

ASSOCIATED CHAMBERS OF MANUFACTURES OF AUSTRALIA

BANQUET

CANBERRA, 17TH MAY, 1961

Speech by the Prime Minister, the Rt. Hon. R.G. Menzies

Sir, Mr. (Norman) Robertson, Your Excellencies, Gentlemen:

When I was beguiled, as I was, into coming here tonight, quite a long time ago - so long that I've forgotten - I thought that this would be a very, very pleasant non-political affair. Of course to me that's wonderful - rare, but wonderful. Then your distinguished Director, against whom otherwise I have nothing, sent me a printed document and it began by the most concentrated blast against the Government that I lead (Laughter) that I have read for a long time. And although I am a quiet and uncontroversial fellow, when I sat down to prepare myself for tonight I naturally directed myself to the opening paragraph. I made a lot of notes. Life has been intolerable for my Cabinet colleagues for days because they have all understood that I was getting ready for tonight.

Having made some notes, and having had them typed by a typiste who, oddly enough, understood my handwriting, I showed them to my friend, the Treasurer. I had no idea that he was the patron saint of this appeal (Laughter) - well I don't dwell on this matter - and when he read the first page of my rather abbreviated notes, he said: "I don't think I would say that; never start an argument unless you can finish it". (Applause) Which shows that under my careful tuition over many years he has learned a great deal. (Laughter) So I tore up the first page of the notes which will deprive you of some of my more pungent paragraphs. But I think he was right.

Because the truth is that we are here tonight - I and John McEwen, who is going to address you from the point of view of, whatever it is John, and Arthur Calwell, who will collect a few crumbs that fall from the capitalists' table (Laughter) - all of us, to say something to you, but it will all, I suppose, theoretically, be non-political.

In a broad sense it is, because this is a great campaign. This is really, as somebody said, an historic event. I have never myself understood why manufacturers in Australia should think that they were under attack, because I don't think they are. But if there are, in Australia, a few thousand people or, for all I know, a million or two of people, who still retain some prejudice against what Australia produces, then this campaign will fix them. (Applause) For if there is one thing about which we can all agree it is, with our characteristic modesty, that whatever any other country does, we can do better. (Applause)

Sir, it is because of that that I believe that nobody who takes a balanced view of Australia's present economy, or future prospects, can possibly be, intelligently, a pessimist. I'm no pessimist about today - I'm the most glorious optimist about tomorrow. Because if anybody can look around the world and find a country so young, so rapidly developing, which has achieved so much in two or three generations, then I would like to hear about it. And the fact is that this has been achieved in a few generations, not because of all-wise Governments, or pertinacious Oppositions - and I can speak on behalf of both of them in my time - but by imagination and effort and skill on the part of our own people.

Now, Sir, of course it is quite true - let me admit this, or perhaps not admit it, but claim it, and get it over - anti-inflationary policies are occasionally necessary. I hope everybody understands that. They were necessary to deal with the great inflationary boom of last year. I don't think that anybody would seriously deny that. And yet, Sir, all anti-inflationary measures must be unpopular with many and, let us confess it, are occasionally hostile to the material interests of some.

In Australia we have, and we have had for a long time, more than people realise, more than perhaps exists in other countries, efficient tariff machinery, now supplemented by emergency tariff provisions, about which my colleague, the Minister for Trade, has had so much to do, and to say. With that protection Australian manufacturing has increased enormously, and I would like to say that the best proof of our capacity for the future is what has been done in the past. With respect, I remind you, that in these last 10 or 11 years - I speak not in party terms, but only of the particular period concerning which I have had some special reason to know what goes on - the development of Australian manufacturing has been phenomenal. The gross value of production in Australian factories has grown in that period by 252%. The raw materials used have grown by 240%. And that, at a time when the number of employees grew by 27% and the number of factories by 41%.

I mention those figures, not because I expect you to carry them quite comfortably in your minds, but because I want to remind myself and you, that this country of ours is one in which skill and energy and imagination have produced results far beyond the percentage increase in our population. If that has happened it is very largely due to the fact that in Australia where the manufacturer was a curio at the turn of the century, manufacturing industry has proved itself to be the most flexible instrument of development. That has been a wonderful thing for Australia.

Somebody has said we couldn't have absorbed annually 100, 120, 130 thousand migrants, as we have done, first beginning under the imaginative programme sponsored by my opponent, my present opponent, the Leader of the Opposition (Applause) and since carried on, unless, in Australia, we possessed the genius, the energy, the imagination to produce in our factories the things that our people needed.

And so, Sir, I am all for this campaign. I don't understand why anybody should need to be persuaded that Australia today has, in an industrial sense grown up. We are one of the industrial countries of the world. We are among the first ten trading nations of the world in actual absolute terms. And we have demonstrated that in our own country we can produce what our people need; and that more, and more, and more, we will produce what our people need. If any prejudice or snobbery stands in the way, then I hope the people of Australia will sweep it aside. There is nothing that others can do, I say modestly, that we can't do better.

But, Sir, we have had our troubles. Indeed, I've gathered from my friends sitting to the left and right of me, who, with all the amiability in the world tell me what's wrong - with me, among other people - that we have had, and are having our troubles. Because the truth is - and let's face up to it - that with all our expansion, with full employment, with much overtime, with large and growing production, we have not been able to satisfy the purchasing demand of our people without vast recourse to overseas supplies. Now, there is nothing

intrinsically wrong with that. If we are to sell to the rest of the world, if our great staple industries are to maintain themselves, we must be prepared to buy as well as to sell. But the interesting thing to me is that with all these expansions our demand for imports has grown and grown beyond the capacity of Australian industry to supply. That is why we are here tonight engaging in the beginnings of an enterprise which is designed to increase the capacity of Australian industry to supply, to match the demand by Australian people for what Australian industry can supply.

But, Sir, apart from these passing phases - and believe me about these things I am no miserable pessimist, not at all; I've been through a few fluctuations in my own political lifetime and I'm not dead yet - what we must try to do, and this is of the essence of what we are here to consider tonight, is to reduce the incidence and the frequency of short term problems by aiming at long-term policies. I'll explain that somewhat cryptic remark.

We must, for example, increase the supply of locally produced goods so that there is not so great an unsatisfied demand to spill over into imports. Sir, even under the present policies dealing with relaxation of import restrictions which I know you, and for all I know others here tonight, have criticised, let me remind you that 82% of the additional imports since the "no licensing" decision of February of last year have been in respect of plant, of material for manufacturers, and for transport. To put it in concrete terms: of the £231 million of extra imports which came in under that fateful decision no less than £190 million were, and I repeat, on account of plant and materials for manufacturers, and for transport. So, we are not to assume that all imports are fiercely competitive; or indeed that the great part of them will be fiercely competitive.

Now, the history of 10 years that I have referred to gives us the greatest possible cause to believe in our capacity for expansion in manufacture. But the real point that I am leading up to is this. We will have periodical problems of balance of payments: they'll come and go and come and go so long as our exports are almost entirely those of primary products. This is something that we must get all our people to understand. But if we continue to have the vast percentage of our exports in wool and wheat, and meat, and the primary products of this country, great as they are, vital as they have been, and are, to Australia's economy, then of course, inevitably, if there is a drought our wheat exports will fall; if there are bad seasons in the cattle country of Australia our beef exports will fall; if the world is beguiled for some reason or another into lessening its demand for wool, then the price of wool will fall. We may find our export income fluctuating, not by a few millions, but by a hundred millions, by two hundred millions, by three hundred millions, in the course of 12 months. Many of the countries with whom we negotiate are unaware of this fact. It is the vital fact in Australia. It is the fact which distinguishes our country from almost any other country of magnitude that I know in the world.

I can look back, as many of you can, to a time when we were almost entirely dependent on primary exports, almost entirely dependent on primary production. Then, when a world depression hit us we were almost defenceless. We had a percentage of unemployment in Australia which was, as we look at it now, and as we looked at it then, horrifying - 25 to 30% of people in the great trade unions unemployed. That was because, economically, we stood on one foot: we were a primary producing country; we met the whole blast of the world's fall in prices.

Since then something has happened which should prevent anybody in Australia from becoming a gloomy pessimist. We have developed an industrial structure, a manufacturing structure, in Australia which means that today we stand on both feet. What happened in 1929-30, could not happen in Australia today; and it could not happen because we are not uneasily balanced on one foot, but have two feet to stand on and if one gives a little, at any rate we have the other one to rest our weight upon.

Now, Sir, that is our domestic position. But our domestic position will suffer from all the fluctuations that are involved in variations in our overseas balances, in variations in our overseas reserves, if our exports remain predominantly the exports of our farms and our fields. They are the items which, through no fault of their own, with all the industry, with all the skill in the world, suffer from these world fluctuations, and from seasonal fluctuations at home. Therefore what I want to say to you sums itself up in this: That what we must aim at in Australia is not only to have a balanced domestic economy, as I believe we now have, but to have a balanced economy in our export markets. If some day, and I am sure it will come, and come more quickly as our population rises and as our pride and our skills grow, if some day half of the exports of Australia to the world are manufactured goods then to that extent we will not be subject to the wind and weather of a drought at home, or of falling markets abroad. We will have produced in our international economy a sense of balance which we now have, and enjoy, at home in our own country.

Sir, we can't isolate ourselves from world affairs. If we seek so to isolate ourselves then we will forget all about the importance of costs, the importance of those basic conditions on which we can do business with the rest of the world. Therefore I believe that it is of the first order of national importance that manufacturing in Australia should become international in its product so that it sells to the rest of the world, and in particular sells to all those growing hundreds of millions of people, near to us in the world, nearer to us than to any other modern country - remember that, nearer to us than any other modern industrial country. We must sell more, and more. That is why we do our best to raise their standards of living. That is the whole basis of the Colombo Plan, that is the whole basis of technical aid. We are not being kind - we are engaging in an intelligent operation in international relations.

Somebody put the figures in front of me the other day: in 1950, 2,500 million people in the world. Subject to the wind and weather, plague and pestilence, and war and disaster, how many in 2000 A.D? - you'll be happy to know it will be after my time - 6,000 million. In half a century 3,500 million more people in the world, all to be fed, all to be clothed, all to be housed, all to be helped to reach a higher standard of living. What's wrong with us in Australia if we, placed as we are, can't undertake to supply to this great area of the world and to these teeming millions of people in the world, something of what they require? Do we lack skill? I don't believe it. Do we lack courage? I don't believe it. Do we lack enterprise? I don't believe it. But if we are going to become a great exporting industrial nation then I'm quite certain, and you are quite certain, that we must realise that the essential foundation for a great industrial exporter is a great, faithful home market. (Applause)

Sir, that's really what I wanted to say to you - I'm forgetting about the rest of the notes - that's what I really wanted to say to you.

Here we are, 10 $\frac{1}{2}$ million people. I have no time for the pessimists. I think that people who talk depression without reason serve only to create depression in fact. I pay no attention to these people, though of course I have my responsibilities and so have my colleagues. But I look back to just before the second world war when the wisest statisticians that we could find, not only in this country, but from overseas, for we gathered them in, said that the population of Australia would, by 1975, be 7 $\frac{1}{2}$ millions and that thereafter it would begin to decline. Well gentlemen I permitted myself to say, at the time - I wasn't Prime Minister and therefore I could speak quite freely (Laughter) even to my colleagues - "How do you know what the birth rate is going to be in future?" - a very homely, and I think proper and human question. But anyhow there it was, 7 $\frac{1}{2}$ million by 1970, or 1975. And here we are, in 1961, with 10 $\frac{1}{2}$ millions.

Who is there so miserable in his mind, so circumscribed in his imaginative horizon as not to believe that by the turn of the century we will be 25 million people in Australia? Who is there so timid about his Australian quality as to believe that with this growing population we won't develop, not only our skill, and our capacity for production, but our market at home to an extent which will enable us, on the basis of that market, to meet in the markets of the east, to say nothing of any other country, all the challenges of older countries, whether they be in America or in Europe. This is no time for pessimism; this is no time for sitting in the Club arm-chair and moaning about these stupid politicians. Because we always were stupid, from the beginning of time. I can't remember a time when we weren't stupid. And when I retire, either voluntarily, or involuntarily Arthur (Laughter), I have no doubt that I will sit in the Club arm-chair and say, "Oh, they're so tiresome, these politicians". And that will make me very popular with some people who don't like me very much now.

But, really, I say this to you as the Prime Minister of this wonderful country, this country that has grown so much, and has prospered so much, and has counted for so much, and has served the world so much, let's look forward to a time, and it is not far distant when, with the support of our own people, a support, Sir, that you are going out to get in this campaign, there will be such an expansion of production in Australia, as will provide a foundation for an expansion into the world's markets which will in due course render Australia, if not immune to, at least unshakeable by the economic incidents of the world. This is a very wonderful problem that we are considering; this is a superb conception that you have. And the reason that I came here was that I just wanted to say to you that however much I might challenge what I hear and read occasionally, from time to time, I have lived long enough to believe that first things ought to be put first. And the first thing that we have to do in Australia is this thing that I am talking about. Let us get the backing of our own country, and of our own people, for what is produced in Australia and the day will come when one of my successors in office will be able to say, with pride, and with justice, that Australia's economy not only domestically, but internationally, is as sound as any in the world.

Sir, I wish you the greatest of good luck in this campaign.
