	7.9	7.2		16.0	10.6	17.7
1958	8.7	8.7		8.9	10.1	18.2
1859	9.0	8.4		9.2	10.6	22.5

1860	7.2	6.8		8.3	11.1	19.2
1861	8.9	8.5	7.4	7.2	11.8	21.0
1862	6.4	8.1	7.3	6.5	15.3	18.4
1863	7.2	7.7	7.3	8.2	15.0	19.7
1864	5.3	7.0	6.8	9.4	13.9	19.9
1865	6.0	8.2	7.8	8.4	15.6	22.3
1866	8.8	6.6	9.1	10.2	14.6	18.1
1867	11.9	11.2	16.2	8.3	14.8	19.8
1868	10.5	9.7	17.6	9.1	15.6	20.3
1869	10.0	10.8	17.1	8.4	14.1	18.3
1870	11.0	10.3	18.3	9.4	17.1	19.4
1871	9.2	12.1	20.7	11.4	17.9	22.5
1872	10.9	11.1	18.2	10.0	18.0	23.6
1873	11.0	10.6	16.7	9.8	15.9	22.6
1874	8.6	10.0	16.4	9.4	14.5	21.9
1875	7.3	9.5	13.7	9.8	15.3	22.0
1876	7.5	10.2	15.8	9.6	16.4	21.6
1877	7.4	9.7	13.1	10.6	16.2	21.9
1878	7.8	9.4	17.0	8.9	15.9	20.5
1879	7.9	10.0	18.5	10.2	16.4	21.1
1880	8.5	10.0	15.7	9.3	18.5	26.4
1881	8.0	9.8	13.2	10.8	19.0	26.0
1882	7.0	9.7	10.5	9.5	17.5	23.4
1883	7.4	10.3	12.3	9.8	16.4	23.0
1884	7.6	10.2	14.1	10.0	16.6	23.1
1885	7.5	10.9	15.4	12.3	16.2	22.4
1886	9.9	11.5	17.5	10.4	16.6	21.7
1887	10.3	11.7	17.5	10.6	18.4	20.9
1888	8.8	11.2	18.9	11.2	18.6	20.6
1889	8.2	11.7	25.9	8.8	19.1	20.6
1890	8.2	11.6	25.5	8.4	18.5	20.4
1891	8.4	11.6	25.0	7.3	20.0	18.3
1892	12.4	13.1	27.6	8.8	21.3	19.6
1893	11.4	14.3	31.7	8.0	27.5	17.1
1894	15.6	15.9	26.8	9.2	30.1	19.4
1895	14.2	15.9	24.1	10.4	31.1	16.1
1896	7.6	13.7	24.1	9.5	27.6	15.2
1897	6.7	11.2	23.0	8.8	26.6	16.7
1898	6.6	13.6	21.1	10.0	24.8	17.1
1899	6.0	12.6	20.5	9.5	24.1	19.7
1900	6.2	11.8	20.4	8.1	22.6	16.0

Source: Working sheets

Note 1. In the numerator of this average statistic, for each colony in the years for which the figures are available, the figures have been adjusted to be net of Export Duties, Drawbacks, Refunds and Wharfage and Harbour rates. In the denominator, for the colonies affected, the figures for the total value of imports have been adjusted for overland and River Murray trade and, in some years, for gold bullion.

Appendix Table 2: Average Tariff Rates in the All Colonies Combined, 1825 to 1900

Average Tariff Rate:

1825	16.1
1826	13.3
1827	13.7
1828	11.4
1829	12.2
1830	18.7
1831	17.9
1832	15.5
1833	15.2
1834	12.6
1835	12.6
1836	12.4
1837	12.6
1838	9.2
1839	7.1
1840	6.5
1841	9.2
1842	14.9
1843	10.7
1844	16.3
1845	12.8
1846	9.3
1847	8.6

1848	10.9
1849	10.4
1850	10.6
1851	9.8
1852	11.4
1853	5.6
1854	6.8
1855	9.0
1856	8.6
1857	7.9
1958	8.7
1859	9.0
1860	7.2
1861	8.9
1862	6.4
1863	7.2
1864	5.3
1865	6.0
1866	8.8
1867	11.9
1868	10.5
1869	10.0
1870	11.0
1871	9.2
1872	10.9
1873	11.0
1874	8.6
1875	7.3
1876	7.5
1877	7.4
1878	7.8
1879	7.9
1880	8.5
1881	8.0
1882	7.0
1883	7.4
1884	7.6
1885	7.5
1886	9.9
1887	10.3
1888	8.8

1889	8.2
1890	8.2
1891	8.4
1892	12.4
1893	11.4
1894	15.6
1895	14.2
1896	7.6
1897	6.7
1898	6.6
1899	6.0
1900	6.2

Table 1. Tariff Rates in NSW in the years 1800, 1825, 1852, 1875, and 1900

Tariff Article ¹	1800	1825	1852	1875	1900
<u>Alcoholic beverages</u>					
Spirits (per proof gallon)	1/-	3/- to 7/6 or 10/- ²	7/- to 10/-	10/-	14/-
Perfumed spirits (per liquid gal.)					20/-
Bitters (per gallon)					3/6 to 14/-
Methylated spirits (per gallon)			2/-	2/-	1d
Wine- sparkling (per gallon)	6d	9d	2/- to 10/-	6/-	20/-
- other (per gallon)	6d	9d	2/- to 10/-	4/-	10/-
Beer, ale and porter (per gallon)					
- in wood	3d		1d	6d	6d
- in bottle	3d		2d	9d	9d
<u>Tobacco & Tobacco products</u>					
Tobacco for home cons. (per lb)		1/-	2/-	2/-	3/-
Unmanufactured (per lb)		1/-		1/-	1/-
Cigars & cigarettes (per lb)		1/-	3/-	5/-	6/-
<u>Sugar and sugar products</u>					

Refined (per cwt)	5/-	6/9	4/-
Raw (per cwt)	3/4	5/-	3/-
Molasses and treacle			2/-
Glucose			2/- to 3/-
Opium		10/-	20/-
<u>Processed food and drinks</u>			
Tea (per lb)	3d		1d
Coffee (per lb)	2d		
Biscuits (per lb)		1d	1/2d
Confectionery (per lb)		1 1/2d	1d
Fruits, dried & candied & prunes (per lb)		2d to 2/-	2d
Jams & jellies (per lb)		1d	1/2d
Preserves and canned fruits (per lb)		1d	1/2d
<u>Other Goods</u>		See Note 5	

Sources: 1800: *Historical Records of Australia*, Series I, Vol. II, p.548.

1825: *Historical Records of Australia*, Series I, Vol. I, p. 492.

Sydney Gazette, 2 June 1825.

1852: *Statistical Register of New South Wales 1850-52*, microfiche

1875: *Statistical Register of New South Wales 1875*, microfiche

1900: *Statistical Register of New South Wales 1900 and Previous Years*, microfiche, Table 32.

Notes: 1. The articles classification used is that of NSW in 1900. The article "sheepwash" under Tobacco and tobacco products for this year has been omitted as it is minor.

Since the classifications used by NSW in the earlier years and those of the other colonies in all years differed from that in 1900, there are some minor discrepancies in the goods covered by a tariff article in some cases.

2. A cell with no entry indicates either that the rate was zero or that there is no article corresponding to that in NSW in 1900,

3. Where a range of rates is recorded, it is due to variation of the rates for sub-groups within the article. For example, in 1852, brandy and gin and cordials had a rate of 10/- whereas all other spirits had a rate of 7/- per proof gallon. Similarly, sparkling wine with greater than 25% alcohol content paid 10/- whereas all other wines paid 2/- per liquid gallon.

4. The variation in the rates for “spirits” in 1825 is due partly to a variation on rates for spirits made from different materials (spirits made from grains 3/-, sugar 5/- and other 10/-) and partly to a preferential rate for imports of spirits made in the UK or British colonial plantations 7/6 in place of 10/-.

5. In 1800, 1825, 1852 and 1900, there were no other articles listed in the tariff schedules but in 1875 there were more than 20 additional articles subject to import duties.

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