

SPEECH BY THE PRIME MINISTER, THE RT. HON. R.G.
MENZIES, AT HORSHAM, ON MONDAY, 28TH NOVEMBER,
1960

Mr. Chairman, Mr. Rylah, Parliamentary colleagues and ladies and gentlemen:

It must be a considerable time since I was on this platform last. I remember it very well. It was a very good meeting. As I told some of you this afternoon we had a bit of good spirited heckling, and some very lively questions. So I remember the meeting with considerable affection.

But I also remember the place, though not this actual hall which was then not built, because in its predecessor my late father spoke many times when he was the Member for Lowan in the State Parliament.

By that time we lived in Melbourne, and when my father disappeared, with a great flurry, to go to Horsham it was almost as if a man had been called before the Judgment Seat to confront his Masters.

Because, usually it had happened that he had cast a vote that Horsham didn't like, or that Horsham was arguing about; and so, following his usual attitude, he came up to argue with Horsham about it. In the long run, of course, lost his seat. (Laughter) But it is a very good example to follow.

Now, I just want to say something to you tonight, not all as a matter of history - certainly not ancient history. But when I look back on what we have achieved in this Party I like to remember a few things, and I would wish you to remember them also.

In 1943, speaking about the Federal Parliament, we who were then in Opposition, had the most complete thrashing, politically, at an election that we have ever had. In fact somebody rang me up afterwards to ask for a comment, and I said, "It's very difficult to make a comment when you've been run over by a traction engine". And that was about where we were.

We looked around - I was not then Leader of the Opposition for a variety of reasons - and I was asked by the survivors, whether I would once more lead them. I said I would; but there was one great condition to be attached to it and that was that we were to get together in Australia and become, as far as possible, one body.

At that time, the end of 1943, there were no less than 14 different organisations in Australia all professing, broadly, the same point of view. But all different. Fourteen!

So from the office of the Leader of the Opposition at Canberra I convened a meeting, at Canberra, of representatives of all 14. They came, together with other interested persons. We had a very spirited session, and we passed a resolution declaring that we would form one body and that that one body was to be the Liberal Party of Australia.

Six months later we met at Albury and at Albury we had a Constitution, and a Platform and we became fully embodied.

Now that was 1944. In 1946, at the next Federal election - and you will understand it if I speak primarily in

those terms- in 1946 we won a few seats, but we were still hopelessly outnumbered. In 1949 we had a tremendous victory.

Now I'll say a little more about that in a moment, but pausing there, let me tell you this, out of my own long political experience.

There are two periods of danger in the lifetime of a political movement: one is when it appears to be hopelessly outnumbered, and gives up the ghost; the other is when it has been in office so long that people say, "Well, perhaps it's time for a change; we've nothing against the Government; we're doing very well, but perhaps it's time for a change".

These are the two periods of danger.

Going back to that first one, let me remind you that when we first organised ourselves into one body in the Federal Parliament, there were 17 in a House of 74 - talking about the House of Representatives - 17. Numerically a contemptible Opposition. In point of fact, I will say with all humility, it was the greatest Opposition that was ever seen in the Federal Parliament. Because it had life, and imagination and ideas. It **knew** the business. It new Parliamentary procedure.

Although it was always doomed to be outnumbered, it did, in the course of less than five years after being constructed, achieve the greatest victory that had been seen up to that time in Federal politics.

Then we were outnumbered of course, still, for old reasons, in the Senate. We took a Double Dissolution in 1951, another election in '54, another election at the end of '55 when there were economic problems of great complexity; and another one at the end of 1958. Every one of those Elections we have won, with fluctuating majorities - the last one by the biggest majority we have ever had in the Federal Parliament.

I think it is worthwhile recalling those matters. Of course I occasionally meet those candid friends who are the curse of humanity - you know what I mean - who say, "Well, old man, yes, congratulations! You've done very well to win these Elections. But of course you know you had the advantage of having so-and-so on the other side". It's always somebody else who has done it; it's never ourselves.

All I want to say is that I have no reason to doubt that whoever had led the Opposition in the Federal Parliament, we would have won the elections; and we would have won them because we have constantly maintained a positive approach, and a positive contribution to the solving of the Nation's problems.

There are people, of course, who sit on the side lines, who always know all the answers - they know nothing about these problems for the most part; they have never had to handle them. We have.

The result has been, or rather the history has been, looking internally, looking at our Australian problems, domestically, that in the course of these eleven years, we have had the most complex variety of economic problems. We have had booms; we have had recessions; we have had an enormous expansion in the price of wool - and dramatic falls in the price of wool. We have had some little unemployment - not very much at any time. We have had tremendous over-full employment, and an unsatisfied demand for labor. Our overseas balances have fluctuated quite violently at times; and they have fluctuated for the most elementary reasons.

When at the time of the Korean War the boom in wool came on, it reached absurd and embarrassing heights. That wasn't the fault of anybody in Australia. That was the fault of some extraordinary, incompetent mass wool buying elsewhere in the world.

But the fact was that our overseas balances rose to an enormous height; inflation grew at a tremendous speed in Australia, and we had to do some pretty unpopular things. But we did them, and those who attacked them when they were done - and I could understand them attacking them; they were very disagreeable - subsequently came to realise that they had been right, that they had produced the right results.

Do you know that after the famous Budget of 1952 when we were supposed to be absolutely certain to be destroyed, the Gallup Poll recorded us, I think, as having a percentage of about 37 - the all-time low. And the weaker brethren would come around and say, "It's hopeless; we're gone! The people are against us". I used to have to say, "Look by the time the next election comes around, we will win - you see! This is going to work out well". It did work out well, and we won the next election; and the one after that by a bigger majority, and so on down the line.

I have an infinite belief in the people. I think that the people of Australia are sensible, honest people. If I didn't believe that, all politics would be a mere masquerade, a worthless occupation. You can only carry this occupation on if you believe in the honesty, and decency and fundamental commonsense of your own people. That belief has been vindicated, I venture to say, over these years so far as our party and our representatives, and our policies have been concerned.

Somebody said, of late, having regard to certain changes that we have made, somebody coined a phrase - you know it's a great thing to coin a phrase - and the phrase now is that this is a "stop and go" Government. Well, of course, they have always said that about us. The extraordinary thing is that Australia hasn't stopped. It has gone steadily, steadily growing until even the Leader of the Opposition has to admit that of course Australia is a prosperous country. Of course it is! So apparently these alleged fluctuations of policy haven't brought the country to a standstill. But let us see what they mean. I want you to understand this kind of thing.

Our policy has been constant, just as the strategy of a General may be constant, his overall strategic conception. But just as he changes his tactics according to the dispositions of his enemy, and the circumstances of the time, so we, without altering our policies, of course adjust our detailed application to the circumstances of the moment. We would be incompetent fools if we didn't.

I gave an illustration one night about the Central Bank, the Reserve Bank of Australia, the Bank which sits in the middle of the entire credit structure of Australia, and upon the capacity and honesty of which people in Australia depend to a very large extent.

What does a Central Bank do anywhere in the world? Does it say, once a year, "This is our policy for the year; this is what we are going to do for the year, and we will leave it at that, and whatever happens we won't change it for 12 months". Why the country would be in a state of chaos if a Central Bank did that.

It is the duty of a Central Bank to say, "What is our policy? Our broad policy is to maintain, as far as we can, stability, economic stability in the community. We don't want too much credit in the wrong direction, or too little credit in the direction in which it ought to go. We want to have a reasonable degree of liquidity in the Trading Banks so that they maintain an even process of business".

Therefore a Central Bank will sell securities this month and buy them next month. It will release money to the trading banks out of their special reserves this month, and call it up in two months. These things must occur in the course of the conduct of a Reserve Bank. They put out, they take in. Every Reserve Bank in the world has to do it. If it didn't do it, that would be a calamity to the country in which it was operating.

The weather isn't the same every day, or every week. Circumstances change. You may have a sudden rise in the price of wool - or a sudden collapse. Export sales of some other commodity may also be affected because of drought or some other unpredictable reason. And in two or three months the whole of your circumstances in relation to your overseas balances can be affected. Therefore there must be a watchful eye.

And just as the Reserve Bank is not to be afraid to do its duty, so we are not to be afraid to change our course to meet the new circumstances. The objective will remain the same.

But as the Chancellor of the Exchequer in the United Kingdom said the other day, "It is necessary very frequently, while maintaining your course to the port of destination, to make many movements of the wheel, this way or that, according to the wind and the weather."

That is what you are entitled to expect. If this country had suffered from people who, in a wooden-headed fashion, when the Budget had been pronounced said, "Well now that's the whole of our financial activity for the year, and whatever comes or goes for the next 12 months, we stand by that document, and we do nothing to meet the new circumstances" - if the country had been cursed by such stupidity, then I would be very sorry for it and it wouldn't be the country that it is now.

That is a broad aspect of this matter, ladies and gentlemen, that I do want to emphasise to you.

My colleague, the Treasurer, has been making some magnificent statements on this matter. They won't satisfy a lot of these people who are described as "economists" in the newspapers. Because, you know, it's just one of the bad luck things about political life - we have economists in the Government service; and the newspapers have economists which are their own people. But the irony of it is, that although the Government goes to the greatest possible pains to assemble the ablest possible men, it turns out that Government economists are always wrong, and that newspaper economists are always right.

This is one of the strange laws of life. I have sometimes thought that it might not be a bad idea to take them all over, or make a swap. (Laughter) We would be in a position of powerful advantage then.

But, all joking aside, the whole essence of what we do from time to time as a Liberal administration is to aim at stability, at development, at reconciling the highest possible degree of national growth with the highest maximum attainable degree of stability of the currency, to avoid unemployment, to preserve our international credit, to preserve our international reserves and, so help us, to finance the development of Australia.

Now those are great tasks. I can honestly claim that we have, to a substantial extent, performed them; and are proposing to continue to perform them.

Now my opponents, your opponents, the Labour Party, what their economic policy is I have yet to discover - and so have you. In terms of the economy of Australia they have not condescended to tell us.

But one thing they have let drop which is very important, and which I want you all to remember. Every time they have a chance they complain about foreign capital coming into Australia. It was their annual exercise, and I suppose will continue to be, to complain loudly and bitterly in Parliament about profits earned by foreign companies operating in Australia.

If that complaint means anything, then I can only assume that they don't want foreign capital in Australia; but if it comes in, it must be, of course, decent enough to make no profits. Because their great complaint is that these companies want to send some of their profits out of the country.

It is quite true that they spend most of them in Australia in developing their enterprise, but the very fact that they want to send a few millions out of the country by way of dividends, excites horror in the apostles of Socialism.

Now, what are the facts? This is one of the vital facts of recent years.

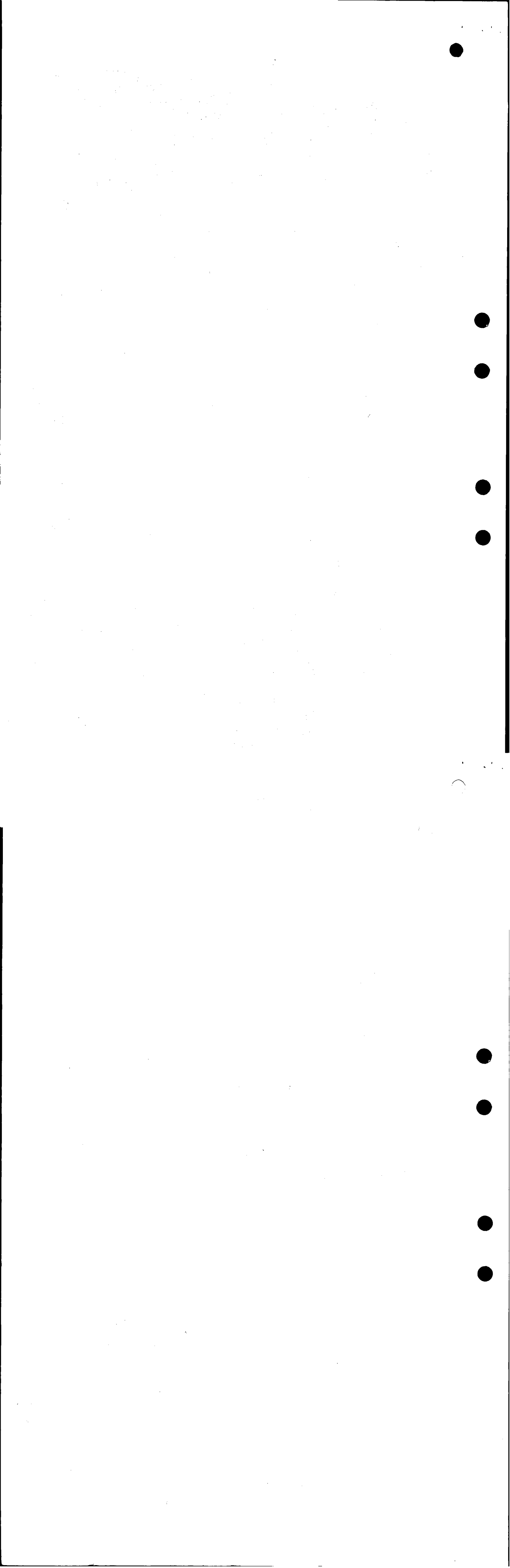
We are a country of enormous import demand. Our standard of living is so conspicuously high in the world that our capacity to buy things from overseas is enormous. By and large you can reckon, year by year, that Australia wants to spend £1,000 million, £1,100 million, £1,200 million every year on imports. These are enormous sums of money; and in order to bring in imports we must, of course, pay for them.

I hope nobody suffers from the illusion that paying for goods brought from overseas is a mere matter of signing a cheque and trusting to providence. It isn't. If we haven't got the capacity to find £1,000 million overseas we can't pay £1,000 million overseas. It is as simple as that.

As, year by year, you are earning money overseas, and you are spending money overseas, you always need to have in reserve, to pay for things you are buying, a few hundred million pounds.

The broad principle of this thing is quite simple: international solvency for Australia depends upon us being able to pay, abroad, for the things that we get there.

Now we have a high demand for imports, very high. But our export income fluctuates, and principally with the price of the products of the land. In the last few years, ladies and gentlemen, we have been kept ~~basically~~ solvent



overseas, not simply because of our export income, but because we have attracted from overseas scores of millions of pounds of private investment. And of course money that comes in like that is equivalent, for this purpose, to export income.

I was able to stand on a platform about three years ago and say that for some time, under our administration, and with the confidence that we have been able to create overseas in hard-headed circles, that we were receiving into Australia, on private investment account, £100 million each year, £100 million. Tremendous! All over Australia. And, as has been pointed out, in particular in the State of Victoria, you will see vast enterprises that have been established, and which maintain enormous employment with money that came in from the United States and the United Kingdom - rather more from the United Kingdom than from the United States you will be interested to know.

There it is. To cut it off would at once present a problem on our overseas reserves, and our overseas balances, of the most acute kind. But we have gone on, whatever they may say, or some people may say here.

The people in the world who have money to invest, the hard-headed people of Great Britain and the United States, they look at us in Australia, they say, "There is a stable country; that country appears to have the right ideas; that country is developing; that is a country in which we are not at danger of being nationalised or taken over. We'll put our money there".

Last year it wasn't £100 million - it was £200 million. £200 million sent into this country for investment in our present and our future, in our fertility and in our character. If there is one thing that we stand for in this movement it is character, it is the honesty of administration. These things count with the rest of the world.

I can remember that when we came in, in 1949, the end of 1949, I don't think the reputation of Australia had improved much abroad over the previous few years. The then Government had had a rather untidy wrangle with the United States of America, and had said, "We don't want you to establish a base on Manus Island". The then Minister for External Affairs had made a great point at all international conferences of attacking, or criticising, or in the homely phrase, "cocking a snook" at the United States, and at the United Kingdom because this seemed to be a rather clever thing for us to do.

Our reputation today with the United States, and with the United Kingdom, is, I believe, higher than it has ever been before. And that is tremendously important to us.

When we came back into office here was Australia, remote in the world; there was China, Communist, aggressive; China that had become Communist with all the pressure going on in South East Asia, tremendous pressure - it is on at this moment in Vietnam; it is on at this moment in Laos.

We can sit here and talk and I can stand here and speak, but at this very moment there are all sorts of things going on in these countries, every one of them related to Communist pressure, to the Communist attack, to the Communist ambition to control, if it can, every country that sits between us and the free world.

These are tremendously important affairs. And we said, "Well, we must do something about it. It's no use just having pious speeches about wanting to be friendly with the United States, or friendly with the United Kingdom. What are we to do, placed as we are down in this corner of the Pacific? What can we do that is practical and positive?"

After all, you know, the two great achievements in foreign policy have been that we did get a three-cornered treaty with the United States of America and New Zealand in what is called the ANZUS Pact; and we also were one of the promoters of the South-East Asian Treaty which embraces in one defensive organisation not only Pakistan, and Thailand and the Philippines, and Australia and New Zealand, but also the United States of America, Great Britain and France.

These two are remarkable achievements, though I describe them in those terms myself. They have revolutionised the position of Australia. In the old days before the war America didn't make engagements of this kind. There was an attitude, "No we make no commitments; we don't get tied up with obligations outside our country". It is one of the great things that since the War, America has engaged herself with other countries. She has behaved, I venture to say, magnificently.

Here, in our corner of the world, she stands as our ally and associate in these two treaties, an achievement which would have been thought, and I dare say would have been, in fact, impossible 20 years ago.

So far as Great Britain is concerned, Sir, I hope that it won't be necessary for me to justify our relations with Great Britain. I am perfectly certain that at Whitehall, whatever Party may be in Office at Whitehall, we are regarded as true, trusted and respected friends. And indeed we ought to be, because we are of the same blood. (Applause)

We had an illustration - I think I ought to say a few words to you direct - it's been discussed a good deal - of the kind of problem that arises for Australia at the United Nations at this last Assembly, where I had the great privilege of listening to Mr. Khrushchev, and watching his gymnastic exercises, even with the shoe. And it was a very interesting experience.

He came across, I think - it's always difficult to know what a dictator is thinking because democratic leaders like myself occasionally have to expose to the people what they are thinking and be judged by them; but a dictator, he hasn't to worry about that, so you don't know whether he is saying one thing and thinking another - but I rather think that he went across with this in his mind: that he would like to weaken, and perhaps ultimately, destroy, the United Nations.

You may say, "Well why should he do that?". Well, the answer is, I think, clear enough. The Soviet Union first of all set out to render the Security Council which is the only executive body in the United Nations, to render it futile, by exercising the Veto. Every time a decision of any moment occurred they would say, "We vote 'NO'". And then, under the rules of the United Nations, that was the end of it. They might be out-numbered by 11 to 1, but it doesn't matter: they are one of the permanent members and when they say 'No', the answer is "No".

And so they have rendered this, a rather unsatisfactory - I almost said a rather futile - body.

And then they switch into the General Assembly. And the General Assembly - this is just a committee meeting compared to the General Assembly. Ninetyeight nations, I think, or there may be 99 at the moment, but call it 100 just in round figures, each one of them with half a dozen delegates and half a dozen advisers and you can imagine - it's an army of people, in a huge theatre.

Australia, by the luck of the draw, sat in the back seat, looking down the slope. It's not a bad position to be in because you could see quite a lot. When I wanted to speak I had to get up and do a route march down the aisle. It seemed to me to be about 200 yards; I daresay it wasn't any more than about 80 or 90 yards. But it is an enormous place.

In the result, of course, no debates occur at all. Speeches are made, which is a rather different matter. Long speeches. Two hours appears to be the rule. The day before I arrived Fidel Castro had spoken for $4\frac{1}{2}$ hours - the first 40 minutes on his hotel accommodation and the next 2 hours and a half on the story of his life. (Laughter) Now you wouldn't read about it. It's tremendous. I know that because I read the translation the day I arrived.

But this is the sort of thing that goes on.

Khrushchev was out to do two things in that Assembly: one was to attack the Secretary-General, who has a difficult enough task in all conscience. But he thought that if he could attack him and bring him down, then he would weaken the whole executive position of the United Nations. The other object, of course, was to beguile, or threaten, or actually frighten, new nations, of whom there are plenty.

About fifteen new nations from Africa arrived this year. They are inexperienced in self-government. They haven't yet, for the most part, found their feet. They may, perhaps, be a little more disturbed by threats than we are.

And he said to himself, "This is it. I will make these people feel that I am somebody to be afraid of; and that the Soviet Union is a power to be obeyed".

Well, I am happy to say I think he failed to achieve that result because he didn't understand that new nations, like old ones, have a dignity of their own. These people don't come to self-government, they don't come to independence, they don't celebrate their Independence Day, without feeling proud that they are now a free nation. And as he doesn't understand free nations, never having set one free, having only conquered them, he doesn't understand the dignity of freedom. That is why I thought that he failed on that side of his tactics.

But one way or another, I think that he will not rest until he has made the ultimate attempt to persuade people to do something that will weaken the United Nations and that will then draw into his own orbit as many nations as possible. And this is a grim thing for the world.

The world stands outside global war today because the free world possesses the power to destroy the aggressor just as indeed the aggressor has the power to destroy much of what they have themselves. Here is the deadlock of power, of terrible power.

But he feels that if he could wean away, persuade, or

threaten, or infiltrate to get another ten, fifteen, twenty, twentyfive, nations into his own orbit, then he could develop what he would represent as such a moral body of opinion in the world, as would weaken the will of the people of the United States and of Great Britain, and of Australia.

Because there are plenty of people willing to weaken our will if they can. And this is the thing of which we must beware. We must retain the initiative; we must retain the moral initiative; in all matters that affect the world's peace we must be united and positive in whatever we are proposing should be done.

Above all things we should know where our friends are. What a silly lot of nonsense it is to say to somebody like myself, "You should prefer to get the vote of a neutral country, when you move something in the United Nations, to the votes of Great Britain, the United States and France" who are the three most powerful allies we have in the world.

Did you ever hear such nonsense? If everybody in Australia got into his mind that that was my kind of "surrenderism" - to coin a word - that that was my understanding of what the great interests of Australia needed, then I would expect to be swept out. But before I was swept out I would know that the Liberal movement would have swept me out and got another leader, another spokesman.

We, Liberals, we stand for these things. We stand for friendship with our great friends overseas. We know that it is only by having some security for our Nation based upon magnificent active friendships around the world that we can hope to set ourselves to the great tasks that we have - not to put everybody under government control, but to put every individual citizen, so far as we can, into a position of developing his own life.

Liberalism, based upon individual human freedom, individual human dignity - these are the things that stand in our lives; these are the things that have no existence in Communist countries, or among Communists in Australia itself, or among their dupes.

Australia is a friend of the United States. We are of course, intimate, family people with the United Kingdom. But when we go to an international conference we have our own mind. We are capable, around the corner, of having discussions with our friends.

When I was in the United States on this recent visit I was honoured by being asked by the President to go up to Washington to confer with him at the White House with Mr. Harold Macmillan. I thought this no insult to Australia, that the three of us should be sitting there, in private, discussing these urgent current matters. But does anybody suppose we just sat down and somebody beat time and we all said the same thing - not a bit. I think that for the first hour they probably heartily disagreed with what I was saying; and I disagreed with one or two other things that were said.

We thrashed them out. We are grown-up people. We have minds of our own, and duties of our own, and conceptions of our own. But in the end, we agreed.

But, in the United Nations Assembly, where you had the Soviet Union, and the satellite countries, as they are pleased to call them, or as we are - you know countries like Rumania and Czechoslovakia and Poland and so on - there they are.

When Khrushchev decided that something ought to be applauded, he always started applauding up here like a fellow in a boxing ring - you know - always started up there; they all looked around from wherever they sat in this great hall and there they were.

If on the other hand he was going to thump the table, like that, he raised his fist high, or his shoe as the case may be, and they all looked around, nodded, and then (Laughter) Of course he had shoes and he could hit the table with them; I didn't inspect the satellite countries closely enough to know whether they had any. But at any rate they thumped the table.

Now you see the difference between the complete subjugation of these people - not a man there from Poland, or Czechoslovakia, or as the case may be, not a man there who would dare to have a mind of his own, who would dare to argue with the head of the Soviet Union.

These are the things that we have to maintain. We won't always agree with each other. I am happy to say that we can have discussions in Cabinet and discussions in the Party Room that reveal a wide variety of ideas. In fact I have never seen an idea put forward yet that I hadn't first heard in the Cabinet Room, or in the Party Room. We are not such inexperienced people as all that, and we thrash them out. And when we thrash them out we arrive at a conclusion which is part of the substance and spirit of what Liberalism stands for.

When we do, we go forward with it, as you would expect us to - not apologetically, but with some courage and determination, and belief, in what the result will be.

Now, as I said to you at the beginning, it was a dangerous time back in 1944, '45 because we were a remnant, and remnants are inclined to be disposed of at a remnant sale. But we weren't a remnant in that sense, and we arrived.

We are now getting towards the end of our 11th year. The very prosperity of Australia detaches the minds of a lot of people from political affairs: they think that they can safely leave these things alone. This is a point, therefore, of danger for any Government, and any movement.

I am addressing one or two meetings for the prime purpose of saying to our own people, "You believe in the things we stand for; you have your pride in what is going on in Australia; you are maintaining your interest in the political affairs of Australia; you are not going to allow the citadel to be captured by inadvertence, or idleness. Go out and persuade as many thousands of people, Liberals, as you can find, that that is their duty also".

I haven't the slightest doubt in my mind that with awareness of our political issues Liberalism is destined to serve this country in Government for many years to come.
(Applause)
