

AUSTRALIAN PRODUCTIVITY COUNCIL

MELBOURNE

8th February, 1961

Speech by the Prime Minister, the Rt. Hon. R.G. Menzies

Sir and ladies and gentlemen:

I was very interested in your reference to the presence here of the Leader of the Opposition, and of myself. He conceals, publicly, his personal regard for me (Laughter); and I reciprocate in kind. (Laughter)

As a matter of fact I want to tell you this, hoping that it will go no further, that he and I are both rather lovers of Dickens. I am at present directing my studies to Bleak House, and he is reading, avidly, Great Expectations! (Laughter, applause)

I always like to have two preliminary remarks and perhaps, therefore, I ought to make another. This isn't the first time that I have spoken in this Lecture Theatre. I once was one of the adjudicators, many years ago, in a debate between the Oxford Debaters and the Melbourne University Debaters - the Oxford Debaters being witty, but inaccurate; and the Melbourne Debaters being dull, but, on the whole, right.

On another occasion I committed myself to making a political speech in here - great fun: I was counted out, not once but many times! Of course, tonight, the audience is of a different quality.

But I am bound to say that it is the first time that I have been sitting on this most costly looking dais. In the old days there was a sort of counter that ran along. One looked around to see where the Bunsen Burners were. (Laughter) But this is now, of course, completely scientific. I haven't had time to study it - I should have been given a chance. There are switches here; all sorts of gadgets here. It is like making a speech after dinner in America where there are buttons, and if you press one inadvertently you are electrocuted, much to the relief of the audience (Laughter); and if you press the other one, inadvertently, and you are leaning forward at the time, you have your neck broken. (Laughter) None of these adventitious aids to good cheer on the part of the audience seem to be available tonight.

I really don't quite know what I ought to be saying to you. I was told first of all, in a disarming way, that the Managers would like me to make a speech, of sorts, on productivity and the standard of living. And then, after a discreet interval, they told me that my friend, Mr. Calwell, would be speaking on the same subject. Now what should have happened of course was that we should have got together on this matter. But perhaps by the time we finish tonight we will find that we have a great deal in common. Because I am sure, and you are sure, that it requires only a few minutes thought to establish the proposition that productivity is at the very basis of all national and individual material development in our country.

And I myself was delighted when the Productivity Council was established. It may still be regarded, and perhaps is, as a little tentative, a little speculative. There may be those in the community who feel a little cautious about associating themselves with it. But all I need to do is to remind you that in many countries in the world, great countries,

countries with immense problems, productivity councils are becoming a commonplace.

It has been realised, for example in Great Britain, with remarkable success, that to have a productivity council in which a great variety of experiences, and of personalities, can come together, is of the essence. The time has gone by when we can just sit down and wait for the wind to change, wait for something to turn up.

Now, if we are going to talk about productivity and the standard of living, I suppose the first thing to do is to say to ourselves, "What is the standard of living?". Because that deserves thought.

We have been, on the whole, rather accustomed to thinking of the standard of living in terms of something like the "C" Series Index; as something which is measured in relation to a certain number of commodities, in relation to house rent; in relation to this, that, and the other. This is a narrow conception of the standard of living. Because the true standard of living in our country is the level at which we have, and enjoy, at least three groups of things, some of which are occasionally overlooked.

The first group is the group that we instinctively think of - the level at which we have and enjoy a home, modern labour-saving amenities in a home, good and adequate food, good and adequate clothing. These are things, tangible, easily understood, and they are perhaps the first things that we think about when we think of the standard of living.

But there is another group coming into the standard of living: good schools, good Universities, good technological institutions, good organisations which bear on the creation of skill and the encouragement of the mind. Proper leisure: this too has some relation to the standard of living. Not perhaps so much as some people occasionally think - it depends on the use of leisure. But proper leisure and recreation, and adequate transport, all these things - still speaking within that broad compass - are part of the standard of living.

But if we are to be judged by the mind of history some day, as perhaps we shall be, then we cannot omit the third group, because this also relates to the standard of living - the level at which we have a sense of community, a consciousness of mutual interests, a developed sense and a developing sense of social duty and a spiritual and intellectual existence.

We might, by some means or another, turn out to be the best fed and the best housed, and the best clothed persons in the world, and yet we might, in the eye of history be barbarians.

All these things form part of the standard of living, and I refer to them, not just to state the obvious, or to dwell in the abstract, but to remind you of this: that behind all of these things we have a problem of productivity. It may seem odd, may it not, to talk about the problem of productivity in relation to these rather general intellectual and spiritual conceptions. But of course there is a problem of productivity, if we agree, as I am going to suggest to you we should, that the whole problem of productivity has been too long looked at in a narrow, compartmented sense, and has not been adequately seen as requiring an entire joint community effort.

Now to achieve the things that I have been talking about, particularly in the earlier brackets, we need, of course, national development. National development produced

itself by increasing population - this is one of the great phenomena of our time. And it is a phenomenon honourably associated with the name of my friend and opponent who began this great immigration movement, postwar, into Australia.

We need increasing population, and we need the exploitation of resources. Indeed I should have said, "We need the discovery of resources", and then their exploitation and their development.

I hope that there are fewer people now who suffer from the illusion that I suffered from as a school boy that there was a certain amount of fertile country around the eastern and southern seaboard of Australia and that all beyond that was a wilderness. I hope that conception has gone.

If we are to have national development then we must have full employment because we cannot afford to waste the resources of manpower that we have, or that we attract. We must have savings to produce capital, so far as we can ourselves and we must attract capital from people who have confidence in us. We must have encouragement to enterprise. I don't say this in some partisan political sense. What we need to do is to encourage in the minds of people the enterprising spirit, the willingness to take a risk. This has nothing to do with politics. But it has everything to do with human beings. We must have enterprise because enterprise, vigorous and imaginative, is one of the great productive agents in our world. And we must have imaginative leadership which doesn't merely mean in the field of politics. Yes, we must have it on both sides in Parliament. But we must have it in management; we must have it in the trade unions; we must have it in all of those organisations which have a part to play in the development of Australian production.

Now all I am getting at when I say these things is that national productivity does not depend upon any one of these things. It depends on all of these things. And the great beauty of having a Council representing widely groups of competent and interested people, is that it gives emphasis to the fact that we cannot afford just to think about one element. We must think about all, because this is our great community task.

Now, Sir, once we see that productivity is the whole condition of national growth and improved individual living, we will see that it has a challenge for all of us. The totality of our individual efforts - I repeat that - the totality of our individual efforts, not only those who are here tonight, but all of those around Australia, will determine our national productivity; and, of course, will determine, not only the volume of production, but what we take out. When you have discovered what we put in, then you may begin to talk about what we take out.

Now what are the various elements in this matter? I know that there are some old-fashioned people who, when they talk about productivity, think instantly of the man who is working at the bench, for example. "Now, if he did more our problem would be solved" they say. And perhaps, on occasions, he ought to do more. But he is only one element in this matter. The plant will, in many cases, determine how much he does, how much he can do. The availability of power - and we have gone through periods of a shocking shortage of power - is a real factor. Fortunately, in every State and in the Commonwealth, tremendous efforts have been put forward to increase the supply of power at the elbow of the man who works. Buildings, materials, the skill of management - these too, are factors. I am very glad to see here tonight one or two representatives of the Institute of Management, because management has an enormous part to play if we

are to reach, and ultimately surpass, the visible maximum of production. The skill of the management, the skill of the operative, are complementary.

I don't like the idea of thinking of a man, for example, who works in a factory, as being the mere servant of his machine because we, in Australia, happen to belong to a race of people who have immense resourcefulness and ingenuity. And many contributions have been made by ordinary operatives at a bench for the improvement of procedures, and the improvement of machines. Their skill is something tremendously to be required.

And above all, of course, we must have in all productive activity a mutual desire for success, a mutual desire. It is a very great pity that in the bad old days - and most of them were, looking at them justly, bad old days - there was so much division of mind between the man who managed, the man who employed, the man who owned, and the man who worked in some enterprise as an employee - as if there were hostility between them. All too frequently there was.

We will never achieve national production on the grand scale until we all gain mutual confidence, practise mutual fair play, bend every effort to understanding, until we learn that the interests of everybody from the Chairman of Directors right through the processes of management, to the most newly joined boy, in a factory, are common and those interests are that their enterprise should succeed and should sustain them all.

And of course if we are to have that, then the other thing that has to be put in to any productivity drive is imagination - yes, of course - and pride.

I constantly wonder at the misuse of language that occurs. Pride is a grand word, too frequently interpreted as if it meant vanity or conceit or something cheap and silly. Why are we here tonight? Why are you, ladies and gentlemen, concerned in the affairs of this productivity council, so interested in it, so willing to contribute your minds to it? It is because you have a pride in this country and an even greater pride in the kind of country it is going to be by the time your grandchildren have lived in it.

And therefore all of these things that I have mentioned are the elements. I may have omitted half a dozen. It doesn't matter, for this purpose. But every one of them is an essential constituent. And when I recite these things it is perfectly clear that there is a common nature in this task - a common nature which requires that a Productivity Council should be all-embracing in membership and in interests.

I hope - I say this with great respect and with no desire to be misunderstood - that the Trade Union movement will more and more identify itself with your work - as it has in Great Britain. It won't if it feels that what goes on is a series of discussions to discover how much more work you can get out of Bill Smith. Bill Smith is not unwilling to work - we cannot have much complaint about that in our country. We have only to look around and see what has happened in this country over the last 40 or 50 years to be vastly proud of the fact that somebody, some thousands, some millions of people have been doing a great deal of work. But the worker does not want to be told that he is the one element. Let it be made clear to him that he is one of a dozen elements, all of which have to be brought together in the common interest. Once that is understood, I venture to say, subject to correction, that he will come. Because he will see that this is a great national task.

Now, Sir, I just go on from that to say this. Domestically, in Australia, we know that the standard of living as I have endeavoured to describe it cannot be raised by the mere force of an Act of Parliament. If all you had to do was to pass an Act of Parliament to say the standard of living is raised 25% I think that is a matter on which both parties might be at one at an election. And in order to be different one would have to move an amendment to make it 50% and not 25. But of course you cannot do it by putting down some words on a piece of paper and calling it an Act of Parliament and getting Parliament to vote for it.

Governments can, of course, facilitate expansion. Some people have been rude enough to say that Governments can facilitate recessions and falls. But have it your own way. A Government can do that. A Government can directly, or indirectly, affect the supply of money; it can directly or indirectly, chiefly directly, affect the tax structure and the tariff structure. These are all, of course, immensely controversial elements in the work of government. But the government of the country cannot in any real sense spend money of value which the people have not earned and paid to it. Or, as I once said, and I still stick to it, governments, contrary to the public impression, have no money of their own. This is something to be remembered at all times.

A Government can make laws about goods and services. But they will be goods and services which the people have laboured to produce. A Government cannot, to take a current example, solve the recurring problem of the balance of payments except by stimulating the productivity, including the export productivity of the nation, or doing something artificial about the volume of imports into the country.

But whatever the views may be on these things, the point is that everything the Government does directs itself to the products of individual and corporate effort in the country.

Now what I have just said about the balance of payments particularly applies to Australia. Would you mind if I sort of made a prolonged interjection to myself by saying something about that? Because once more we know but little of our own country and its problems.

Australia happens to be intrinsically - not relatively but intrinsically - a great trading nation. Not per capita, but in total terms this is a great trading nation - one of the first eight or nine in the world - and has been for a long time. We have a volume of export trade in Australia which represents a greater proportion of our total trading than does the external trade of Japan or of the United States. This, of course, presents great problems to us. We may say, if we are foolish, "Well the right way to get rid of all those problems is to insulate your economy from the rest of the world". I don't believe that anybody, sensibly, believes that. Because you can't insulate our economy, if you think about it for ten minutes, from the rest of the world and at the same time have great national growth and development.

Why do we have balance of payments problems? Why do we have them coming with almost monotonous and painful regularity? And the answer, if you think about it is simple enough. The great bulk of our export trade is in the products of the soil, or of the pasture - wool, meat and the rest of our primary exports - with manufacturing as yet a small fraction, though a growing one, of our exports. And because our exports

are in this primary field they are subject to all the chances of wind and weather in the world. If the price of wool falls there is not much we can do to prevent it. If the price of meat falls there is not much we can do to prevent it. We may go on increasing our actual production in these fields - as indeed Australia has - but in the long run the cheque for the export income will fluctuate violently from year to year. More so, I venture to say, than in the case of any other major country. Now, how are we going to deal with this? Because the price of wool may fall, because there may be a drought that reduces the quantity of wheat available to be sold, prices rise and fall in the world's markets. But at home, provided we have a state of affairs in which people are employed and well paid and willing to spend money, then our demand on the rest of the world for imports will achieve an almost appalling stability at the very moment when our export income, year by year, is, in the homely phrase, going up and down like a yo yo.

Now what is the answer to all that? I don't want to trench on these matters, but I have heard it said that the answer is to cut your imports appropriately. Now I ask you just to think about that. Here you have an export income which may vary by a hundred or two hundred millions as between two years. Are you to follow it up and down by a series of fluctuating controls, physical controls over your imports? It is very difficult, I would think, vastly frustrating I would think. I myself don't believe that there is much hope in the long run along those lines. On the contrary I believe that what we must aim at in Australia is to develop the character and quality of our export income. Because when it is so varied and depends on so many particular commodities and circumstances that it assumes a higher degree of stability from year to year than it has now, then we may find - and I believe we would find - that our balance of payments problem, so peculiarly acute in the case of Australia, will tend to settle itself, the curve will become a little flatter.

And how are we to do that? That brings me back to where I began. We are to do that by doing everything we can to ensure that a much greater proportion of our export business is done in commodities and in fields in which the fluctuation of the world market does not produce such violent results. In other words we are to reduce the fluctuation in our export income so far as we can - and this is not to be done overnight - by developing new markets, by expanding old markets, and by selling in those markets not only the products of the field, but the manufactured commodities of Australia. Is this hopeless? Does anybody want to tell me that in Australia, with our native wit and our native skill, with the rising levels of competence in management, with the development of plant, with the increasing use of power and of modern machinery we cannot compete in a whole lot of markets in the world? I don't believe it. This to me is defeatism. But it will involve in Australia a conception of production, a devotion to the idea of productivity which so far we have not reached. But if we do reach it we will find that markets that now seem to be quite closed to us are open to us, just as much as they are to other industrialised nations in the world.

Therefore it all comes back, whatever we talk about, whatever we think about, to production. It is no use getting a market overseas if you have no production to back it. It is no use starting off in a market overseas and doing frightfully well with the first orders unless all the production is coming up behind it to supply it - that is the right way to lose a market, not to gain it.

And so the accent all the time is on production, on productivity - both externally and domestically. We know, do we not, that domestically if we had none of these complications of overseas balances to think about at all, the right way to stabilise the value of money would be to increase the production that we achieve in Australia, matching it, and more than matching it, with the growing demand of an increasing population. And externally, without a great conception of production, we will have a chronic balance of payments problem which will lead to widely varying applications of policy from time to time, intense irritation, and a good deal of avoidable loss.

So Sir, in this great task we must all take a hand because we are all in it. Whether it has something to do with a spiritual excitement, whether it has something to do with an intellectual contribution to the growth of civilisation in Australia, whether it is producing nuts and bolts in a factory, whether it is managing something here or there, wherever it may be, whether it is teaching in a school, or teaching in a university, we are all in this task. Because this task of productivity is, I believe, the greatest task that confronts the nation. If we realise that it is a task for all of us, not to be pushed off on to somebody else, a responsibility not to be dodged by any individual so that somebody else will carry more than his share of the burden, if we can realise that, then I believe that we will achieve, not only the most tremendous national growth, in Australia, our country, our heritage, but we will achieve a community spirit which will be infinitely more important than half the things we talk about.

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