

sented by an enlarged population would expand a market that for many industries is now almost stationary. Many of these industries, established under the protection of a tariff devised for that purpose, are in a static condition because of the impossibility of realizing the economies of large-scale organization, on the one hand, and because of excessive competition for a limited market on the other. On a smaller scale the same arguments for the 'rationalization' of industry apply in Australia as in Britain; but every industry in the Commonwealth needs urgently the impulse to be derived from a more rapid enlargement of the body of consumers.

But the very real difficulties connected with an acceleration of the stream of migration during the difficult transition period that confronts us cannot be ignored. New settlers mean capital provision; and that implies a continuance of the external borrowing policy. This in its turn tends to maintain an artificially high standard of living which is the greatest barrier in the way of a successful migration policy, because it both increases the resistance on the part of the Australian worker who fears that immigration means lowered living standards, and decreases the ability for the products of Australian industry to compete in world markets owing to the relatively high cost of production. Looked at from another angle, it is clearly to be seen that every economic inducement exists for a reapportionment of population as between Britain and Australia. Apparently, the only method of achieving this redistribution of people is by means of capital loans. Again, this implies an increasing volume of Anglo-Australian trade to implement such a policy; and here, also, mutual advantage would seem to lie in its realization. But the industries which would be stimulated by this overseas trade are not those 'sheltered' industries predicated by the tariff policy. Such, in outline, is the economic impasse at which the Commonwealth has apparently arrived.

In the light of what has been said, consideration of this relation between tariff policy and overseas indebtedness may be conveniently taken a stage further. In the traditionally difficult transition stage, from an industrial organization as a purely primary producer to an organization as both primary and secondary producer, there is necessarily much vacillation and experiment. The effect of a relatively large external debt is to