

SPEECH BY THE PRIME MINISTER, (RT. HON. R.G. MENZIES)  
IN THE HOUSE OF REPRESENTATIVES  
THURSDAY, 1ST MARCH, 1962

I think I should like to begin by complimenting the honourable member for Phillip (Mr. Einfeld) who has just sat down, on his maiden speech. He will not be surprised to find that there are some passages in it with which I do not agree, but I did think that he should be complimented on the way in which he put it.

This is a very important debate. It is a new Parliament and it is a very narrowly divided Parliament. Whatever division occurs in this House will be a close division. Therefore, I propose to address myself to the first challenge which has been very properly made by the Leader of the Opposition (Mr. Calwell) at an early stage, to the continued existence of the Government. I do not quarrel with that at all. That is exactly the course that I would have taken myself in his place because it is of great moment, not only to Parliament, but to the people of Australia that the broad position of the Government in this Parliament should be determined at the earliest possible moment.

Having said that, I am bound to confess that the speech made by my honourable friend, the Leader of the Opposition - and it was far-reaching - and the amendment that he has moved do not seem to me to be entirely closely related. In the course of his speech he mentioned a few of the points in the amendment but certainly not all of them. I do not complain about that because within the limits of any decent time allowable in Parliament it is not possible to cover too wide a field. But the difference between the speech and the amendment was, I thought, worthy of passing comment, as we say occasionally in this House. One might almost have thought that they had been drafted by different people.

In what I have to say tonight I propose to deal with matters of substance or, at any rate, with a sufficient number of matters of substance to fit within the reasonable compass of one speech. I begin by saying that we are not here, I imagine, to fight the last election. I have had an enormous number of elections in my time and I have sweated up and down the country in the course of them. When they are over I do not want to have to do them again. I hope that I may be forgiven this rather charming human weakness. We are not here to fight the last election. That has been fought and there has been a sensational result, whether you look at it either from the Government point of view or the Opposition point of view. But what we are here to determine is whether in this new Parliament, on the Governor-General's Speech and our recently announced economic measures, we deserve the censure of this House. It is the censure of this House that is being sought, not a rehash of a general election. On that kind of issue the onus is on the Opposition, and the attack is properly made by the Leader of the Opposition.

As I will demonstrate before I conclude, he has not made up his mind as to the grounds of his attack or the principles upon which he attacks. Everything that he said in the course of his speech - here I want to pay tribute to his durability because he has said something every day since polling day - can be understood only if it is remembered - I come to this right away - that he is deeply influenced by his rich and powerful friends in the well-known Fairfax-Henderson-Calwell axis. It is rather an agreeable thought that the prince of socialists, even though he has voluntarily abdicated that position for three years, should now find himself in such sweet communion with the rich. All the old battles that he has had have been forgotten temporarily.

My friend and colleague, the honourable member for Moreton (Mr. Killen) made some reference to this - rather unkind, I thought, but much enjoyed by people here. But all those old battles are now forgotten. I would almost say to my colleague "Pray do not disturb the peace; these are forgotten". "The Old Curiosity Shop" and Charles Dickens are forgotten. Indeed, "The Old Curiosity Shop" with its immortal description of Mr. Quilp has been, in effect, burned by the common hangman. Dear Arthur and Dear Rupert now see each other in a kindlier light. All passion is spent. There is a new unity ticket. They are united by the contemplation of a common enemy. Of course, it is in that capacity, as well as in the trifling capacity of being the Prime Minister, that I address the House tonight.

The process of readjustment has had its painful moments but it has been concluded, I am happy to record, in a gentlemanly way. On their part, the "Sydney Morning Herald" masters publicly committed themselves to the view that though being professed anti-socialists, they would sooner support a true blue socialist government than the Liberal Government which they accused of some socialist practices. This is an exercise in logic which, I am sure, will engage the study of people in the philosophy schools of the universities for years to come. At a certain stage some one - I think it was one of my colleagues - very rudely said that there must have been some contract between the socialist leader and the capitalist "Sydney Morning Herald". They rejected this. The "Sydney Morning Herald" masters even went to the dangerous length of writing a special article on their political principles - and that had all the charm of novelty. In the course of this article - I copied their very words which is what they seldom do with me - they said -

"There could be no contract with Labour unless the "Herald" that is the "Sydney Morning Herald", the Labour paper -

"were prepared to subscribe to the platform of the Labour Party but this, as every one must know, is out of the question".

This was a statement of profundity and piety, was it not. "For us to subscribe to the policy of the Labour Party is out of the question". Of course, it takes two to make a bargain. When I read that statement I recalled at once that after all the Leader of the Opposition had done his part because in his policy speech he had said that if elected he would forget all about the socialist objective - the policy of the Labour Party - for three years. His very words were -

"We promise not to raise the question of nationalisation during the lifetime of the Twentyfourth Parliament".

I believe I am right in saying that this is the Twentyfourth Parliament. So there we are. The "Herald" said, "We could never support Labour because we object to its policy." Pray forget it, dear boy, because we will forget about the policy for three years. On this happy note of harmony the business went on. A kind of entente cordiale was then established and the Government, having suffered heavy losses at the election, as I publicly, freely and obviously confessed, my distinguished friends, the Leader of the Opposition became excited, and made strange statements daily.

On the economic question which he has selected for this censure amendment there is a most curious sequence of events to which I want to direct the attention of the Parliament. On 7th February this year I issued a statement containing the Cabinet's decisions on a variety of matters to which I shall refer later in detail - payments to the States in the form of grants which are not repayable; borrowing by semi Government and local government bodies; unemployment benefits; income tax rebates; motor vehicle sales tax; war service homes loans; housing loans by savings banks; Commonwealth works; investment allowances; quantitative restriction of imports and Development Bank capital. This was a wide range of matters on which I made the statement arising from very close Cabinet discussion after a long series of conferences with properly interested people in various sections of Australia. The first comment made by my friend - he rushed in at once to make it - was that the Government's announcement disclosed no basic change in policy.

I ask honourable members to remember this. There is no basic change in policy, and this gets the headlines. It is a quick comment; but a day later, no doubt enriched by advice in the appropriate quarter, he switched his grounds. He said that we had reversed our policy. That is a pretty good performance, is it not, for a man to say one day that it is the same policy and, in reference to the same statement, to say 24 hours later that you have reversed the policy? He said we had now adopted his policy, and indeed my jesting friend the honourable member for Grayndler (Mr. Daly) repeated this and somebody else that I heard this afternoon repeated it - that we have stolen Labour's policy. But so that he should not go too far in that direction he said we had done it too late. That was the second edition. There was the authorised version, and the revised version and this must be the new one, because on Tuesday last in this Parliament he turned around again and set out to prove not that we had stolen Labour's policy but that our proposals were worthless. It is a little bit hard on his followers, mixed as they be, to tell them that Labour's policy is worthless. Really, this comes a little hard, does it not? I sympathized with my friends opposite when he said it - "Our proposals are worthless". He is in a dilemma, of course, which is no novel experience. He cannot say that we have adopted his policy because he has condemned every proposition put forward in my statement of 27th February with which he dealt in the course of his speech. If honourable members will just check for themselves they will see how completely right that is. I will illustrate it.

He attacked our tax cut. He will not have it. He says it is loaded in favour of the rich. So that is wrong. That is not the Labour policy. He finds the added money for the States and for local government and semi-governmental bodies, a total of £25m. in four months, grossly inadequate. And unlike the Premiers who came here to receive it he doubts - and I again quote his words - "Whether there will be any increase in the rate of spending on public works at all." Every Premier who came here, of whatever party, was able to say "This will enable us to put a lot of things into operation and give a lot of employment". But the honourable gentleman, the Leader of the Opposition, whose profession it is to live on unemployment, gloomily says that it will not make any difference at all.

Then we turn to the investment allowances. I hope that the manufacturers of Australia were paying proper attention to what he said last Tuesday, because he rejects the investment allowance. On what grounds? Because it is a hand-out - his very words - to the large manufacturers whose employees apparently do not matter. This is a hand-out to the large manufacturers. An investment allowance, a novelty in Australia

designed to enable manufacturers to re-equip themselves on modern lines and thereby keep down their unit costs and go into the competitive world. This is thrown out. It is just a hand-out to the large manufacturers. He found that our added provision for unemployment benefits, particularly for the family man, was miserable, although I take leave to recall to the memory of all people concerned that this is one matter about which he said exactly nothing in his policy speech. Nothing - so we did not steal that from him, but we did it, and it is miserable.

He attacked the quota restrictions, or quantitative restrictions for sections of industry particularly affected in their employment by imports, as proofs of sectional pressure by big companies. References have been made time after time by all the people who came to see us, and by many honourable members, to the particular problems of the timber industry or sections of the textile industry, or whatever it might be. Everybody is familiar with the short list of industries particularly affected, and when we propose to have a scheme which will enable a prompt decision to be made - a holding decision - which will affect these industries, this is rejected and despised by the Leader of the Opposition and the Labour Party as a mere concession to sectional pressure by big companies. I wonder how many Labour members in this House genuinely subscribe to that.

And then, to take the only other example that I have time to mention, he says we are leaving the motor vehicle industry to flounder and languish. In the course of his whole speech I was waiting for the authentic Calwell touch, and this was one of the few - allowing this industry to flounder and languish. Does he complain about our decision already put into operation about sales tax on motor vehicles? I would have thought that at any rate he might have found something good to be said about a policy which he began a month ago by saying we had stolen from the Labour Party. But no; on this occasion, no - "floundering and languishing". The facts, over the next few months, will demonstrate the absurdity of that comment, as I have no doubt.

This astonishing reversal of form would seem to me to represent a blind and blundering Opposition guided by no principle and uninformed by any understanding of the nation's true economic problems and yet, interesting as I hope that story is, that is not the whole story. We must look at what is not in the amendment. Since polling day the most vigorous and filibustering efforts of his journalistic friends of the "Sydney Morning Herald" group have been directed to attacking what they are pleased to call the "appeasement policies" of this Government in relation to West New Guinea and when they did this fantastic thing the honourable the Leader of the Opposition took the opportunity, as I will show, of joining in. Yet, Sir, this matter, an appeasement policy, a policy condemned by the Leader of the Opposition if by no other member of it, finds no mention in the no-confidence motion. These things, which were the very Ark of the Covenant three weeks ago, are now rejected. They find no place in the no-confidence amendment, and that is a very remarkable thing, because, let me remind the House and the people, if the election had turned out differently the Labour Party's foreign policy, as expressed by its leader, would now be operating.

Now our nearest neighbours, Dutch New Guinea and Indonesia are there, and have been, of course, for many years at variance over territorial claims - the territorial claim to the sovereignty of West New Guinea. We are not a party principal in that matter, but we are deeply interested as a neighbour interested in the peace of this part of the world and our position has been repeatedly stated over many years.

I do not want to weary the House unduly by repetition on this matter, but this policy - this approach of ours - has been re-stated as recently as 12th January of this year by myself after a full examination by the Government. In effect, we said - let me put it quite shortly - that the dispute about West New Guinea should be settled peacefully and not under threat or duress; that we have been repeatedly assured by Indonesian leaders that force would not be employed; that we have a right to expect the honouring of those assurances; and that, should the Netherlands and Indonesia come to a free agreement - a free agreement - we would respect that agreement; that we are deeply attached to the attainment by under-developed peoples, including those of West New Guinea, after adequate and helpful preparation, of the right to choose their own future - this is the policy we are pursuing in Papua and the Australian Trust Territory of New Guinea; that the policy that we apply in Papua and New Guinea is based upon our great sense of moral responsibility for the welfare of the people to whom we stand in a special relationship; that we are not a colonial power in the old sense. We do not seek to exploit. Our aim is to create and develop the capacity of independent self-government.

So far, Sir, it would be surprising to be told that the Australian Labour Party disagrees with this. If we are to be told that, let them stand up before this debate ends and say it.

To take it further: Suppose - and I take it no further than to say "suppose" - Indonesia made war on West New Guinea and suppose the United Nations took no action, either because of the veto in the Security Council or because the Assembly did not have the requisite majority; and suppose it was not known whether Great Britain and the United States would act militarily against armed intervention by Indonesia. What should Australia do? The answer was clear, I thought, in the statement that I made on 12th January. I said three things - and I just summarize them. First, we will discharge our prime responsibility for the security of Australia, its Territories and its people; secondly, in matters affecting West New Guinea we will act in close consultation with the great free powers, particularly Great Britain and the United States of America; thirdly, we will constantly maintain in the United Nations and with our particular friends, the basic principle that the peaceful settlement of disputes is the central theme and the supreme mission of the United Nations.

Does Labour quarrel with those views? Does anybody on the other side quarrel with those views?

Now, Sir, before I go further I want to dispose of the ludicrous and ignorant suggestion made by the "Sydney Morning Herald" on 30th January - and since then faithfully repeated by the Leader of the Opposition. It said -

"The truth is -

This is their idea of truth -

"that no Australian initiative over New Guinea has ever been pressed in the highest places of United States Administration".

It is wonderful with what boldness people talk when they do not know, because the facts are - as they could have discovered by the simplest of inquiries - to confine myself to the last twelve months - and as honourable members know, this unhappy business has gone on for years - that scarcely a day has gone by without cabled exchanges on those matters between the Department of External Affairs in Canberra and the Australian Embassy in Washington for discussion with the U.S. Government in Washington.

Our Ambassador has had prolonged and close and specific discussions on those matters at least six times in the last twelve months with the Secretary of State, Mr. Dean Rusk. The present Minister for External Affairs (Sir Garfield Barwick) has had discussions with the American Charge d'Affaires in Canberra and I, myself, - not to put too fine a point upon it - had long discussions on this matter with President Kennedy himself and with Mr. Rusk. Yet we are told that our views have not been put forward.

So, Sir, I come back to the Labour attitude. I had a press interview on 21st December. It was after the great day, as the boys will remember. I had that interview on 21st December, 1961, in which I re-stated our West New Guinea policy along the lines that I have just summarized to the House. On the following day - this is going back a little in time - the Leader of the Opposition and I were both taken to task by this war-like Sydney journal. Having made the usual rather dyslogistic references to myself - I hope they will not misspell that word - this journal went on to say -

"Mr. Calwell is just as unhelpful"

Oh dear!

"All he can suggest, after much preaching against sin, is that the question be settled in the U.N. If the U.N. sends a force to intervene, he says, Australia 'should provide its complement'".

Then the paper goes on, after that rather agreeably sensible remark and says -

"What if the United Nations does not send a force? This is the crucial question. He ignores it. So does Mr. Menzies".

You see. If that means anything - and one must not unduly attribute sense to some of those blurbs - it means that if the United Nations failed to send a force to which Australia contributes Australia must provide the force by itself. If it does not mean that it is sillier than usual.

On 1st January, 1962 - coming up to modern times now - the "Sydney Morning Herald" came back to the matter. It said -

"What is required from the Government at this critical time is something more. In the interests of peace, and of future relations between Australia and Indonesia, the Indonesian Government should be left in no doubt that Australia is not prepared to stand idly by if President Soekarno carries out his threats.

Now, Sir, may I interrupt myself to remind the House if I do not trespass too much on the occasion that this great journal, aided by my friend opposite, had devoted a great deal of time last year to telling me I was too anxious to be friends with Great Britain and the United States and that I ought to be cultivating the Asian nations. Do honourable members recall that? I think they do. Now, of course, they attack me because I do not want to go to war with Asia. This is a very odd reversal of form because they know - if they know anything - that every mainland Asian country supports the Indonesian claim. They know that.

On 4th January, 1962, the Leader of the Opposition, in order to pour oil on the troubled waters, made a violent personal attack on President Soekarno, with side references to Hitler and this and that. This did not improve our relations with that country.

Later came the great conversion. Saul on the road to Damascus, if I may speak with all reverence, was not in it. This was the great conversion. Disciplined by his newspaper backers, the Leader of the Opposition came out loud and clear. On 10th February there was a great front-page story in the "Sydney Morning Herald", reproduced at some more moderate length in some other papers, headed -

"Calwell Defines A.L.P. Policy on New Guinea dispute"

I read the statement with great interest. I woke up. I said, "Ha! This is it". I read it with surprise. Without boasting, I want to say that I have had the number of words in it calculated. There were 2,855 words in this statement, every one of which was in the journal. The newspaper report commenced in this fashion on the front page:-

"In a dramatic statement today the Leader of the Federal Opposition, Mr. Calwell, defined the Labour Party's attitude to the West New Guinea crisis. He said if Indonesia seeks to deny the principles of the United Nations Charter and to use force to create a potential threat to Australia's security, then I say with all due regard to the gravity of the situation that the threat must be faced".

What did that mean? It is a fair question. I wanted to know the answer. Therefore, naturally, I asked it in a public statement. I said -

"What does this mean?"

"If it means that Australia should be ready and willing to protect its own territories, i.e. Australian New Guinea and Papua, the answer is that I said so in plain terms in my statement of Government policy on January 12th - a statement which stands.

"If his statement means that an Australian government should convey in relevant quarters its views against aggression and in favour of self-determination the answer is that the Government has done so on very many occasions....

"If Mr. Calwell's statement means that without any regard to what might be the attitude or action of these great powers, Australia should, in the event of armed Indonesian aggression against Dutch New Guinea, declare war against Indonesia, it is clearly crazy and irresponsible".

Those were fair questions. The answer to them, of course, is a motion of no confidence in which the New Guinea issue does not even receive a mention - not a word. The "ship of war" has sunk with all hands.

I should like to take the rest of my time in turning to another aspect of this matter. I have dealt with what is not in the motion. I want to say a few more words about what is in the motion. I said quite a bit about it earlier but I am now coming back to it. I want to say something, quite briefly, about the true nature of the Government's economic policy and the reasons why changes of tactics are not to be taken as changes of strategy. Our policies have, over a long term of years, produced notable results for Australia. Honourable members may now feel themselves rather whipped up over this matter but may I assure them that the people of Australia felt that they were notable results because, in 1951, 1954, 1955 and 1958, they

said so emphatically. I admit freely and agreeably that when they said so in 1961 they did it with what Gilbert would have called "modified rapture". I give you that.

We have stood and we stand for national growth and economic stability. Our opponents appear to believe that you can have one or the other, but not both. This is a dangerous fallacy. I hope it will be understood by the people as a dangerous fallacy. It may very well be necessary, under special circumstances, to accept calculated risks for the sake of growth. We have just been dealing with some of those circumstances. But, as a continuing permanent policy, stability can never be abandoned. Stability, Sir, does not mean and can never be allowed to mean, stagnation. National and industrial growth require imports of people to which eloquent references were made by the honourable member for Phillip (Mr. Einfeld) and imports of producers' goods. To achieve such imports and to grow - and these are both of immense importance - we must export. To export either primary products or manufactured goods we must prevent our costs from rising. The Australian Country Party and the Liberal Party are the only parties in the Federal Parliament which have shown and will continue to show an awareness of the central problem of high production costs.

Our principles apply to both sides of industry. There is no mystery about this. The maintenance of primary exports is essential to our international solvency, yet they cannot be maintained if costs rise faster than prices. The development of manufactures is essential for population growth. But manufacturing efficiency must go up and costs be kept down if manufacturing is not to be a burden upon the farmer and push his costs up. This, in the simplest possible terms, is the analysis that we make of these matters.

Now, Sir, that is why the present stability of the consumer price index is so valuable. It has been referred to before and I need not repeat it, but it is significant and remarkable. Our broad economic strategy is, therefore, this: To keep upward pressures on population by migration - that is, population growth; to develop the resources of Australia as speedily as possible - that is, resources growth; to encourage productivity and efficiency in primary and secondary industry; and to do these things in such a way as to restrain inflation, maintain our balance of trade and payments and employ our people and physical resources to the full. Within this strategy our tactics, of course, must be flexible. Our recent announcements illustrate this approach. I can do no more than take a few examples because, already I have been longer than I intend to be.

Our 1960-61 policies, let us agree, bit too deeply into manufacturing and, therefore, into employment. To correct this without re-creating inflationary boom conditions - a point of the greatest possible importance - means had to be devised which were temporary or non-recurring. For example, the non-repayable loans that we have made to the States over the last four months of this financial year amounting to £10m. have been non-repayable and non-recurring. There they are. They achieve their object and we are all happy. They exhaust themselves and leave us to discuss the next year in a normal fashion. So the means devised had to be, where feasible, temporary or non-recurring. They also had to be capable of quickly providing employment such as, for example, semi-government and local government borrowings. Nobody came before us in the course of our discussions without saying that that was one of the quickest ways of getting people to work. As you know, a great deal was done on this matter at the meeting of the Australian Loan Council.



Then there was housing aid, particularly where it could be put to work quickly, as we were assured by the States could and would be done. Then there were other means to be devised. Take the third category - those likely to encourage spending at the consumer end, thus, of course, aiding both production and confidence. An example of that is the income tax rebate for 1961-62. Honourable members will see how all these things are related to a specific problem - not an unlimited problem but a specific and limited problem - in order to get rid of some by-products without creating new problems.

Another category was calculated to aid the production and efficiency of manufacturers and, therefore, their capacity to employ people, without resorting to general import licensing, which I would think few people would want to see come back with all its arbitrary and bureaucratic characteristics. For that reason, we put forward - though the Leader of the Opposition does not like it - a specific proposal that a very highly respected special consultant should, after inquiry and report, recommend quota restrictions in special cases and not for an unlimited period of time.

The other aspect of the same point is investment allowances. I have said something about this aspect. Does anybody in Australia with a sense of responsibility for the future suppose that we could go on with a great immigration programme, building up our population and manufacturing industries, unless we could find our place with manufactured goods in the markets of the world? How do you suppose we are going to find our place in the markets of the world if our cost level is non-competitive? How do you make the cost level competitive? You do so by taking every conceivable opportunity to facilitate the re-equipment of factories with the most modern plant; and investment allowances are specifically and powerfully designed for this purpose. On the other side of industry that is too frequently forgotten by those who are not interested in costs - and I refer to the primary industries - we look for measures calculated to aid rural development and production. That is why we have put forward in this category of provisions the express provision for increased capital for the Development Bank.

Each of these propositions and examples comes squarely within our economic strategy. There is no contradiction and there is no abandonment. We all seek, of course, to learn from our experience, unless we are fools, and to make adjustments when and where they are needed. We should properly stand condemned if we stood flat-footed, not responsive to new circumstances or losing sight of the great objective that we keep constantly before us - the full and effective use of all our resources in a growing nation.

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