

STATEMENT BY THE PRIME MINISTER
(The Rt. Hon. R.G. Menzies, CH, QC, MP.)
HOUSE OF REPRESENTATIVES
WEDNESDAY, 17TH OCTOBER, 1962.

ANNOUNCEMENT OF ECONOMIC ENQUIRY

Over recent years the Government has had requests from a number of organisations for public enquiries into various aspects of our economic affairs. Some of these requests have related principally, if not wholly, to the Customs Tariff. Others have sought a wider coverage and, at the extreme, have wanted an enquiry to comprehend all the main aspects of our economic affairs.

The Government has given much thought to these requests. It has found difficulty in seeing that an enquiry limited to the tariff, or any particular aspects of the tariff, would be a sufficient undertaking. Apart from anything else, there would be great difficulty in confining any enquiry to the tariff because that subject is connected with and dependent upon so many other issues. On the other hand, a general economic enquiry, as some have proposed, might have to become almost illimitably wide, take more time than is justified and by its very breadth, lead to conclusions so broad and vague and qualified as to be of little practical use. We have decided, therefore, to institute an enquiry of a particular kind.

We feel that it should serve the requirements of the widest number of people and organisations, that it should be helpful not only to the Government and its various agencies but also to trade and industry, to all who play a constructive role in the growth of our economy. What we all need is light upon possibilities rather than guidance upon how to go about achieving this or that objective. We hope to have drawn up - as far as it is possible to do so with the information that can be had - a chart or prospectus of our economic potential - one that would show both the extent of our resources and their capabilities and also the limitations upon those resources.

It would also be valuable to have some competent and objective advice of an analytical kind upon certain great questions regarding the best use and disposition of our resources. For it is one of the fundamental facts about our economy that while many of our resources, so far as we know them, are good in point of quality, they are also limited in extent and subject to various handicaps upon their development. This makes it of the first importance that we should put them to the best and most productive use.

These are the main considerations which have guided the Government in drawing up terms of reference for an enquiry. These terms of reference are as follows :-

"HAVING IN MIND THAT THE OBJECTIVES OF THE GOVERNMENT'S ECONOMIC POLICY ARE A HIGH RATE OF ECONOMIC AND POPULATION GROWTH WITH FULL EMPLOYMENT, RISING STANDARDS OF LIVING, EXTERNAL VIABILITY, AND STABILITY OF COSTS AND PRICES, TO ENQUIRE INTO AND REPORT ITS FINDINGS ON THE FOLLOWING MATTERS --

- (A) THE TRENDS IN POPULATION AS A WHOLE AND IN THE WORK FORCE COMPONENT;
- (B) THE AVAILABILITY OF KNOWN BASIC PHYSICAL RESOURCES;
- (C) THE GROWTH OF DOMESTIC SAVINGS;
- (D) OVERSEAS INVESTMENT IN AUSTRALIA (INCLUDING LIKELY SOURCES AND TRENDS AND AN ASSESSMENT OF ITS SIGNIFICANCE TO THE AUSTRALIAN ECONOMY);
- (E) THE LIKELY PATTERN OF GROWTH AND GEOGRAPHICAL DISTRIBUTION OF INDUSTRY, PRIMARY, SECONDARY AND TERTIARY (INCLUDING THE GOVERNMENTAL SECTOR);
- (F) THE CONSEQUENCES OF THIS FOR THE OCCUPATIONAL PATTERN OF THE WORK FORCE;
- (G) QUESTIONS INVOLVED IN THE PRODUCTION IN AUSTRALIA OF GOODS THAT WOULD OTHERWISE BE IMPORTED;
- (H) THE DEVELOPMENT OF PRODUCTION FOR EXPORT AND THE SECURING OF ADEQUATE EXPORT OUTLETS; AND
- (I) THE EFFECT OF CUSTOMS TARIFFS AND OTHER FORMS, DIRECT OR INDIRECT, OF PROTECTION ON THE DISPOSITION OF RESOURCES AND ON THE BROAD ECONOMIC OBJECTIVES STATED ABOVE. "

As they stand, these terms of reference are largely self-explanatory and need no great elaboration. No doubt, when the Committee which is to conduct the enquiry has been assembled, we will have some discussion with them so that they will be quite clear in their minds as to what it is the Government wants them to do on its behalf and for the community.

Appointments to the Committee will be made as soon as possible.

It is not intended to establish the body as a formal Royal Commission. Within its terms of reference we want the Committee to have the greatest possible freedom in deciding how it goes about its work.

The Committee will obviously require considerable staff assistance and we shall certainly see to that. It also seems likely that the Committee will wish to call on various people or institutions to undertake special enquiries. The facilities of relevant Commonwealth Departments and authorities will be available to the Committee, and we do not doubt that we will also have the co-operation of State Governments and their associated authorities, so far as this is necessary.

Especially do we hope that industry, in its various branches, will co-operate in making information available and perhaps in undertaking investigations which only they are capable of carrying out. It should be emphasised again that, in the degree that it is successful in throwing light on our economic future, the results of the enquiry can be of great value to industry and trade as well as to governments.

For its part, the Government hopes that the enquiry will be helpful to it in providing information which will help it in the determination of many fundamental issues of policy. Amongst these, obviously, will be the important issue of tariff policy in its broadest aspects. It should help particularly in setting the role of the tariff in its due context and perspective and integrating it with economic policy as a whole.

Naturally the Government will wish the report of the enquiry to be available to it as early as possible. At the same time it realises how wide and complex and difficult are the subjects it is putting before the Committee and it has not therefore laid down a fixed period within which the Committee should make its final report. That is something on which it will talk to the Committee when it has been brought together.

The Government wishes to make it clear that it has the firmest intention of preserving the full independence of the Tariff Board as an advisory body established by Parliament, its system of open and public enquiry and its high public standing and prestige. These things are of the very essence of the Tariff Board system which has, over many years, served Australia well and has won admiration and respect overseas.

The Tariff Board is, to repeat, an advisory body. It is not a policy-making body - although its recommendations necessarily have a considerable influence on policy - and it is not an executive body. Its principal and best-known function is to consider, on reference from the Government, applications for protection by way of tariffs or bounties or, alternatively, proposals for the reduction of such protection. It also has power on its own initiative to review existing duties, to conduct enquiries on certain matters and to report to Parliament.

But tariff policy as such is the responsibility of the Government. Only Parliament can enact tariffs; only the Government proposes tariff legislation to Parliament.

The tariff - and other forms of protection such as bounties and subsidies - are means to provide a degree of shelter for local industries against the competition of imports from other countries and so to sustain and promote the growth of these local industries. Protection has been the policy of all Australian Governments since Federation. Our own policy is clear; we are for effective protection for efficient Australian industry.

Tariff policy involves broad issues of principle - how far one class of industry should be encouraged by protection as compared with other classes of industry, whether diversity of industry should be sought or specialisation, what relative weights should be given to the effect of tariffs on costs generally, on rural incomes and on consumers, how far international reactions to tariff increases should be taken into account and so on. But tariff-making is also a matter of decision in individual cases within a general framework of principles and under a changing context of circumstances. In that sense, tariff policy is built up and elaborated, precedent by precedent.

It is equally apparent that policy on tariffs and protection generally must form part of, and be consistent with, economic policy as a whole. It must serve the same broad

objectives of policy, external as well as internal. It clearly must be related to overseas trade policy - our relations with other countries - as well as to internal policy on the industries which provide the exports for overseas trade. It must be related to population growth and full employment but it must also be related to the problem of costs and prices.

More and more as our experience widens, it is borne in upon us that sound courses of action depend on our ability to see ahead and, having seen ahead, to prepare ahead.

The need for more information and better information, more light on what is going on today, what may or may not be going on tomorrow or next year or the next five or ten years, is common ground with everyone. Business demands, rightly enough, to know what the Government is trying to do, what its objectives are and what its lines of policy will be. The Government, on its part, feels the need to know more of what business hopes to do and plans to do.

The work of the Committee should help us all.
