

SPEECH BY THE PRIME MINISTER, THE RT. HON. R.G.  
MENZIES AT AMERICAN-AUSTRALIAN LUNCHEON, NEW  
YORK, 6TH JUNE, 1960

---

Sir, having listened to you, having listened to Tom, having collected a little of the atmosphere, I want to say what a pleasure it is for a practising politician to find himself in such a completely non-political atmosphere.

Governor Dewey made some very pleasant remarks about me. I just want to say to you that I'm glad that he did, because I feel that he owes those remarks to me. In 1948, when I shared the gift of false prophesy with Roy Howard and all of the thousands and thousands of people who wrote to his orders, I went all the way at my own expense from New York to Syracuse to hear Tom Dewey at a railway station. And having heard him, I went all the way back to New York quite satisfied that he was going to win. Which goes to show, doesn't it, what extraordinary results can happen in a country like the United States, so backward as not to have compulsory voting.

But it really is the most fascinating thing in the world for a man who comes from a country where politics is conducted, as you know, with a high courtesy, never a rude remark, never an ugly thought or a hard word, to come over here in a presidential election year. And of course I should love to be able to tell all of you who will be on the ticket when the vote comes. I've had it right from the horse's mouth, or rather I should say, right from the mouths of horses. I know of at least three absolute stone certainties for the Democratic nomination; and as for the vice-president, well, permutations and combinations couldn't go far enough to explain how many people are undoubtedly certain to be chosen.

I am sorry I can't wait long enough to attend one of these conventions of yours - to sit in the gallery and listen to the brass band. Because really in 1948, having gone up north to listen to Tom, having gone out to Indianapolis to listen to Mr. Truman, having got back to New York and being about to go back to London to pick up my wife and daughter, I paid \$2.50 (did I ever tell you about this?) to go to Madison Square Garden and hear Henry Wallace. It cost me about a hundred dollars to hear Tom Dewey; about two hundred dollars to hear Harry Truman and \$2.50 to hear Henry Wallace. And it was a great night - a wonderful night. There were bands, there were people who gave a very good imitation of the Andrew Sisters, crooning into a microphone. Paul Robeson was in the chair and he sang his opening speech to the tune of Old Man River - that was worth the \$2.50 in itself - and then Henry came out with the spotlight, and a lock of hair and he made a policy speech. Ten minutes consisted of four sentences interspersed with the most tremendous volume of applause and the rustling of five-dollar bills as they fell into the collection bags. I went home with my mouth watering. I began to work out what I might have been worth at the same sort of tariff.

But I remember that the fourth sentence of this speech consisted of these words: "We stand for light, not darkness." Now that's a very good observation. And as my old lawyer's instinct asserted itself I thought I would love to get some further and better particulars of what that might mean. So as we walked out into the great peace of the starry night, out of Madison Square Gardens, I spoke to a neighbour who was walking out, and I said to him with my most courteous manner: "Excuse me sir, I'm a foreigner here, I wonder if you could help me. Now when Mr. Wallace said that he stood for light, not darkness, was he adumbrating possibly the nationalization of the gas light industry?" And my neighbour looked at me with that contempt that is reserved for foreigners, and he said: "Say, it's easily seen you are a foreigner." And he left me for dead.

Now Tom Dewey has said some rather magnificent things about the position of Australia. I hope they were taken down; I think I might use them about the end of next year, when, in the inscrutable wisdom of Providence there will be another election. But they were very complimentary words. I think that in substance, leaving out the bits about myself, they were quite true.

I don't know that there has been a decade in the history of my own country that has seen such astonishing development. But development, of course, particularly in a young country, a country with a small population, a country which in order to build up its population must not only provide first-class living conditions for its own people, but must have a large movement of migration. One of the great problems when you have that is that you get the pressure on your resources, an over-demand on capital, a tremendous pressure of demand for all sorts of social facilities which gives rise almost chronically to inflationary conditions. Now that has been one of the great problems in Australia: how to maintain the rate of development, how to give expression to this enormous desire to unlock the resources of the country and at the same time preserve a degree of stability in the currency which will produce confidence in the minds of investors, both at home and abroad, and do justice to those many, many people who live on fixed incomes.

And this has been, economically, one of the very greatest tasks that a government could confront, and we have encountered it - we have sometimes encountered it successfully, sometimes we haven't had all the success we might have liked. Sometimes there have been circumstances outside Australia altogether, which have given rise to the most enormous pressures, like those which followed on the outbreak of the Korean War, for example. But by and large, I do look back with great pride on the measure of stability that has been achieved. I thought you might be interested to know of our last experience in this field, because about a year ago we began to see strong symptoms of inflation, a cost inflation bearing very heavily on our export industries in particular, wages high and rising, a degree of employment which might be called almost over-full employment, with all that that involved in the turnover of labor, inability to maintain the ordinary disciplines of employment. Therefore we decided that we ought to take some steps about it.

We have the great benefit in Australia of compulsory arbitration. You go in for a different way of settling your matters. I don't know whether it is any less expensive than ours, but at any rate ours comes high. And in the course of the calendar year 1959, the Commonwealth Arbitration tribunal had added to the wages bill, first of all by an increase in what we call the basic wage, and then by an increase in marginal rates of pay. It added in one period a total of about £A165,000,000 - £A170,000,000 to the annual wages and salaries bill.

Now in a country of 10,000,000 people that was a very very considerable injection of inflationary pressure. And so this year we decided we would have to do one or two things that were different. For the first time the Government, which has always stood neutral in these wages dispute, intervened before the Commonwealth tribunal and put up a powerful case for making no further change in the basic wage. In other words we said the whole economy of the country needs a period of time of a year to absorb what has already been done, and in the long run you won't be helping anybody if you add to the inflationary pressure and see the price level rising and the value of wages being eroded in consequence. And although this intervention of ours, I can assure you, wasn't the most popular action of our lives, it proved to be uncommonly successful, and the Commonwealth tribunal acted upon it and said "No change". Now that in itself is quite an historic event in Australia and I think must have a steadying effect on the economy generally.

At the same time we have found that for various reasons it had been necessary in some earlier years to budget for a deficit in order to prevent certain signs at various periods of some minor recession from developing, and we had budgeted for a deficit. This time we said, and I hope we will be able to perform it popularly, that we would not budget for a deficit in '60-'61. That has been loudly applauded by hundreds of thousands of people who will loudly object to it when the time comes. But we have nailed our colors to that mast.

And in the third place, as you know, we have had for years now, a pretty severe system of import licensing in order to protect our overseas balance. Import licensing, the sole international justification for which is to protect our balance, not to be used for some tariff purpose, that is an entirely different matter. Tariff ought to look after that. But import licensing, to restrain the overall volume of imports so that we wouldn't see our overseas balances running down. And the measures taken in the past have been so successful that this year we have been able to announce the virtual termination of import licensing. That, of course, not only means that there will be a considerably greater inward flow of goods, plant, all of which will tend to have a counter-inflationary effect, but it also means that our trading relations with other countries in the world become wider, more flexible and more satisfactory all round; because import licensing was very, very unpopular with some people and its abolition has proved even more unpopular with others.

But by and large, through these various means, we have been able, not without difficulty, not without constant scrutiny, to preserve a degree of stability, which I am happy to say has proved very effective outside Australia.

We do, in fact, generate a great deal of our own capital, out of our own earnings and resources, far more than people sometimes think. There must be very few countries in the world with a higher savings rate per cent of overall income than we have in Australia. I know we are regarded as a light-hearted gambling sort of community, who think that tomorrow is another day. That is not quite true. There has been an enormous satisfaction of demand for capital out of the current earnings of industry inside Australia. But over and above that, over these last eight or nine years, the inflow of capital into Australia has been quite phenomenal. I don't necessarily mean, or merely mean money borrowed by government on government account, from say the World Bank, or drafts from the International Monetary Fund, or whatever it may be. Putting those things on one side, and looking solely at private investment from outside Australia, in **industry** inside Australia, it has averaged out, over the last eight or nine years, pretty near to £100m. a year. Now of course, when I talk about a hundred million to you gentlemen, you just regard that as small change. I know that, because as I stood at the door side by side with this taciturn fellow, Floyd Blair, I shook hands very warmly with about eight or nine hundred million dollars. It was a wonderful sensation. I kept looking at my hand and wondering whether any of the dollars had come off in the process. But to us an inflow of £100m. a year is an enormous accretion to our resources, and but for that I venture to say we might have had some trouble in maintaining our immigration programme and we certainly might have had to slow up, to a certain extent, the industrial development particularly, that is going on in Australia.

I know there are other parts of the British Commonwealth that don't share this view, but in the result I am delighted to say we have had great sums of money invested in Australia by American concerns, great industries have been established, the whole motor car industry in Australia - which was regarded as a pipe dream 20 years ago - is deeply associated

with enterprise from this continent. And when you consider how much that involves in employment in forward-looking employment, in a sense of social security, in the development of ancillary industries, you will understand how pleased people like myself are to find that just as we have striven for the right conditions inside our own country, so people outside, not given to sentimental judgments only on these matters, have found this a good environment in which to invest their own skill and their own capital. Therefore it is a good picture, a good story.

But of course it is not the only problem we have in the world, because Australia is not only Australia: it is part of the free world. Its itinerant Prime Ministers fetch up in London and attend Prime Ministers' Conferences and discuss matters with great vigour. They turn up in Washington, and discuss the problems of South-east Asia. We are not unconcerned with what goes on in the world, of course. And therefore I just want to make one broad observation to you about the state of the world: Hundreds of millions of people, let's put it quite modestly, had high hopes of the Summit, exaggerated hopes if you like, but even the most hard-headed of us would have expected that out of a Summit meeting there might come a little crack of daylight. Not a broad settlement, because at the moment we discuss symptoms far more than we discuss causes, discuss results far more than we discuss causes also, but most people, I think, hoped that something might come out, some direction about, for example, nuclear tests, where the East and the West had got already measurably close to one another, and where one would have expected that a good draft of commonsense might have overcome the outstanding difficulties so that some headway might be made. I think that many people hoped that out of a Summit conference there might come, at any rate, some moratorium in relation to the Berlin question, with all its stickiness and apparent insolubility. And therefore when the Summit failed before it began, I venture to say that all around the world were hundreds of millions of people whose first instinct was of bitter disappointment, and whose second instinct was one of profound resentment.

Now of course the Soviet Union, the master of propaganda, insofar as Khrushchev is still the master, which I am inclined to doubt, but the masters of propaganda will have the world believe that the Summit failed because the United States of America had flown an aircraft over Russia and had been investigating what when on. Now I remember being told many years ago, when I first went to the Bar, by a very experienced judge, something like this: "I see you are getting a good deal of work." I said: "Yes sir, I am, fortunately for me at any rate." And he said: "Well, I just give you one piece of advice, I'm not pointing the bone at you because I haven't had the opportunity of hearing you, but I give you one piece of advice: It is always permissible to think that your opponent is a crook. But it is a cardinal blunder to think that he is a fool." And that is worth remembering. It is worth remembering in this connection because to tell anybody in the world that the Summit failed because of this aircraft is to assume that that somebody is a fool, because no intelligent person would believe it. I don't suppose the Russians have ever gone in for anything like that themselves. Do they seriously expect anybody to believe them? Of course they don't.

I have a certain crude theory about this matter. It falls into two parts: In the first place I think that the measure of unity that has been established between the President of the United States and the President of France and the Prime Minister of Great Britain has made a tremendous impact on the Soviet mind. It began to be clear to Khrushchev that perhaps he wasn't coming out of the Summit meeting with profit and therefore it might be desirable not to attend it at all. I'll come back to that question of unity because I just want to say a word

about it. But in the second place, on his own showing, this celebrated plane came down. Of course if wasn't shot down either - Providence doesn't work that way. You know the pilot comes down quite safely and all the bits and pieces come down in a neat package in the one place. Well it is a little hard to take. But anyhow, it came down 900 miles inside the frontiers of the Soviet Union. Now just think of it as an isolated event, if we must be completely academic. Nine hundred miles is a long way; nine hundred miles of undetected flight meant that the power of the deterrent in the hands of the free world was immeasurably greater than Khrushchev had ever admitted to his own people. Because if one could do it, a hundred could do it. If that sort of distance was feasible, then without international ballistic missiles, or whatever these new horrors may be, there was a country completely vulnerable to counter-attack. And I'll be very surprised if that melancholy reflection hasn't had a pretty big effect on the mind of Khrushchev or even on the mind of that gentle, soft, rather refined and angelic person Malenovsky.

And so I said I would just come back for one minute to the question of unity. This is the American-Australian association, this is the United States, the greatest power in the world, Australia, one of the smallest powers in the world, Great Britain France - unity is so tremendously important that we ought never to allow a day to go by without praying for it and working for it. It is so easy to differ, so easy to disagree. It is in our nature to disagree. We sometimes overlook the fact that under our system of government we insist upon disagreeing. It's the business of politics to have disagreements in your own country. It is the business of Congress or of Parliament to have every possible point of view, every possible point of disagreement ventilated, thrashed out, and we take all this for granted. We don't think that because we have a government and an opposition in fierce debates that we are a divided country, because we know that when it comes to the great things in the world we will be together to the last drop. We know that. But we are accustomed to our own forms of government. We want to be very careful I think, not to allow the virtue of our system of self-government to become a vice in the international field. To allow internal disagreements to spill over into external disputes, because these people, fabulously united, with all the instruments of propaganda at their disposal, able to change their tactics every day if they want to, still have a sort of monolithic quality about them which enables them to take advantage of all the differences that exist on the other side while never displaying any of their own. They will do this; they will fish in troubled waters; they will take advantage of every possible dispute.

It is a matter of very great urgency for the countries which are outside the Communist orbit to settle their differences among themselves, to settle them with the greatest possible speed. We were discussing only the other day cases in Southeast Asia, where there are unresolved arguments between neighbouring countries, each of whom has the most vital interest in not being absorbed by Communist China. And yet you have outstanding differences, sometimes very great, sometimes quite tiddly-winky, but so long as they exist then the whole machinery of the Soviet Union or of Communist China will be available to inflame them, to build them up, and thereby hope to bring about - not for the first time in history - differences which are almost crippling if they manifest themselves in the presence of the same common foe.

And so I say to you gentlemen, I think we must all do in our own way and in our own place everything that we can to preserve the highest measure of unity on the great matters. And it ought not to be difficult, because we have all the great matters in common. We have in common our trusteeship for individual freedom, and the great conflict in the world is between an aggressive form of social slavery and individual freedom. On that matter we all know where we stand, and we must practise more and more to stand together, to speak together, and to act together.