

FIRST TRANSCRIPT OF SPEECH BY THE PRIME MINISTER,
THE RT. HON. R.G. MENZIES IN BUDGET DEBATE ON
THURSDAY, 25TH AUGUST, 1960

I was very interested in what I heard of the speech of the honorable member for Wills (Mr. Bryant), and I was glad that he made a properly impassioned appeal for instruction in the country. If I may say so, Sir, he needs a little instruction himself on the financial affairs of Australia. He took the opportunity to say something that I did not expect ever to hear from him, and that was the old bromide that if you can do it for war, why cannot you do it for peace? If you can do it for destruction, why cannot you do it for instruction?

The honorable gentleman knows perfectly well that you can do certain things for war, if you raise taxation to war-time levels, if you control all investment, if you ration food and supplies generally, and if you go back to all the controls that existed in Australia, very properly, in the course of the war. What he must go away and think about is whether he is telling us, in this year of grace, that it is the policy of the Australian Labour Party to secure enough power to do all those things once more in time of peace. It is perfectly simple. It is so simple that even the honorable member for Yarra (Mr. Cairns) ought to understand it. If you reproduce the conditions and the powers, the circumstances and the authorities of war, of course you can do it. But is the Leader of the Opposition prepared at the next election or the one after or the one after that - as long as he is sitting there - to go to the people and ask them to authorize the Commonwealth Parliament to impose income tax running up to 18s 6d. in the £1, to control investment, to control capital issues, to ration food and other commodities, and to reinstitute all the controls of war? I am sure that he knows, because he is an intelligent man, that unless he can reproduce the conditions, he cannot reproduce the results.

Mr. Cairns:- Why do you not put up an intelligent argument?

MR. MENZIES: I was under the impression that what I had said was quite intelligent, but I leave it to others to determine whether it was. My main purpose in this debate, which I shall not prolong very much -

Mr. Harold Holt: It is hardly a debate!

MR. MENZIES: I agree with that comment. My purpose is to say something about what I understood to be the case of the Opposition. I know that for unavoidable reasons, my friend the Leader of the Opposition cannot be here tonight, but I think I would be permitted to say that in the course of his speech, which was as remarkable for its omissions as for the matters it dealt with, he seemed to me to put forward four proposals. It was nothing like a positive speech from a Leader of the Opposition. The first of his four proposals was the admirable suggestion: "Get rid of the Menzies' Government". All I can say is that, if all the speeches made by Opposition members are like his, the people will never get rid of the Menzies Government, except by death. Mind you, that is not only a probability but a certainty, in due course. In his second proposal, he said, with a fidelity to his predecessor that I could not but admire, "We ought to have the Chifley Government back again". I said to myself, in the best Australian vernacular, "Too right." The Opposition is always living in the past, never living in the present. That is what is wrong with the Australian Labour Party. It is practising a dead philosophy with a dead collection of ideas.

Mr. Haylen: Do not repeat yourself.

MR. MENZIES: That is all right; I have to repeat everything three times to you, for the most elementary reasons.

The third proposal - I have heard it at least four times- is that the right way to deal with the Budget in 1960 is to alter the Constitution to give more powers of control to the Commonwealth Parliament. Is that the best contribution that honorable members opposite can make to a Budget debate?

Mr. Costa: It is the only sensible one!

MR. MENZIES: I am familiar with your views on that. I am also familiar, as no doubt my friend is, with the long history of proposals to alter the Constitution. But to come along to people in 1960 and say, when dealing with the Budget, that at some time in the future - a Kathleen Mavourneen promise - the Constitution ought to be altered -

Mr. Haylen: Do not become sectarian!

MR. MENZIES: If there was a Scottish proverb about MacLavish, I would use it. In his fourth proposal, the Leader of the Opposition said that we must defeat inflation. There I thought he was on good ground, but he refrained from telling us how he would do it. To defeat inflation, to restrain it, to bring it to a halt is the supreme task of this Parliament.

Mr. Pollard: You have been telling us that for ten long years.

MR. MENZIES: Now Reggie!

Mr. Pollard: You are now no further ahead than you were when you started.

MR. MENZIES: I apologize. Through you, Sir, I want to tell my old and esteemed friend that I have listened to him with great patience and great mystification for 20 years.

How does the Opposition propose to defeat inflation? We are not told. This is the great task of this Budget, as it is of all budgets, and it is a very difficult task requiring a great deal of serious thought and a great deal of close study. How do we defeat inflation while maintaining development? These are the central problems of our economy today. It is a very hard task and a task that can be solved only with constructive ideas. In order to deal with that real problem, let us forget the unrealities of the Opposition case, if I may so dignify it, and look at the comments of the professional expert critics. We have heard some of them and read some of them, and I want to say something about them. Having been left lamenting for an Opposition case, I must cast my net wider and find out what the critics are saying elsewhere.

First, they say that there are no signs of cuts in Government spending. Those are the very words of one powerful organ. Here we have a blissful silence on the Opposition side of the chamber, because I do not think that any Opposition member would believe that if his views were put into operation, he would not increase Government spending by millions, or scores of millions, or indeed, in an exuberant moment, by hundreds of millions. The critics say that there are no signs of cuts in Government spending. I want to remind the House of the facts, because facts have a lovely intractable quality about them.

Mr. Cairns: Is that why you avoid them?

MR. MENZIES: That is why I am about to refer to them. The honorable member for Yarra has never had even a nodding acquaintance with a fact in his life.

Mr. Curtin: I Don't think you like him!

MR. MENZIES: I do not. I think he is deplorable, since you

ask me. I do not think you are very good, but I like you; that is the difference.

Mr. Curtin: That will lose me votes at the next election.

MR. MENZIES: I hope so.

What are the facts? Expenditure of capital works and services in this Budget is actually down on what it was last year. It has fallen from £142,000,000 to £139,900,000. That is not very much, you may say, but it is a fall. It is worth remembering that at a time when the Commonwealth Government, in order to help the States to carry out their vastly important duties in the public sector of capital investment, is doing more for the States than has ever been done for them before, we have in fact reduced expenditure on our own capital works and services. As against that, our payments to the States have risen by £29,000,000. Does any critic here or elsewhere say we should not have done that?

Mr. Pollard; Only by -

MR. MENZIES: I have heard you and many other people. I remember everything you say with loving care, and I have heard you say many times that the States ought to have more. Very well, the payments to the States this year, under an agreement which they all accepted with great satisfaction are up by £29,000,000. I have mentioned those two matters.

Budget expenditure has risen by £89,700,000. Some one says, "That is a tremendous increase. That shows you are not controlling Commonwealth expenditure." I remind the committee of the fact that this year allocations by the Australian Loan Council for works and housing, every shilling of which will go to the States, has risen by £10,000,000. Moreover, as a result of the increases provided for in the Budget, expenditure on social services and repatriation benefits will rise by £10,100,000. I have already mentioned an increase of £29m. in payments to the States. The increased cost of social services at existing rates, apart from all changes proposed for this year, will be £23,000,000. Does anybody suggest that provision should not have been made for these payments? The increased cost of repatriation benefits, apart from the increases provided for in the Budget and to which I have referred, will be £8,100,000. Does anybody suggest that we should repudiate our debt charges? They have risen by £3,500,000. In addition, according to our estimate, which may turn out to be somewhat conservative, expenditure on redemptions will rise by £2,600,000. All that means that of this nominal increase of £89,000,000 to which I have referred, the sum of £86,500,000 is in respect of items which no one in the Parliament or outside it would challenge. In other words, there has been an increase of £3,200,000. When we set off against that the reduction in expenditure on capital works, honorable members will see that the actual increase in Commonwealth expenditure is quite nominal.

As responsible members in this Parliament we should ask ourselves, "Has any body any proposals to reduce any of these items?" If he has, the Treasurer and, if I may say so, I will be interested to hear them. But nobody has any proposal to offer. There has been no hint of one. Therefore, the first charge against the Budget falls to the ground.

Next, it is said - I know this is not what the Opposition said - that the Government, by an ultra-cautious approach, is retarding expansion. All I need say in reply to that charge is that, on the facts, it is just silly. I have not the time to quote all the figures; they are familiar to honorable members from their reading of the documents. We have had record housing, record employment, record production, record

average earnings, record national development and record contributions by the Commonwealth in the field of education.

Mr. Pollard: And record inflation.

MR. MENZIES: To say that we are retarding expansion is to make a statement which anybody who cares to go anywhere in Australia and look about them will see is contradicted.

The third charge against the Government is that we have inflation. That is true. It is referred to by the Opposition annually during the Budget debate. But I have never known the Opposition to make a single proposal calculated to retard it.

Mr. Cairns: You never deal with our case.

MR. MENZIES: How can I deal with a non-existent case? You have no case. I am flattering you by even pretending to discuss it. I admit, Mr. Chairman, that we have an inflationary movement. But we as the Government have a policy which has been stated and been acted upon with precision. It is unfortunate that I should have to repeat it. First, we adopted the principle that there should be some sensible restraint - not injustice - in wage costs. The Opposition has bitterly attacked us for that approach. But the Commonwealth Conciliation and Arbitration Commission has agreed with us. Secondly, we said we would remove import licensing in substance. We said that because we wanted the ordinary man and woman in Australia, rich or poor, to be able to have more goods and to buy more services so that the inflationary pressures might be reduced. What does the Opposition say about it? So far as I have understood honorable members opposite, they have been opposed to getting rid of import licensing. I thought for a while that the reason why they wanted import licensing retained was that they regarded it as a protective measure for industry.

Mr. Peters: Is that why the Government implemented it?

MR. MENZIES: I seem to recall that the honorable member has spoken on that subject. There is nothing like dealing with the facts of life. When import licensing goes, that is a fact of life. Therefore, I should have expected the Opposition to say, "Let us do something that will prevent Australian secondary industry from being injured by the inflow of imports."

Mr. Peters: Hear, hear!

MR. MENZIES: I am very glad that my honorable friend should say "Hear, hear". But when my colleague the Minister for Trade (Mr. McEwen) introduced a bill to provide for urgent temporary import duties so that local industries should not be damaged by a flood of imports, the entire Opposition in this Parliament - perhaps inadvertently - I do not know - voted against it.

Mr. Reynolds: You get close to the truth sometimes.

MR. MENZIES: The honorable member ought to think about these matters. The fact is that the Opposition voted against the giving of power to impose temporary import duties to protect Australian industries while the Tariff Board conducted its full and final inquiry. Honorable members opposite may go away and laugh that off at their leisure. The fact is that they wanted import licensing, but when they could not get it they could not have cared less about what happened to Australian manufacturing industries. They have made that perfectly clear.

Our third item of policy was that we would support measures designed to avoid excess bank and credit liquidity. I do not know what is the attitude of the Opposition on this

matter. Everyone who have a rudimentary knowledge of how to deal with an inflationary process knows that the restraint of credit is one of the great things that a central bank ought to be engaged in. But we do not know what the Opposition thinks about this matter.

Mr. Haylen: What about hire purchase?

MR. MENZIES: Honorable members opposite mumble about hire purchase, but none of their colleagues in any State Labour Government seems to do a thing about it. Fourthly - and this is the hub of the matter - we said, "We will avoid deficit finance in 1960-61." We said that, many months back, and this Budget is our performance of it. Does any responsible person challenge the idea that we ought not to have a deficit this year? Is there a solitary scull - I use the words loosely - on the Opposition side who believes that we ought to be budgeting for a deficit at a time of inflationary pressure? Is there a single writer of any responsibility anywhere who says that we should? Or course not, and, Sir, if nobody can challenge that proposition, let the Opposition face up to it. How does it propose to balance the Budget? Let us assume that it believes that the Budget ought to be balanced and that we ought not to be in deficit: How does it propose to do it? Not one word have we heard from the Opposition -

Mr. Bryant: Whose budget is it?

MR. MENZIES: It is ours.

Mr. Bryant: Well do something about it, then. We are barren of ideas.

MR. MENZIES: The honorable member says that the Opposition is barren of ideas. That is a perfect description of the difference between these two parties. Does the Opposition say, "Yes, we are going to balance the Budget by reducing expenditure"? Certainly not because, on its own showing, it would increase the Budget out of hand. On this great problem, the problem that we have tackled in this Budget, the Labour Party is futile and silent. Having mentioned these four points I just say this, before I conclude: I am sure members opposite say - some of them have hinted at it - that social services are neglected -

Mr. Peters: So they are.

MR. MENZIES: Yes, I knew the honorable member would say that. He is my ever present help in time of trouble. I hope he never leaves his seat. I could not live without him.

Mr. Clyde Cameron: What about Lord Ward?

MR. MENZIES: No, there is no risk of that, I hope. But, Sir, think of it; pensions, medical benefits, hospital benefits, child endowment - all those things - social services, about which honorable members opposite talk occasionally - and occasionally incessantly - where we came in, just as they went out - totalled £92m. and in this Budget totalled £330m.

Mr. No wonder, with you in charge.

MR. MENZIES: I know I am going to have some clever fellow say, "Yes, the value of money has fallen". Yes, if we take either the "C" series index or the new consumer index figure which has been evolved we find that there has been, over that period of time, an increase in the index figure from roughly 60 to roughly 120. In other words, there is a change to that extent, but that is only a fraction of the increase in social services from £92m. to £330m. But having mentioned those global figures,

let me say this; honorable members opposite have been fairly silent on the change that is emerging in the means test for property and income. I wonder if they thoroughly realize that this change in the means test will give some benefit, and in many cases a large benefit to 120,000 people in this country: and therefore, Sir, broadly the Budget is aptly fashioned and stands, if not unassailed, at least unbroken by his arguments. It is aptly fashioned to slow down and to arrest inflation and to maintain development; those two things being things that have to live together, presenting the greatest possible difficulties of adjustment; and, above all things, to provide social justice for 10,000,000 people in what I believe is one of the great countries of the world.
