

SPEECH BY THE PRIME MINISTER, THE RT. HON. R.G.
MENZIES, TO THE GREATER WOLLONGONG CHAMBER OF
COMMERCE AND INDUSTRY

12TH JULY, 1962

Sir, Mr. Mayor and Gentlemen :

It's not my fault that I am standing up here in the pulpit. (Laughter) I was told that this was the drill. "Timotheus placed on high, amid the tuneful quire, with flying fingers touched the lyre." (Laughter) I think that for a man who lives a dull, uninteresting life as I do, (Laughter) to come here and be confronted by I don't know how many hundreds of Wollongong businessmen, is a great ordeal; because, looking around you, and I can only see the ones who are nearest me, I would think that if I took a Gallup Poll among you, I would not do all that well. (Laughter) (Applause) And, as I have under my benign exterior, a certain combative streak, that's what I like.

I can remember once going to the Annual Dinner of the Chamber of Manufactures in a city that shall be nameless and being received with frosty silence that would have established air-conditioning in any house in the tropics. (Laughter) But, in the long run, I warmed them up a bit. In fact, I did frightfully well that night; I got 30% of their votes at the next election. (Laughter)

But I like coming to Wollongong. You might think that that is not true because it is some years since I was here, but as I said to you, Mr. Mayor, this afternoon in that Reception that you were so pleased as to give me, so kind, I have a soft spot for Wollongong, because I remember so well coming down here - you don't mind me repeating this - when there was a little "trouble"; (Laughter) and largely as a result of innate stupidity, I have always believed that you ought to go to where the trouble is. (Laughter) Now I came down here, and I drove down the main street; there were placards out; they reflected on my ancestry. (Laughter) They invited me to go home, and there was a certain amount of fun and games and, in the upshot, it is to Wollongong and Port Kembla that I owe the one title of honour that I possess. (Laughter) (Applause)

(Voice in background) - "Name it"

"Pig-iron Bob" (Laughter)

You know it is very amusing, really. If you get a title like that, a tag put on to you, you can do one of two things. You can become very angry about it, and I have known people silly enough to become angry about such things. Or you can wear it like a ribbon in your coat, and I must say I went on wearing it like a ribbon in my coat, until today if somebody is sufficiently out-of-date or sufficiently inebriated at the back of a political meeting to say "Pig-iron", everybody roars with laughter, and I take a bow. (Laughter)

Now, of course Gentlemen, I read the newspapers, or some of them (Laughter) and I occasionally look at the Gallup Poll or some of it (Laughter) and when I do, I remind myself of a famous occasion when I was Leader of the Opposition. Some of you are so young, so boyish, you don't remember me as the Leader of the Opposition. (Laughter) (Applause) But at that time, among the Members of the Opposition we used to have a Party meeting, it was a courteous thing to do; we had 17 seats in a

House of 74. You've forgotten this. (Laughter) But we had a Party meeting from time to time and, one day, Billy Hughes, who was a Member of that Opposition, was sitting there, wiring himself up to whatever leads might come (Laughter) from here or there; my former colleague and great friend, Phil McBride, was up making a speech. Well, everybody knew but nobody but Billy was rude enough to mention the fact that at the previous general election, Phil McBride had been defeated for the Senate, but by the inexorable law of the Constitution, he was still a Member of the Senate until June the 30th and therefore, there he was, in the Opposition Party meeting, and he offered some very sensible views. Little Billy listened to it and nodded his head. He always nodded his head when he disagreed. (Laughter) And the moment Phil McBride finished, Billy got up and said, "Oh, well, you know, my friend McBride; he speaks with a falling inflection." (Laughter) Now, Sir, why, having read the last Gallup Poll, did I remind myself of that story? (Laughter) Well, I leave it to you.

But, anyhow, before I disappear into the abyss, if that's the drill, I would like to say that no Prime Minister of Australia with my experience in that office and with my knowledge which I ought to possess of our problems around the world, could fail to be interested in coming here and in talking to you, because you represent, in this area, a microcosm of the whole Australian economy and development; the great industry of iron and steel with all its ramifications, the great primary industries down on this coast - all of these things, coal, coal exports - one could talk about them for a long time. But you are very fortunate in being here in an area not unlimited in point of size, but an area in which primary industry, secondary industry, tertiary industry, local industry, export industry, are all to be found. And if this great area continues to develop as it has so splendidly, then it is reasonable to say that Australia will develop splendidly in the future. (Hear, hear) We can be on the home ground here. We can discuss any aspect of politics in this city and feel that we are at home with some aspect of whatever problem it may be. And that is, I think, tremendously important.

And it is tremendously important, in particular I think, for two reasons - there may be four or five or six - but within the limits of time, I would like to talk about a couple of them.

And the first reason is this: it is much easier to be on the outside of Government, looking in, than it is to be on the inside of Government looking out. I hope you will agree with that. A Government at Canberra with acutely limited powers must do its best to direct, not to control, the economic development of the nation. And this is a tremendous problem.

There are some things that are not within our control. We have nothing to do and nothing to say about many of the aspects of the economy that the outsider would look at. But we do have a great responsibility for the Budget, for monetary control, for the determination as to whether credit is to be easy or credit is to be tight. I know all this. These things are very true. And we found ourselves, not all that long time ago, looking at a state of affairs in which there was a great inflationary boom going on in Australia. I don't think anybody, sensibly, denies it. Our overseas balances were running down fast. Now, of course, I am able to talk to you because you are businessmen and you understand these things, but there are so many people who do not begin to understand why you should worry about the overseas balances of a country, failing to

realise that the first thing that I heard about in America when I was there the other day was their balance of trade and payments; a balance problem which is beginning to worry them. And what's happening in Great Britain? The problem of the balance of payments, the problem of keeping the export market up, of keeping the importation of material within reasonable limits. This is a universal problem, not peculiar to us, not peculiar to the Menzies Government, not created by some arrant folly on our part. This is a problem which bemuses the whole of the Western world.

I mentioned America. You know, it is only a few years ago isn't it, that dollars for us were as scarce as hen's teeth, "No, you can't have them". "There are great restrictions on access to dollars" And that was because at that time the dollar was the commanding currency of the free world. But if you went into Washington today, and talked with Finance Ministers or bankers or high people in the Administration, the first thing they would want to talk to you about would be their balance of payments problems. How long can they continue to find a billion dollars or two billion dollars in their language, or foreign aid for helping weaker nations in the world. Because, the fact is that in the last twelve months, gold has been running out from Fort Knox and gold has been running out from Canada whose gold reserves are singularly depleted of late. We are not the only people to have these problems.

But we, in Australia, decided that we were not going to allow this problem to become acute. We were going to try to deal with it. And you can't deal with any problem of an economic kind in our country without irritating and infuriating a lot of people. We just have to put up with that. The fact is that Australia, for the last eighteen months, has had a balance of payments position, a state of reserves overseas which is, on the whole, the envy of those other countries that I have been referring to. (Hear, hear) (Applause) This is not unimportant. It is not unimportant to know that you have under your control overseas a volume of overseas reserves which could sustain a blast of imports or some fluctuations in export income for quite a long time. This is tremendously important. And as I have lived long enough and been a Prime Minister long enough not to care unduly whether I am tossed out, I propose to continue to do what I think is good for this country. (Hear, hear) (Applause) This is one of the great things that has happened.

Now, we also set out to restrain inflation in Australia. Now again, gentlemen, don't let me pretend about this matter. There may be many of you here tonight as there are many people engaged in enterprises in Australia who have no objection to a spot of inflation - "What's wrong with a little inflation?" "All this boosts up the equities, it develops a state of affairs in which the population rises and we are all optimists." I understand all that. But inflation is the most unjust tax in the world, and it is one of those unjust taxes which falls most heavily upon the people who cannot afford it. And therefore we set out to say, "Well, we must restrain inflation."

I have never understood the principle on which headlines are allotted. (Laughter) I always appear to get into them at the wrong time. (Laughter) But I do want to remind you that for the last eighteen months, that's a long time, the consumer price index in Australia has been stable. In other words, for the last eighteen months, we have had no inflationary pressure reflecting itself in the price levels. I wonder if there is any other country in the world on our side of the Curtain that could say that. I doubt it. I know we've had our

great periods of inflation caused by causes which you are all familiar with but in these eighteen months of unpopularity, (Laughter) it is still true that we have had stability in the consumer price index. Aren't these important matters?

Now somebody - and this is the first point I wanted to make to you - somebody will be heard to say, "Oh, yes, but this Government is unduly concerned with stability." I've heard this. You must not suppose, gentlemen, that because one lives some of the time-not much-in Canberra that one lives in what they describe as an ivory tower and is unaware of what people say. If anybody around Australia says something in my favour, I never hear it, but if somebody says something against me, I hear it next morning. You needn't worry about this. (Laughter) This is all quite simple and quite clear, and I know that a lot of people, some of you perhaps, have been saying, "Oh, yes. Stability. That's very good, but what matters in Australia is growth. And these boys who are interested in stability are not interested in growth." Now would you allow me to say how silly that is.

Why do you want stability in Australia? Why do you want the value of money in our own country to maintain itself? Because you want to be able to invest money in Australia with some belief in the soundness of the currency. Because if you are like all of us you want to see your country grow, you want to see investment in it increase, and as $10\frac{1}{2}$ million people can't find all the money for capital investment that is needed for a continent, you want to feel that investors from other parts of the world will be prepared to put their money into this country, put it at risk, in order to develop some industry in this country. This is, I think, elementary.

You can't have growth on an unstable foundation. I'd like everybody to think about that because there are quite a few people who believe that the very definition of "growth" is to have an unstable foundation, to have the value of your money rocketing up and down. I don't believe it for a moment, and if there is one reason more than another why, in this period of stability brought about by painful means, we have continued to attract to Australia capital investment on the private field more than perhaps any other country in the world, it is because we have offered them a firm foundation.

Now, I wonder Sir, if I might illustrate that just a little. I don't want to be too political about this matter, but these are great national problems. For the last eighteen months, we have had this hard-won stability in the currency, this hard-won stability in the price level, this remarkable achievement in the overseas balances. Has this meant stagnation in Australia? Because, you know, there are a lot of people in the world who are bemused by words. If you say "stability", they say, "Ah, that means stagnation." Very simple, dogmatic statement. Has all this meant stagnation? Well, really, Sir, I applied myself, with the aid of my staff, to the problem of Greater Wollongong. I don't need to talk to you about the development of your great city, but I was interested to note this: that in the two years of alleged stagnation, what has happened here has been that the vessels entering the port have increased from 1,025 to 1,091. That is, perhaps, no great matter. The coal exports from here have risen from 628,000 tons to 805,000 and the iron and steel exports from 149,000 to 454,000. Now, I invite you Sir, to be proud of this place. I invite you to take the lessons that you have learned here in your own place and apply them to our great country. In this period, when people have been talking professionally about stagnation what has happened here has been the

greatest proof of dynamism in the Australian economy that I could possibly imagine.

As I said this afternoon when the Mayor was kind enough to give me a civic reception, my memory of the coal industry goes back a long way. In my earlier and more respectable days at the Bar, (Laughter) I appeared for the coalminers and for the coalowners and conceived modified rapture about both of them (Laughter) and when, in the inscrutable wisdom of the electorate, at the end of 1949, I was plucked out of being Leader of the Opposition and became your Prime Minister, we were importing coal, the coal industry was in the doldrums - South African coal, Indian coal - and some of you may recall on the charter-parties, a heavy seller's market. There we were, trying to boast that another half million tons of coal had been secured from some other country to this wonderful coal-producing country, and today, the export of coal has become a substantial industry and when these coal-ports are completed, like the great one going on now here, the export of coal from Australia will become a very heavy export earner for Australia. And I would like every manufacturer to reflect that the more we export, the greater our export income, the more we can afford to pay for our imports, over 70% of which come directly in aid of manufactures in Australia.

And, therefore Sir, I find myself in a community which ought to be, and I am sure is tremendously optimistic, which sees in all these things the graphic evidence of the fact that stability is not stagnation, that you can have stability and have expansion and growth at the same time because one comes in aid of the other. Now, Sir, that is really the first point that I wanted to make to you.

The second thing I would like to say something to you about is that by common consent - I get it from everywhere - and I know it in my own bones, there is a certain uncertainty in the market, a certain hesitation, a certain lack of complete confidence because of the Common Market discussions. You know, we are a little bit inclined, Sir, in Australia to think that the things that happen to us have never happened to anybody else, a little bit disposed that way.

All I can tell you is, that in London I would encounter people who would say, "Well, you know old man, there's a certain amount of uncertainty because we don't know about the Common Market." And in the United States of America, one of the factors in their recent recession which would be put to you would be, "Well, you know, there's a feeling of uncertainty about the Common Market." And, of course, it is true here, although the first thing I want you to remember is that it is true everywhere; because these Common Market negotiations, the great problem as to whether Great Britain goes into Europe or not is one of the great revolutionary decisions in modern history. Don't let us underestimate it.

People are now all, of course, becoming increasingly scientific and therefore I regret to say they don't read history any longer, but anybody who has read any history will tell you that since at least the middle of the eighteenth century, classical British policy, foreign policy, has been to remain out of Europe but to exercise the balance of power. If the Prussians got too strong, put a hand on the scale; if the French got too strong, put a hand on the scale, but stay outside of Europe and influence the balance of Europe. And some of the great leaders in Great Britain have decided, I

think, that this has gone far enough. They say, "Well, twice in this century we, the British, and we, the Australians, have been involved in wars which began in Europe. It is high time we, Great Britain, went into Europe and exercised our influence from within." Now, all this is very intelligible. Nobody need scoff at it. It is a great historic conception. The only point I want to make to you is that it involves a radical departure in British foreign policy. No longer the balance of power from without but the influence from within. And this is not to be underestimated.

The historians in a hundred years' time will write about this as one of the great climactic periods in British history. And it is because I know that, because I believe it, that I am not at all disposed to be dogmatic on these things. But what I do know is that if Great Britain is to go into the European Community, if Great Britain is to accede to the Treaty of Rome, then the terms and conditions now being hammered out with the six European members of the Community are of tremendous importance for us because we, practically all of us in this room, in our adult years at least, have grown up to take for granted a pattern of external trade which has been primarily the Commonwealth pattern of trade - advantages on dairy products, advantages by the sugar agreements, advantages in relation to dried fruits and canned fruits, advantages in relation to wheat, advantages in relation to meat.

All these things have become part of the stuff of our living in Australia and now they are exposed to challenge because there are countries in Europe who, quite intelligibly, would say, "Well, yes, you had it. It was very good while it lasted, but if you want to come into our Common Market, our customs union with internal free trade and a common external tariff, then you must play the game according to the rules." And so Australian dairy products or Australian canned fruits or dried fruits must pass over the common external tariff barrier and, quite frankly, that's not much good to us, because we have disadvantages by distance and otherwise, and by the very standard of our living, which are not to be ignored; and, consequently, we, Australia, have from the very beginning - I want you to understand this quite plainly - adopted a completely active and constructive attitude on these matters.

For the last year or more, Australian officials have been sitting down with British officials with European officials hammering out, commodity by commodity, what should be obtained in order to preserve, if not in its pure form, at any rate in substance, the pattern of Commonwealth trade. This, after all, was the great reason why I went abroad in June, because I thought that by September when the Prime Ministers meet, it might be too late. I don't think so now, but I thought that at that time. It might have been too late; perhaps attitudes might have been crystallised by that time and, therefore, the right thing to do was to go there while things were still in a state of flux and, similarly, to America while things were in a state of flux. I am not at all disappointed with the results of these errands. Not at all. I don't know what the result will be but I have no doubt whatever that both in London and in Washington our position is at any rate clearly understood.
(Hear, hear) (Applause)

We are not sitting in judgment, nor should we, on the political question, as to whether Great Britain should go in to Europe. We may have our own private views on those matters, but in the long run, this great, historic decision must be made by her. That does not mean to say that we are not interested. We are, but in the long run, she will make that decision and on that decision there is an immense complex of

divided opinion at this very moment in Great Britain itself.

But when it comes to how far our pattern of Commonwealth trade - a pattern which has determined so much local development in Australia, not something that can be cancelled overnight, so much development, so much settlement, so much direction of activity - on that matter, we say, "We must be consulted, our view must be listened to with respect," and both of those are completely accepted and, in the long run, we must be quite free to say whether we approve or disapprove of the results that are achieved. Now that's fair enough.

The one thing that troubles me about all this is that I think that there may be exaggerated views, as if we were now facing some disaster. Now, I beg of you, don't get into that frame of mind. I don't believe, myself, for one moment, that any British Parliament would allow any British Government to go into the Common Market on terms which would eliminate all Commonwealth preferences by 1970. I don't believe it for a moment. I may be right or wrong on that. I'm pretty sure I'm right. And that means that there will be negotiated arrangements on a great variety of matters.

Now, we are not to fall into a panic about this. What we have to do is to realise perhaps that the old and simple days may be coming to an end. I don't mean by that that all preferences are coming to an end. The old, simple outline of it may have to be modified in future. And it may very well be, and I am sure it is, that Australia will be increasingly looking for new markets in the world, and not only for existing commodities, but for new commodities. And this is the one point, really, that I wanted to make to you.

Here you have in this versatile community, here, with its immense variety of production and of interest, a great opportunity for looking at the world and saying, "Well, if there is to be some modification of our entrance into our traditional market in Great Britain, if this is to be modified in some way, then at any rate, we have the world open to us and we must increasingly find to what countries we can sell what goods."

And the thing I want to say to you about that, and I believe it is very important, is that we tend, and you the business community tend, to be a little conservative in our thinking. When we talk about new export markets to the great countries of South-East Asia, what do we do instinctively? We think in terms of butter or meat or wheat or something that we have been in the habit of exporting. It is quite clear that, increasingly, and I know that the best minds are directing themselves to this, we must increasingly seek to vary our exports in order to discover into which of these countries we may sell things that we have never thought of selling before. There is very active work being done on this on the dairy side by examinations of the possibility of selling milk in other forms in South-East Asia, as you know. This is admirable. It may be that there are things that we can produce in Australia which we have not so far produced, which are not orthodox for which a market can be found in a variety of these countries.

Don't underestimate the incredible scientific ability of the Australians. The C.S.I.R.O., the people who are engaged in research, these are remarkable people and, constantly, they are discovering new things, new ideas, new processes, but so far, we have not had quite the perfect liaison between them

and the manufacturing world or producing world, because somebody perhaps says, "Oh, well, that's something new. We're doing very nicely, thank you, with our existing line."

We are going to be faced, if Great Britain goes into the Common Market on any terms that are now comprehensible by me, we are going to be faced, not with disaster, dear me, no, but with a challenge to get cracking, to discover new ways in which we can build up our income abroad, and therefore, new ways in which we can increase our development at home. I'll know more about this after the September conference and when I come back from it, I will take an early opportunity in the Parliament of telling the Parliament and the people the nature of the challenge that I think is presented to us and I will end up by saying, or if I don't say it, I may not remember it, but by thinking that once a challenge is presented to my own people, in my own country, they have never yet failed to meet it.
