

YOUNG LIBERALS RALLY, HAWTHORN TOWN HALL,
MELBOURNE ON 6TH JULY, 1962.

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

Mr. Chairman, Mr. Scanlan and Ladies and Gentlemen:

This is a very interesting evening for me, because I began my political, my Parliamentary life, if you may so describe it, in this hall. It wasn't as grand in those days, but Hawthorn was the centre of the old seat of East Yarra, which I believe still continues, and which I had the honour of representing in Parliament in the Upper House many, many years ago.

Mr. Scanlan has also recalled to my mind that some trifle of 33 or 34 years ago we established a rather radical movement called the Young Nationalists. I'd like to tell you that all this happened in the study of my house in Kew, where Billy Kent Hughes and Mr. Greenwood who was then Member for Nunawading, and I sat down and we agreed about one thing, unanimously, the sort of thing that you have in mind very frequently of late: "Time the old boys were shaken up a bit" (Laughter, Applause). And so we decided to shake them up a bit. Perhaps we did.

All I can say for myself is that in those days and for at least ten years thereafter, I found myself referred to quite habitually, as a promising young man; and now, of course, people don't say it to my face - I know, from around the corner, that they are beginning to say: "The old boy has had a good run". (Laughter, Applause).

However, Sir, I am not unduly disturbed about that, because I just want to remind you that I really couldn't leave at the present time, because I am the Government's majority (Laughter, Applause). I see my distinguished colleague, Harold Holt here, whom I still refer to as "young Harold" (Laughter) and he's registering a protest. He thinks he's the Government's majority. (Laughter) And so he is. All I know is that we have a majority of one, and it is a case of all hands to the pump, until the next election, after which we'll have a majority of much better than one. (Hear, hear) (Applause)

I want particularly tonight to address myself to the, what I'll call compendiously, Young Liberals, because they have something to contribute to the affairs of the nation. The drive, the dynamism of the next ten, twenty, thirty years is in your hands. And I therefore want to talk to you in that sense.

What is the business of government? The business of government in the Commonwealth of Australia is to produce, to expound, to advocate great objectives of national policy. We are not here just to win an election. Nor are you here just to help to win an election. We are here to win something, to do something for our country. And therefore we must, at all times, try to behave according to the standards of statesmanship and not just according to the standards of vote-getting. I am the last person to deny that unless you have votes, you have singularly little opportunity of the statesmanship. (Laughter) But getting votes is not the be-all and the end-all. We must have some picture in our minds of what we want to do. This perhaps is more important even for the young than it is for me. Though it is superbly important for me because I have the major responsibility in government. But it is vastly important for you.

What are the objectives of national policy? I would venture to say to you in a few concise sentences what I have in mind. First of all, our objective must be to build a balanced, strong, progressive and civilised nation in which advances are shared by all sections of the people. Now that may sound to you almost a platitude. It isn't such a platitude. What did I say - "a balanced nation". Any cheapjack can come along with some rather meretricious policy, some catchpenny policy, and get votes and disturb the balance of the nation, but it is balance that counts, if a nation is to build on its foundations. We want a strong nation, that's elementary. We want a progressive one. I'll say something about this later on, because there are those who were to be heard last year who appeared to be under the impression that the Federal Government didn't believe in progress, but believed in some wretched form of stagnation. And we rather lost that propaganda battle. So I repeat: we want a progressive nation.

There is nothing for the young in this country that can attract them or us, unless it is the vision of progress for the future, but above all things, we want a civilised nation. Not a nation in which every political issue is determined in terms of pounds, shillings and pence. Not a materialistic nation, but a nation that tunes itself to high endeavour and to great ideals; a civilised nation.

In the course of my thirty-odd years in Parliament, one way or another, I've heard a good deal about the alleged class struggle in Australia. There are always people to be found who want to set class against class. What class I belong to, I've never quite discovered, but I do believe that there is only one great and honourable class distinction in Australia, and that's the distinction between the industrious and the idle. Whenever I hear my Communist I was going to say "friends" . . . they're not. (Laughter) Whenever I hear the Communists or the near-Communists talking about the class struggle so much beloved of Marx, I remind myself that in this country of mine and yours, all that class stuff is out of date. You're a worker or you're not, and whenever they say in the words of the old ultimatum, the Manifesto - "Workers of the world unite" - I feel like saying, "Hear, hear". I'm all in favour of the workers of Australia uniting, because, believe me, the future of the country depends upon the percentage of people who are workers and the percentage of the people who are not. This is the one class distinction that I recognise.

So I pass on from that. What is the second great objective of national policy? It is the objective of building our young nation into a strong and splendid heritage and this can't be achieved by a people who acquire habits of dependency. It can't be achieved by people who have been reared up to say the current slogan - "Why doesn't the Government do something about it?" It always seems to me to be the most elementary thing in the world that if you want an independent nation, it must be built up of independent people.

If you want a nation that is in a position to be pushed over by other nations of error, if you like, but of greater devotion and enthusiasm, then you will find it in a nation which has learned to say, "Leave it to the Government, don't leave it to me". This is a tremendous thing. I beg of every young man and every young woman here tonight to recall it - an independent nation. Independent people, people of courage, people with a spirit of adventure, people with a desire to contribute and not merely a desire to receive

from that mystic body known as the government - a rising level of civic unselfishness.

I hope that nobody will suppose that I'm being, as you might say, parsnical about this. I'm afraid as a working politician I've been in the midst of the fray for many, many years, and my greatest disappointments in politics have been at the persistence of selfish judgments, of selfish standards, a loss of the old spirit of independence which, after all, has made Australia what it is today. This is a great banner for you to carry. You will be told by older people who will pretend that they are wiser people, "But all that's airy, fairy stuff - that doesn't matter." I tell you, as one of the oldest, if not the wisest among them, that this is the only thing that does count. That we, in our time, should make an unselfish contribution to a great country which will be greater and greater as time goes on, but which must not be allowed to become merely greater in economic terms at the sacrifice of civilised standards of life, and of thought, and of character.

Now, Sir, having said that, may I just say something about what we're pleased to call nowadays, the economic policy for Australia, the national objectives, because I find, rather to my surprise, that some of these objectives, particularly in our own Party, are not all that well understood. So I will try to illustrate a few of them.

We must build up, in Australia, if we are to be a great country and an independent country, a great and growing population. That doesn't necessarily mean only at home, but by immigration from abroad. It's been, I think, one of the glories of the post-war period in Australia. This has been no party matter. One of the glories, that our population has been increasing in Australia at least as rapidly per cent as the population of Japan. This is a very interesting reflection. A few millions a year ago, a little more a little time later. When in 1949 you sent me and my colleagues back into power in Australia, the population seemed to some people to have reached almost an optimum level. But today, there are between two and three million people more than there were then, many of them coming from distant countries, many of them coming here with new traditions and new histories and new cultures and finding their place in the Australian community to our immense enrichment.

And as we look forward to the future, we know now that the pessimists of the twenties who thought that we would never have a population of more than six or seven millions are completely out of date. But today we have ten and a half and the day will come before long when we will have twenty or thirty and become, in terms of population, a very, very considerable nation. And that's tremendously important. This is a big country. It's no mere figure of speech to say that I never go into the United States of America without reminding myself that that country is roughly the same size, geographically, as Australia and that it has 180 or 190 million people. And, if there's one thing that helps the people in the United States to understand something of the problems of Australia, it is their superb, optimistic belief, looking back on their own history, that the day will come when Australia will have as many people as they have today. They look back on their own history, they look back on their own great migration waves and they look at us as if we were a sort of younger brother, going through the experiences of growth which they had themselves. And this is a great task. We must not falter in it. We must build up our population.

But if we are to build up our population, we must not build up an army of people who have no work to do. And that's where my second objective comes in. We want to have, in Australia, the fullest employment of manpower and of available resources. You will be told, every now and then, with reference to current figures, that there is some registered unemployment today.

Ladies and gentlemen, when I look back over the last twelve years, I must say that the record of full employment in Australia has been so remarkable that nobody before the war would have believed it possible. I want to say to you, the younger people: "Don't take these things for granted." When I first went into the Federal Parliament as Member for Kooyong, when I was an Attorney-General under the late Mr. Lyons, we had, in Australia, a level of unemployment which, starting from the peak of thirty percent, in the great days of J.T. Lang, had fallen to fifteen, to twelve, ten, and these achievements were regarded as so remarkable in Australia that the Lyons Government was re-elected time after time. But today, after the war, with all the circumstances that have existed, we take certain things for granted. The fact is, and I don't deny it, I assert it - that one of our greatest objectives of national policy must be never to return to that state of affairs, but to have a full employment in our own country of men, of manpower, and of physical resources.

But, Sir, I've mentioned two things which produce their problems. More and more people, another quarter of a million people a year, the problem of full employment and, at the same time, we must restrain inflation. Now, don't be misled by some of the alleged wiseacres who will talk to you and say that all this talk of inflation is nonsense. Inflation of the currency, a rocketing price level, the sucking-up of real value from the money that people receive - is a tremendous social problem and if it is allowed to continue, is a tremendous social crime. Inflation must be restrained. And when we have spoken in the past about stability, and have claimed that we have produced stability, a lot of people have taken the opportunity of saying, "Oh, yes, but stability means stagnation". And so you get the bright fellow who says, "I'm all for growth, but the government is all for stagnation". What nonsense this is. What a pity that anybody professing to be a supporter of the government should be beguiled by such nonsense. Of course, stability is important.

For the last eighteen months, as a result of policies of the Federal Government, policies for which my colleague the Treasurer has been most wickedly blamed as if he were solely and singly responsible for them - under these policies we have for the last eighteen months had complete stability in consumer prices in Australia. Eighteen months - who would have thought it possible at one time? And that has meant that the value of money has been preserved. The people with their savings in the savings bank have not seen them filter away. The people who have invested in government stocks have not seen the value of their investment filter away. The people who live on fixed incomes have been able to say with reasonable certainty - "I know what that income is worth". All the most stable elements in the country, the most deserving elements in the country, have benefited from the fact that stability, the resistance to inflation has been achieved.

Now, I said to you just now that there are people who believe that when we talk of stability, we Liberals, we're talking in negative terms, we're professing something that's the opposite number of growth. In fact, you'll hear the question put, won't you: "Are you for growth, or are you for stability?" We happen to be for both, and in order to remind you how important stability is for growth, I just want to tell you that over this period of eighteen months when this hard-earned stability has been achieved, we have, at the same time, carried out or heavily contributed to, one of the greatest development programmes in the history of Australia - the Snowy Mountains Scheme. Some of you have been there. Some of you have seen it.

If, at one stage in our life, preferably just before an election, I had been able to say, "All right. We are going to spend £400M on hydro-electric schemes and irrigation headworks on the Snowy," people would have said, "Ah, there's a progressive man. That's a fine chap. Yes, he's for growth. He's the man for our money." But this is exactly what we've been doing. Year after year, I hesitate to mention the figures in the presence of Harold Holt, who has to flinch under them year by year, poor chap. But year by year, we're finding out of the Budget round about £20M for the Snowy and by the time it is finished, it will have cost £400M-odd and it will be then acknowledged to be what many people now acknowledge it to be, one of the wonders of the world, one of the great developmental projects in this country or in this hemisphere.

At the same time, over this period, think of the other matters - uniform gauge. I came down in the new train from Sydney to Melbourne - the "Aurora". We had a great deal to do with this. It is perhaps forgotten. A great deal to do with it. Seventy percent. of it in the long run. And this great piece of development - Sydney to Melbourne on a uniform gauge - has already, I am happy to say, although it was finished only a month or two ago - has already made a powerful contribution to freight returns and to passenger returns on that line. In other words, this has been a remarkable contribution to the stability of the railways system in Australia.

Up in Queensland, where they were beguiled into thinking the opposite, (Laughter) What have we done over this period? I am talking now about a period of eighteen months of stability on the price level - the Mt. Isa venture - this tremendous railway conversion, which will enable Mt. Isa mine to become the greatest copper mine in the world, and a tremendous source of export wealth for this country beef roads, coal ports in Queensland and in New South Wales to enable an export trade in coal to go on and to grow. All these things have been happening at a time when we were told that stability in our mouths meant stagnation. Did you ever hear such nonsense?

I think, you know, that our political opponents frequently rely on their implicit belief that no Liberal has a good memory. I warn you younger ones about this. You must cultivate a good memory. You must keep on. You don't want to be like the Bourbons and learn nothing and forget nothing, but at any rate, start by forgetting nothing, because they want you to forget that when at the end of 1949, you sent us back into power, one of the great problems in Australia was coal. Do you remember it? Some of you older ones will. Coal. We were importing coal in Australia from South Africa and from other places. There was a tremendous shortage of coal. Power was rationed because the power stations were short of coal. People forget these things. For the first two or three years of this poor, stagnant, decadent government of

yours, we were devoting our attention to getting coal from anywhere that it could be got from. And today, not only does Australia have all the coal that it needs, but it is developing very large export markets for coal to the other countries of the world. We never have a deputation today to say we're short of coal, but we do have deputations to say, "We're short of the ways and means of exporting our coal. Give us a better port, give us better handling facilities. Do something for us that will enable us to use our surplus of coal for the advantage of Australia."

You heard something about beef roads. We don't have too many beef roads in Hawthorn. (Laughter) The only one I can remember offhand is the run down towards the Richmond Abattoirs. The beef roads in Queensland, in West Australia, in the Northern Territory, in parts of New South Wales and South Australia - these are tremendously important, because we have entered into the export phase of our lives as a nation, and we want to provide the ways and means for getting cattle to market, and getting stock to market in good condition with proper speed, so that our exports of these matters to the world may grow and flourish. No Government in the history of the Commonwealth has done so much in this field or is doing so much as your own Government and all this has been going on at a time when anti-inflationary measures were regarded as the very definition of stagnation by our own opponents.

Now, Sir, I don't want to go on and make a catalogue of these matters; I've quoted a few examples to demonstrate to you that that great objective of policy - to restrain inflation - is the very condition of encouraging growth and development. If my colleague, the Treasurer, were speaking to you tonight, he would be able to tell you that as a result of this stability, as a result of the philosophies and actions of our Government, our credit around the world has never been as high. We must borrow money, because no country of 10½ million can generate all the capital it needs for the development of a continent. But our credit rating abroad is phenomenal. If I had the time to talk to you about the terms on which Australia, as at present governed, can raise money overseas, you would be staggered. And why? Why does this happen?

Why does it happen that, year by year, over this period, particularly the periods of stability, hundreds of millions have been invested in Australia from outside Australia - invested by hard-headed people; by people who, like most investors, look at what they call the growth factor, when they're making an investment. And here we've had, over this term of years, hundreds and hundreds of millions coming into Australia from other countries, coming into Australia from private investors, because they believe that on the basis of honest stability in the currency and vast developmental projects, Australia is the best place in which to invest their money. And, indeed, if that didn't happen, how do you suppose that we would receive all these migrants? How do you suppose we could build up our population, unless we had, year by year, at the same time, the capital behind them to enable them to make their own powerful contribution to the future of Australia.

And our next national objective is that we must have, in Australia, a growing manufacturing industry. Now, when I was a small boy, with long ears listening, in the country, in a little village, in a rather political household, (because you will be surprised to know, some of you, that this is an hereditary defect in me) (Laughter) the great arguments were

protection and free trade, within the country, and most of the people were in favour of free trade and a few hardy souls were in favour of protection. But this really determined whether you were a good man or a bad man. It was like cow-boys and Indians on the films. All that, I believe, is dying away. The fact is that nobody with a balanced mind today denies that you can't increase the population by a quarter of a million a year without having a steadily growing manufacturing industry. Because, on the land, where the increase in productivity has been admirable, over these years, there's not much scope for employing more people. The more farming is mechanised, the more science is applied to the processes of agriculture and of the pastoral industry, the more likely is it to be that you won't have any great increase in the employed population. That is quite true. Everybody concedes it. And therefore, if you want to have a quarter of a million more people every year, there's just no escape from it - and I don't mind, I'm all in favour of it - there's no escape from the proposition that you'll have growing manufacturing industries and growing service and tertiary industries in Australia on a scale which will accommodate this population and give it employment.

Now, Sir, I said a while ago that all these things produce their own problems. So they do. An increased population, the struggle to restrain inflation which may persuade people that policies are negative - at the same time, the vital importance of building up manufacturing industries, the vital importance of developing basic resources in Australia - and all of these things, except the restraining of inflation, tend to create it. And this is something we must watch. This produces some of that caution that you've been told about from time to time.

Because, you see, ladies and gentlemen, we could build up our manufacturing industries almost extravagantly. We could build up our population. We could devote ourselves to the principles of full employment, but if the results were that the farm industries of Australia found their costs rising and rising against them, this country would be brought to ruin, because let's have no mistake about it; the great export industries of Australia, to wit, the primary export industries, are responsible in the true sense for the prosperity of Australia, directly and indirectly. For a start, they produce most of our overseas income, and they are able to sell abroad and to extend their production and to sell more abroad, because their costs have not yet got out of hand. But if the day comes when, because of inflationary processes at home, their costs rise against them, they can be tossed out of their world markets. What would happen then?

I beg of you, think about these matters. Don't be bemused by the people who say, "Well, that's all right. We can always handle the currency internally. We can always have monetary mechanisms which will make up for that. My friends, of all the hundreds of millions that are earned by the Australian wool and wheat and meat and dairying industry and so on, down the line, the metal industry, seventy percent., a safe estimate, pays for imports into Australia of items needed by Australian manufacturers.

This idea that everything that is imported into Australia is a chifion of some kind - what the economists are pleased to call "consumer goods" - this is all nonsense. The great bulk of the imports into Australia, paid for by wool and wheat and meat and so on, are materials to be used and plant and equipment to be used in Australian manufacturing

industry. And it is in that sense that the manufacturer himself, whose supporter I am as I have indicated, must always remember that he must not, and we must not, price the primary producer out of that vital market in the rest of the world. And, therefore, that's another of our great objectives - to preserve the cost level of the export industries; to preserve it not only by allowing the costs against it in that positive sense, but also (this goes for manufacturing also) to concentrate our attention on getting their costs of production down by improving their efficiency. I just want to illustrate that to you, without being too tedious.

You take manufacturing. You may have noticed that last February and thereafter in Parliament, we introduced provisions for an investment allowance on new plant in manufacturing. The whole purpose of this was to encourage manufacturers to improve their plant and therefore to improve their efficiency, and therefore to reduce their costs of production and therefore to render less necessary the rate of tariff protection which might otherwise have been required. This is a practical, sensible, reasoned approach to the matter. And, in the case of the man on the land, we have, in Australia, superb scientific organisations - the C.S.I.R.O is one of the great things in the world in that field. Much research is done, but the results of it must be brought to the man on the farm if we are going to have full advantage and, therefore, we have devoted a lot of attention to extension services and matters of that kind and have a lot more to do before we are finished.

Now, Sir, I have spoken to you about national objectives. These are some of them. These mostly relate to what goes on inside Australia. Their achievement seems to me to represent a magnificent challenge, a challenge not to complacency, but to the spirit of adventure, and, therefore, above all things, a challenge to young men and women who will be responsible for these matters when I am a mere dusty memory. These are a marvellous challenge. There is nothing negative about them, they are positive and they're compelling, and these are the problems of the dreary science, the problems of the economy.

They are not the only problems that we have. I wonder if we realise always that we are so few in a land so great, that we can't expect the rest of the world just to be kind to us, to look after us, for some inscrutable reason. What we have to do in the world, and we do it through our Government primarily, is to establish with other countries in the world a position of respect, a position in which they will encourage us, a position in which they will be delighted to give us such help as they can. The business of foreign policy, so complicated by some of the commentators, is at base a very simple one. The business of foreign policy is to make friends and keep them. Not to go into a war, if a war is not unavoidable, but if you go into one, to go into it with strong and resolute friends. This is the simplified statement of foreign policy, and those who represent you in Australia in the Government and who go around the world and speak for you in the councils of the world, must speak for you to the Prime Minister and Cabinet of Great Britain, the President of France and the Chancellor of Germany and the President of the United States of America and so on, right round all the spots of the world. I think you'll agree with me that it's very desirable that whoever speaks for you in that sense should speak for a country that knows its own mind, that knows where it's going, that is determined to make sacrifices to get there, which is honest; a country whose word can be taken, a country which will

be regarded as a friendly country in all the countries of the world. This is tremendously important.

I don't propose at this time to try to make a speech to you on the Common Market, because I have said something about that since I came back home, but I'll just say this to you: This is a great problem. It is a great problem for Australian primary industry; it is a great problem for Australian secondary industry; it is a great problem for the Commonwealth. There are powerful political arguments for Great Britain going into Europe, and she alone will decide whether they are valid or not. There are economic arguments for Great Britain going into Europe, and she alone will decide whether they are valid or not. You have the six nations of Western Europe all concerned because they are already within the Treaty of Rome. You have Great Britain, you have the United States of America, in which this problem is lively and produces activity in the minds and actions of the President and the Administration. These are tremendous problems.

I can see all the advantages of Western Europe having some form of association which may drub out of her conscience and consciousness the old feuds between the French and the Germans and perhaps offers some prospect of peace. I can see all that. I can see all the advantages of Great Britain being inside the councils of Europe in order to give what no other country can give in such full measure, wise counsel and sensible and experienced guidance. I can understand that. I can understand why the United States of America would like this to happen. I can understand the arguments that are put by some people, at any rate, in Great Britain about the economic advantages of being inside a customs union which would give to Great Britain a home market of 250 million people, instead of 50. These are all quite intelligible things.

Our great problem, a delicate problem, a difficult problem, a problem not to be solved by violent statements at all, or by violent action, our great problem has been to keep on reminding those concerned that, up to now, the great pattern of trade for us and for Great Britain, has been the Commonwealth pattern of trade, and that this is something with its roots well down now in history, which will not be thrown away lightly or casually. I don't think it will be thrown away lightly or casually. I have no doubts whatever after my visits to both countries that the most strenuous efforts are being made by the British negotiators to preserve, if not in form but, at any rate, in substance, the pattern of Commonwealth trade which means so much to us, and which, as I reminded them, has meant so much to Great Britain herself in our lifetime.

But this is not the time to be conducting long-range debates on the matter. All that I can tell you is that I have no doubt whatever that the negotiators, the Ministers of Great Britain, understand our case completely. I am happy to say that I think that the Administration of the United States, from the President down, understand our case in substance very well. And as they are both our traditional friends, I have not yet reached a state of mind in which I want to abandon myself to despair. Indeed, let me warn you against this. Don't let us get into a state of undue exercise over these matters. Don't let us become too much the doubters on these matters, because all we will do will be to damage our own economic activity at home. We will create fears and uncertainty. I will be going over there unless, as I concede, we are tossed out in August in the Budget Session. But subject to that risk,

I propose to be there with one or two of my colleagues in September, and will then be in a much better position to form judgments and to offer arguments.

All I want to say to you is that the Common Market argument is not just an argument about a market or markets. This is an argument about the most remarkable development in international affairs of this century. All those of you who have read history will remember that the balance of power policy of Great Britain has been a cardinal point for a long time. If, as a result of the present negotiations, the United Kingdom goes into Europe with mutual obligations, with the inhibitions arising from that on her powers; if that happens, that will be a most remarkable development in British foreign policy. We are not to permit ourselves the luxury of saying, "You ought not to do that"; instead we must say, "This is for you to say": but we are of the family, we have lived together and traded together and that pattern is not lightly to be put aside.

I come back to where I began. Perhaps for people of my generation, the retrospective attitude begins to cloud the mind. But in the next twenty, thirty, forty, years, it will be the spirit of adventure that will be paramount and that spirit will have to come from you young Liberals or where is it to come from?
