

SPEECH BY THE PRIME MINISTER, THE RT. HON. R.
G. MENZIES, AT THE CHAMBER OF MANUFACTURES,
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The Premier, and gentlemen, that, really, is one of the warmest receptions I have ever had in this room. Some of you with long memories will remember why I say this.

Now I must say at once that when I have finished my little talk I will propose the toast of "Australian Industry" and as, with all the exuberance of the politician, I will probably forget that before I finish, would you please understand that when I end up I am to be regarded as proposing the toast of "Australian Industry". My friend Burnett, won't forget it because he has to reply. Poor fellow! He has been working for four or five days with the dubious assistance of comrade Hall in the preparation of this speech. Anyhow that is the drill.

When I was a very young lad, quite a boy, if you can believe that - throw your minds back to it - no, not the Great White Father, nor even Uncle Bob, nor even Pig-iron Bob, but quite a boy, I was disciplined by my late father about manufacturing and protection. If I had said to him, and I didn't have the slightest disposition to say it when I was 14 or 15, "Sorry Dad, but I believe in Free Trade, that strange old-world, forgotten idea", he would have expelled me from the house; he would have said to my mother "Robert, you know, was quite intelligent".

And so I was born and bred into the idea of a protection which would make Australia a great manufacturing country. Of course I know, Sir, that your Mr. Hall, your Mr. Anderson and other people, occasionally have their doubts as to my orthodoxy on this matter, but I'm accustomed to people's doubts and I don't mind being accused of being unorthodox, because that will give me great merit in some quarters. But from first to last I have always believed, and have always understood, that the great virtue of the future of Australia in my lifetime was that it would be an economy - if I may use that horrible word - standing on both feet, primary industry, secondary industry, and that has been, in fact, the remarkable feature of the development of Australia. I look at some other countries in the world who live on exporting what they grow and who buy, with the proceeds of their exports, the things that they need to buy. The whole character of Australia in the last 10, 15, 20 years has been that it has developed a balanced economy, so that we grow the best wool in the world, we grow all sorts of other things extraordinarily well, we buy from the rest of the world, most of it, I'm happy to say, in aid of our own production in Australia, and we have more and more provided for ourselves in factories in Australia. Now that, I think, is a remarkable development in our country.

Twentyfive years ago, thirty years ago to be precise, a depression hit Australia; a depression which was produced in the rest of the world. Thirty years ago, when we had a great depression in Australia a lot of people thought that we had got it, nobody else had, but in point of fact we received it from other parts of the world and at that time we were predominantly balanced on one foot and in these last thirty years we have found our balance on both feet so that we export, and thank God, we export more and more of what our factories produce and we have developed an economy in Australia which is well balanced and I believe one of the strongest economies in the world. Well, when I say that to a bunch of Manufacturers, don't think for one moment that I think that everybody will agree with everything that I say, because I know you so well. But underneath all the reviling that goes on, all those rather naughty remarks that are made in the Club when the last Budget has been produced, I know perfectly well that you gentlemen, who are so vitally concerned with manufacturing production in Australia, are, like myself,

proud to feel that this Australia of ours is growing to economic maturity; and that is so true.

I suppose, Sir, that there have been various reasons for that. I don't expect all of you to agree with all of them, but No. 1 - might I say - we have had, by and large, a pretty sound tariff policy in Australia. I know that every now and then somebody thinks that the Tariff Board has gone mad, or that we have gone mad or that something else ought to be done, but, by and large, we have operated in Australia for many years now - I'm not talking only about my own Government, but about its predecessors - under a pretty sound, sensible tariff policy, not protecting the incompetent, but giving proper protection to industries that are efficiently conducted and which contribute something to the economic life of Australia. And that has been one of the things.

We have had another great advantage. We have, believe it or not, had the confidence of investors. Now, not being much of an investor myself, but knowing something about what goes on around the world, I've always been interested to know why investors have, increasingly, a feeling of confidence in Australia. And the answer to that, I think, is very important.

On this last extravagant journey of mine around the World - I didn't know how extravagant it was until I looked at the estimate - but on this last journey I sat in that frightful, forbidden place, Wall Street, with a number of people whom I can describe only as "tycoons" - that is to say, the group of people that either you belong to or you hope to belong to - and the one thing that interested them was, how it came about that with all our passing difficulties - the fall in the price of wool, this and that, the trouble about lead and zinc - Australia had kept on an even keel and was developing so fast. And, of course, when they asked me that question, naturally I blushed a little, and said: "Well, of course you know modesty forbids..." All this is horse feathers, you see. But they were fascinated about something that had happened which really has not so much to do with me, or with my colleagues, as it has to do with the good sense and balanced judgment of the Australian people. We had refused to be stampeded into some odd courses and, believe me, these men didn't come down in the last shower - they understand about these things - and they said "Well this is really a remarkable thing that the Australian people, as a whole, should have behaved with such balance and good sense and good judgment, so that today we can say to our clients 'You want to invest somewhere?' 'Yes', 'well invest in Australia. This is a sound place'".

Now I'm not saying that to you gentlemen, because I want you to think that I have done something clever about it - I've never done anything clever in my life - but, because I want you to know that between us all, politicians, my friend Mr Cahill, myself, all the rest of us - oh yes, we have all had a hand in this business - because between us all, manufacturers, farmers, graziers, we have managed to do something in the sight of the world which the world, the critical world, hadn't quite expected. And that is why Australia is, today, receiving investments, confidence from the rest of the world that nobody would have thought quite likely.

There is another reason for all this. I am not going to tell you that Australian employers were always vastly competent in management - all I know about most of them is that they run their businesses rather better than I would under the same circumstances - but I'm not going to flatter you by saying that all this has always been perfect. I do profoundly believe, however, that, increasingly, as the years go on, there has been an increase in the skill of management, in the sense of responsibility by management which has, I think, done immense things for the development of Australia.

We have had, of course, an enormous increase in population, at once our advantage, and, in a slight sense, our danger, because we may be disposed to gamble on it, but we have had over these years, beginning with the predecessor Government of mine - when Mr. Calwell was the Minister for Immigration - had the most remarkable increase in population in Australia by migration. This is a bi-partisan matter and the result is that every business man, every manufacturer, whatever he may be, every retailer, has been able to say "There'll be 2 $\frac{1}{2}$ % more people next year; we have an increasing constituency", and this produces confidence; this produces that forward-looking idea in the minds of people which means so much to a young, and to a growing country. That has been a great factor.

The next factor - I'm not putting them in order of merit - is this, and I would like to remind you of it. Two wonderful things have been happening in Australia: one is that we have had a period of industrial peace, a period of continuity of employment, which is quite remarkable and that has gone, hand in hand with the fact - and I firmly believe this - that the Australian employee, of whatever grade he may be, in any factory or any undertaking, is second to none in the world. He is a lively man, he has humour, he has character, he has a native degree of skill which is not to be surpassed, and if I took any one of you employers in a factory, tonight, and took you on one side and said: "What are these men like who work for you?" you would say: "Well, if there's as good as that all round the world, they'll do me". And that is quite right. We argue the toss about this and that, but in a moment of difficulty, in a moment when resource is needed, in a moment when good-humoured courage is needed, give me, and give you, an ordinary, honest Australian. And all those things have been built into it. We've had industrial peace; we've had superb industrial resource.

Now, Sir, if I might turn away from those selected reasons for our advancement, might I just say a word about the pessimists, because, you know, the world is full of them. Oh dear! There are so many fellows who always know - well you remember the old poem "We'll all be ruined" said Hanrahan "if rain don't fall this week" - you know - that lovely thing "Around the Boree Log". So, therefore, it's not a bad idea to take an example - I hesitate to mention Port Kembla, because everybody except myself knows that I am the humble and obedient servant of the Broken Hill Proprietary Company-(laughter)- but after an interval of years I did manage to catch up with one of the Broken Hill Proprietary people the other day and I said "Put on a false beard dear boy, and come in and I'll talk with you". Very nice man indeed, and a Scotsman. (That's a jolly good thing to be Ted). And I said: "Now talking about the "Apostles of Gloom" could you give me a few facts.". Now when I was fighting my battles in the High Court with Dr. Evatt, you know - years ago - when we were both regarded as promising - we're not any longer now: on both sides of the House they're saying "I wonder when the old boy will give it away" - but anyhow, Bert Evatt and I were fighting out battles - and I must tell you, in retrospect, in a highly intellectual way - in the High Court, these things used to go on and people were gloomy. Well at that time Port Kembla was just a funny little place down there, chiefly immortal because 20 years ago it was at Port Kembla that I acquired the pseudonym of "Pig-iron Bob", and therefore, you know, imperishable in my memory. But it was the minor factor in the Steel world. Well now, in 1947 at Port Kembla they produced 478,000 tons of steel and this year 2,000,000. No very conclusive evidence of decadence is it? In 1947 they produced 719,000 tons of coal and this year over 1 $\frac{3}{4}$ million tons of coal. In 1947 they employed 5,000 people and today 14,000 people.

Now I mention those facts to you, not because I want to advertise the Broken Hill Proprietary, because it doesn't need

much advertisement anyhow, but because here is one of the basic industries in Australia which has shown in terms of production of coal, in production of steel, in employment of people what almost illimitable opportunities there are in Australia. The one kind of man I can't tolerate is the man who's always crying "Stinking fish" and who says "Oh, yes, but I mean it'll be different next year. There are all kinds of factors that are operating". I don't believe it for a moment. I believe that in 20 years' time somebody who then occupies the post which I precariously occupy will be heard to say something about the volume of production, the development in Australia which would, if I could sit up in my coffin and hear, stagger me.

And therefore I speak to you as a complete optimist, not a blind optimist because, before I sit down I just want to say one thing to you about the other side of the middle.

It is quite true that our industrial development has been enormous. It is quite true that we have this enormous increase in population, this enormous increase in employment, but it is also true that we, like any other country in the world, live under the shadow of inflation.

The other day I was going to say, but still, it's only the other week I was in Paris and I had a long talk with the man who had written the Economic Report for de Gaulle which was then adopted by de Gaulle and by Pinay and became operative in France. That was the report under which France has made the greatest economic recovery in modern history. Don't let's ignore that as something unimportant. Two years ago France was the weak member of the Messina Agreement, the power seat, the European common market, and today, rather less than 18 months since de Gaulle came into Office, France is developing strength and power, economically, and significance, and that marvellous report that was made to them, and which was adopted was fundamentally based upon beating inflation, because inflation - let's face up to it - has destroyed France, economically, at least three times in modern history. And so I was very interested in this.

And as I look around my own country I'm bound to say, and I say it to you manufacturers with particular point, a steady growing inflation, 2% a year, 3% a year, may appear to be all right if you're dealing in equities, if you're pursuing the price up, but from the point of view of the Nation, not a very healthy thing. Why not a healthy thing? It is not a healthy thing because if you have a steady growth of inflation then the financing of public works will become more and more difficult, because people don't normally invest on Fixed Interest securities if the value of the currency is falling. "Well" somebody may say "What of it? What we want is more investment in the private sector and, I suppose, less investment in the public sector."

And that, Sir, brings me to the last thing that I want to say to you. These boys who talk about the public sector of investment and the private sector of investment as if they were utterly different, are utterly wrong. There is hardly a business represented here tonight that hasn't expanded of recent years. How does it expand? It expands by saying to the Premier of the State: "Let's have more houses. Let's have more roads. Let's have better transport facilities. We must have more schools". You can't put another thousand people into some industrial occupation and deny to their children the schools that they ought to attend, or the roads on which they ought to travel, or the electric light or the electric power. Look, I tell you this, and I have always said it, as my friend the Premier knows, that 95% of the public investment in Australia is essential to private capital development. And therefore people who say: "Well it's the public sector or the private sector" are setting up an utterly false dichotomy. All of these things, there may

be 5% of extravagance - who knows - I don't know - but you may take it from me that 95% of the Public Works expenditure in Australia is directly in aid of that kind of development which will enable industry to expand and to become strong and to employ people and to have their children taught, and to have their employees brought to their work. And that being so I beg of you, forget about this alleged difference. We are all acting in the same way and if we have inflation going on year by year by year, then we will raise less money on the public account and you will have less schools, and less roads, and less power, and less light and you will find that you are suffering from inflation.

I know that there are plenty of people who occasionally say to themselves: "It doesn't matter about inflation. We are equity men; we'll chase it up" and that is why I mention to you that you can't chase it up in the field of public works and this drivel that is talked by people who ought to know better, about public works being hostile to private enterprise is driven because unless we have both we will never become the great country that we are becoming and which to the limit of my capacity I'm determined we shall become.

Now that is rather a pontifical speech, but it all ends up by me saying to the President who is a great friend of mine, and he represents a great body of men here tonight, who are constructively engaged in the development of Australia, Sir, we are grateful to you and I'm going to ask everybody to drink your health.
