

BROADCAST NO. 5.

BROADCAST BY THE PRIME MINISTER (RT. HON. R.G. MENZIES)

OVER NATIONAL STATIONS AT 7.15 p.m.

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In an earlier broadcast I spoke to you about rural policy and about the great importance of maintaining and increasing our production and export of rural products.

On this occasion I want to say something about our secondary industries. It is of the greatest moment that Australia should continue to develop her secondary industries which, I am happy to say, have increased most notably during the last 10 years. From a domestic point of view, the great development of manufacturing in Australia has put us in a position to resist depressions much more effectively than before. The great and terrible depression of 1929-33 came about because our manufactures were under-developed and, when the impact of the depression which began overseas reached Australia, we found that our prices for wool and wheat and so on fell away to a pathetically low level and that great unemployment occurred which the state of our manufacturing development did not enable us to take up.

When I say great unemployment, I am referring to the historic fact that unemployment in Australia in 1932 reached as high as 30 percent. To put this position metaphorically, we were not, as a nation, standing squarely on both feet. Events since have corrected this matter. Primary and secondary industry have come increasingly to discover their inter-dependence. Australia has now a broadly-based and well-balanced economy in which some blow to one part of the structure does not imperil the structure as a whole.

One of my government's great policies is to develop this same kind of balance in our export trade. Today our export income is derived to a major degree from the export of primary products. As they have prices which fluctuate in the world's markets, and as, at home, they are subject to drought or flood, so our export income tends to fluctuate and governments find it necessary to adopt from time to time emergency measures to prevent our overseas balances from falling too low. The ultimate answer to this problem is to develop a large export of manufactured and processed goods which, side by side with growing exports of primary products, will give to us the kind of international balance which we need. Having this in mind, the Government has initiated various measures to encourage manufacturing export. That export must, of course, be based upon a sound policy, at home, of protecting economic and efficient Australian industry through the Australian Tariff Board.

We are very conscious of the need for such protection. We firmly believe that the only reliable form of protection is through tariffs made after investigation through the Australian Tariff Board. Import Licensing is appropriate only to emergencies affecting our financial balances, and affords no sound basis for long-range protection. But the tariff system itself is quite capable of improvement. Last year we established means for getting temporary tariffs for industries which might suffer serious damage if tariff protection was delayed until the ordinary and necessarily fairly slow processes of the Tariff Board had been gone through. We will continue to watch this matter, particularly in relation to some Australian industries which just cannot have effective production and efficient and reasonable cost levels unless they can maintain a continuing high volume of output. This particular problem will engage our attention after the election when we review the work of the Tariff Board. But one of the things that will, we believe, help the manufacturer in his costs would be the

increase in his turn-over by the development of export business. There can be no doubt that the Australian has skill and energy not inferior to that of larger manufacturing countries. What we want is in effect more business. It is for these reasons that we have had trade missions containing businessmen go abroad, organised trade ships, have greatly expanded the Trade Commissioner Services and the trade publicity vote and so on.

We have also provided substantial tax incentives to the export of manufactures, partly by remissions of pay-roll tax and partly by special allowances for promotional expenditure and activities overseas.

The Export Payments Insurance Corporation, which we set up in 1956, has already insured export transactions into no less than 120 countries.

The Export Development Council which we set up and which contains distinguished representatives of Australian manufacturing has felt that there are real prospects for increasing exports by establishing Australian warehouses in selected markets overseas. We are proposing to examine this as promptly as possible. We are not, of course, contemplating that an Australian Government warehouse will be set up in some other country so that the Australian Government may do the export business. But there are indications that exporters who would not feel justified in carrying stocks in an overseas country in warehouses of their own, might be willing to co-operate with other exporters in using common warehousing facilities. Every businessman knows that very frequently in another country the ability to make a sale is contingent upon the ability to make further supplies available quickly if the first sale proves satisfactory. If it becomes necessary to communicate with Australia and if there is some delay getting further supplies further business may be missed. Thus, from this point of view, we have been directing our attention to this admittedly novel proposal. But by whatever means it can be achieved, it is, we believe, essential that over the next 10 or 20 years Australia should develop a very large export market for the products of her secondary industries. When that day comes, two advantages will accrue.

The first will be to the manufacturing industries themselves, which by an expansion of their total volume in production will be able to keep their unit costs on a competitive basis. This is frequently difficult when their market is limited and domestic.

The other advantage will be to the balance of payments, a matter to which I have already referred. It would tend powerfully to eliminate those periodical fluctuations in our overseas trade balances which give rise to special measures to restrain imports or, as was the case a year ago, special economic restrictions at home in order to reduce the demand for imported goods to a level at which our overseas funds can sustain them.

In spite of its occasional vicissitudes, the history of manufacturing in Australia has been one of immense achievement. Without it we could never have sustained the immigration programme of the post-war years, or the remarkably high level of employment which has characterised our own period of office. The Government is not under temptation to forget these matters or to ignore the very great importance of developing sound and progressive secondary industry based for the most part upon our rapidly developing national resources.