

OPENING OF THE A.N.Z. BANK BUILDING,  
PITT AND HUNTER STREETS, SYDNEY

24TH SEPTEMBER, 1965

Speech by the Prime Minister, Sir Robert Menzies

Sir, Mr. Premier and Ladies and Gentlemen :

Something tells me I might have to get into the lift again on the way out, so I will take time by the forelock - I declare this building open. (Laughter) What happens thereafter can't alter the fact that this building is now, believe it or not, open.

Some of you may know that I am a species of politician and a politician becomes accustomed to the ups and downs of life. Each time one goes down, one comes up - a legitimate ambition which so far I have been able to achieve; but this afternoon, I thought "This is the end of the road. We've gone down, we'll never come up again." (Laughter) A sobering reflection. I am not at all sure that Darvall didn't arrange it. (Laughter)

I am glad to hear on highest authority that this is the greatest city. I knew it must be because though I have opened three or four buildings in Melbourne, I must have opened a dozen or two here, and you are so successful in Sydney, everything runs so well that even though it is three o'clock in the afternoon, I always see the same 400 busy businessmen attending an opening, with lively ambitions, I hope. However, I say no more about that. I have risen superior to these parochial arguments. (Laughter) The finest city in Australia is Canberra (Laughter) (Applause) because these things must be estimated not quantitatively but qualitatively, and so I repeat: Canberra. And I will continue to say that until I leave. (Laughter) And when I leave, I will go to Melbourne.

Now, I was very interested to hear my friend, Mr. Darvall say something about the banking structure because I thought I would like to say a little about that myself. We have had recently under consideration a proposal that was made by a very powerful Committee that there should be an enquiry into credit and the facilities of credit - it's a very wide term and can cover a very wide field. The Government doesn't agree with this, and for reasons which I stated the other night, and which are worth repeating in substance, though not, I hope in words.

We had for years and years in Australia a great argument going on about the Commonwealth Bank, the trading activities of the Commonwealth Bank and the fact that they were controlled by the same people as controlled the very important central banking functions. We were told, and I think with some reason, that this rather impaired the element of co-operation that ought to exist between the trading banks and the Reserve Bank or Central Bank, and we know, don't we, most of us can remember it, that there were great arguments, and very heated arguments.

Every time you start an argument on one of these matters, it's astonishing how many people come out from behind the bushes with new theories and old theories. It doesn't matter how old they are and how discredited they are, they will be produced, and so you can devote a year or two to having arguments going on about a structure which in reality, ladies and gentlemen, has ever the last six years, at least, worked extraordinarily well; because it was in 1959 that we thought to bring this to a head.

We separated the Commonwealth Trading Bank operations from the Reserve Bank, and put it under a separate corporation. I venture to say, and what Mr. Darvall has said confirms me in that belief, that since then, with a growing experience of mutual understanding and a feeling that the Reserve Bank and the trading banks are not acting in rivalry but are subserving a common purpose, in a different way, each time of course, inevitably, this system has, I believe, been a very good thing for banking, and therefore, for the entire business community in Australia. And that being so, we would not want to see it disturbed.

We have had a lot of experience - even I have had a lot of experience in political matters and how these things go on - I have seen more passions aroused over the banking business than enough. At long last we reached a conclusion and Parliament approved of it, which has, I believe, produced a proper structure in which the many functions of the Reserve Bank are understood, they are respected, its authority is respected, and at the same time, the banks themselves have been able to carry on their business with some feeling of freedom - not always without some grievance; that's inevitable, but on the whole, with a sense of freedom and a sense that they could go ahead and manage their own affairs within the general pattern that any Reserve Bank must find itself responsible for. Therefore, we decided, and I think quite rightly, that we would not disturb this pattern, at a time when the machine is working well, in order to have the whole of these issues reopened by an investigation publicly conducted and therefore exposed to all the advocacy from all sorts and conditions of people which any enquiry inevitably attracts.

Therefore I was delighted to have my view confirmed that the overall banking system in Australia is a good one. It is, of course, susceptible of improvement, but improvement in detail, improvement in application, not the sort of improvement that people aim at by saying, "Let us drastically alter the whole scheme". It is for that reason that we have said that we don't propose to have a public enquiry of that kind, and I thought it was an opportunity for telling you in the simplest terms why.

Now this Bank is an Anglo-Australian bank. We are reminded of this by the distinguished presence of Lord Bridgeman. An Anglo-Australian bank, a bank in which there are shareholders, directors, various people in London, in Great Britain, and therefore a bank which can be exposed to criticism by those of us who are narrow-minded enough to think that no good can come out of any place but Australia. Now I believe that an Anglo-Australian bank - managed with skill and vision and intelligence, understanding, an Anglo-Australian bank has a special opportunity, a special responsibility. Because as never before in my political lifetime, and perhaps in your business lifetime, never before have the problems of liquidity, and of banking policy generally become more and more international in their character and the problem that is international requires no narrow or parochial view. It requires a broad view. Just let me elaborate that a morsel.

We talk about liquidity. Whenever we are discussing the position of the banks, somebody will ask, "What is their present liquidity ratio? How are things going? Are they short of liquidity or have they too much?" This is the kind of discussion that goes on inevitably between a reserve bank and a trading bank, and all sorts of people of both sides have to do something about it. But we are witnessing a state of affairs in

the world today in which a shortage of liquidity in one country is no longer just the business of that country but can have a chain reaction all round the world. Let us just take a simple example - Japan.

Japan has problems of liquidity. Japan has been a great attractor and user of imported capital. If it turned out that the policies of the United States, for example, were such that Japan began to become illiquid, that Japan became short of new funds, we would know about it because Japan happens to be one of our biggest customers in the world, and people can't buy things without having the money to pay for them. Therefore the liquidity problem of Japan affects Australia, just as the liquidity problem in Great Britain affects Australia or of the United States affects us. We have seen it. We have seen all these things in a distant way, and sometimes if we have the opportunity, at close quarters.

I really believe that, vastly important as it is for us to try to solve our own internal financial problems, our own economic problems, vastly important as it is to have our credit structure operating inside our own country so that business can proceed with optimism, it is even more important for the trading world, the six or eight great trading nations, of which we are just about one. They have a problem in common. Nobody can detach the problems of Great Britain as she confronts her balance of payments tasks, nobody can detach those from the balance of payments problem of the United States or of any other of the trading nations, and more and more we must think about these matters in international terms. The trading nations of the world, particularly in the next two or three years, have a tremendous task in front of them and it's a task in common - so to handle those problems of finance as to free the channels of trade. I am not talking about tariff levels - but to free the channels of trade and to expand the world's trade, because I am old-fashioned enough to believe that the greatest guarantee of peace in the world is that nations should trade peacefully, plentifully and profitably with each other. This is a tremendous foundation for understanding and therefore for peace.

Now, Sir that is all I want to say about it. I am talking to my betters, I know, as so many of you have technical knowledge of these problems to which I can't aspire, but as the Head of a Government, I am well aware of them. I feel some responsibility for them, and it occurred to me that they might well be referred to today because here we have people from London, from Australia. A great organisation London/Australia - here is something that has all the elements of an international understanding of what, as I have emphasised, is in many ways an international problem.

And so I had great pleasure in saying "Yes" when I was invited to come, apart altogether from the fact that, as Mr. Darvall is not my banker, I have always felt it difficult to say "no" to him. (Laughter) It therefore gave me great pleasure to come and even greater pleasure to repeat what I said at the beginning that the building is now open.

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