

LIBERAL PARTY RALLY

BOX HILL, VICTORIA

20TH FEBRUARY, 1966

Speech by the Prime Minister, Mr. Harold Holt

(Introduction not recorded)

.....and in full dignity of robe and office have given me this warm and cordial welcome to the Municipality of Box Hill. I don't think that the Mayors of either Malvern or Caulfield would have done it with any more grace and dignity than you have done. (I had to get in a plug for Higgins. Even Prime Ministers have to watch their electorates, ladies and gentlemen!)

Mr. Chandler, I sat enraptured while I heard you introduce me to this audience. There is only one problem about hearing delightful things said about yourself and that is that somehow you are expected to live up to them and it is not always easy to measure up to the specification which one's friends expound on your behalf. But I do appreciate what you have said about my long service and apprenticeship in this party - service to this party and apprenticeship to that very great man who, in the judgment of all of us here, has been the outstanding political figure in the history of our nation. And what a model for any successor to have before his gaze and in his mind as he goes about the tasks of government.

Well this particular task this morning is a very pleasant one. I left Canberra and its rain and cold and here we come into this beautiful late summer morning in Melbourne amongst friends and colleagues serving together the principles we hold in common as fellow Liberals and joining for the common purposes of policy that we have presented to the nation. And so I take advantage of this opportunity to talk over with you some of the things - of course not more than a selection of the things which could be discussed on an occasion such as this, but some of the things in which we have a mutual interest.

Now first, the Liberal Party itself. Its strength, vigour and vitality, I think, is admirably reflected here. It's not every party that could hope to secure on a Sunday at 1 p.m. the sort of attendance that I see stretched out before me in this hall. It's not only a very acceptable tribute to myself - I don't place that by any means at the top of the list - but it is certainly a reflection of the strength and of the vitality of the Liberal Party. And this is as it should be because the Liberal Party carries tremendous responsibilities for the Australia of today, and perhaps even more importantly, for the Australia of the years ahead.

Ours is a young party, as political parties go. It is only last year that we were celebrating our 21st birthday. We came into being in 1944 at a time when the non-Labor parties had fallen into a sort of state of decay which we see reflected in the Labor Party at the present time. Sir Robert Menzies and others of like mind assembled together and they built what has become the greatest party on our side of politics in the history of the Federation and a party which is as yet in its infancy in relation to the contribution it is going to make to the national development, the national strength. But here in the 21 years,

we have occupied 16 of those in national leadership and this has been associated with the greatest era of development and national growth and growth in international influence and prestige that this country has ever known, and of course, the things have gone together. It is the leadership under the distinguished head of the party, Sir Robert Menzies, that has carried us to this situation.

But Australia has need of the Liberal Party. We had reached a point in our affairs when we needed a party which would stand for all sections of the Australian community which would cast aside, once and for all, the old bitter concept of class warfare, the struggle between employer and employee; that would see in the needs of Australia a need for a party of unity, a party which could develop a co-operating democracy, with the national Parliament linked in friendly co-operation with the Parliaments of the States; not trying to make a Federation work by imposing authority from the centre or by so construing the Federal powers that the States were reduced to nothingness, but a true Federation based upon a spirit of co-operation rather than on a strict definition of powers. And I believe that we can claim in Australia today that no country can present a picture to the world of closer national co-operation at all levels of government than will be found in the Commonwealth of Australia.

There was a need when we took office for a party which would lead the country into a great era of growth. Here we were in Australia with something under 8 millions of people with a land mass approximately the size of the United States of America, if we leave Alaska out of the picture, and with tremendous tasks if, with this small population, we were to develop the resources of the continent and to set briskly about the business of populating a country by immigration as well as our own natural increase. And that again is a story of tremendous success, the way in which despite all the difficulties and obstacles and fluctuations of fortune which inevitably afflict a country which depends so much on the fortunes of the season, fluctuations of prices overseas, we have gone steadily ahead with our programme of immigration and we have gone subject to only minor fluctuations with the processes of national growth. And this party which was born to give effect to the philosophy of freedom to enshrine in policies incentive for the individual, encouragement to enterprise and a freer way of life for a people which had through the years of war experienced a regimentation they did not wish to see carried into the years of peace. These were the causes we were created to serve and I believe we can say, faithfully, after this 21 years of life as a Liberal Party that our objectives have been largely realised and the kind of Australia we set about to create has been brought into being and sustained.

Now, whether we can so sustain it into the future depends very largely on the contribution, the skill, the judgment, that you and I, as your national leader of the party, can combine together to effect. I confidently believe that we of the Liberal Party are going on to greater strength in the years ahead. Our best years are ahead of us, not behind us, proud though we may be of the achievement of our first twenty-one years.

Now, one of the encouraging things for someone in my situation is to see how this Australian story of Liberal leadership is now reaching into the knowledge and observation of people in other parts of the world, and even in quite recent weeks, it almost seems as though there has been a fresh discovery of this country of ours.

I could perhaps illustrate this process for you by my own experience of the latter part of this week. I spent a great deal of time at the United States Embassy because it is through there that these visitors have been passing, but on Thursday night, I dined there with the management group of "Newsweek", the great weekly journal in the United States which ranks with the "Time" publication as one of the mass circulating weeklies of the world, and "Newsweek" is following in the wake of "Time" in setting up its own edition published in Australia for this part of the world. And the next day at lunch, there was the management group out here, top-ranking people, from "Time", "Life" and "Fortune", and they having established the "Time" edition in Australia are now turning, I understand, to the publication of an Australian edition of "Life" as well. The following day, there was the visit of Vice-President Humphrey and this is only the second time in our history that the Vice-President of the United States has come to this country. The very fact that he chose to do so, after the most strenuous tour which he had just undertaken, again is a mark of the importance which the United States attaches to what is occurring out here. On Monday I shall be meeting the Chairman of the largest bank in New York, the First National City Bank.

Now I mention these things just as topical illustrations of the sort of process that is going on week by week in the Australia of today. The Ambassador of the United States put it to me this way. He said, "It is as if our people have just discovered the existence of Australia and all that it can mean in terms of potential".

My Press Secretary tells me that there are fifteen interviews with the foreign press lined up when I can get round to carrying them out, so the interest is not confined to the United States of America.

Now contrast the situation of our own party in all its vigour and vitality with the unhappy and dolorous situation of the official Opposition. It is not easy at the moment to sort out just what form the Opposition takes. Is it an Opposition of the Right or an Opposition of the Left or just a general scramble? I ask this question because I was interested to notice that when Mr. Whitlam was so elaborately pointing out the kind of Labor Party that he would be leading, he said he wanted to make it clear that he sought to lead a radical and socialist party. Now he was making a bid for leadership somewhat to the right of the Left Wing, the Left Wing having installed some of its Parliamentary colleagues, not themselves supported by the Caucus for those positions, into posts which others who had been supported by the Caucus - posts from which others had been displaced as the result of the action of the Federal Executive of the party. The group, not described by me, but described rather unkindly by Mr. Whitlam as the "twelve witless men", yet I understand two of them support him quite strongly. But those who took up or were supported to these new posts are said to be men of the Left. Now Mr. Whitlam by deduction would be regarded as a Labor leader of the Right, but even a Labor leader of the Right feels that the offer he should make to the electorate is that of leadership of a radical and socialist party.

Now, does anybody in their senses, looking around the Australia of today, believe that what Australia wants is a radical and socialist party. If only the Labor Party would proclaim that quite frankly and firmly - and I was indebted to Mr. Whitlam for doing so because it hasn't been easy to sort out of their own disarray just what it is that they do stand for at this time. But if the Right Wing of the Labor Party declares itself to be for a radical and socialist party for the Australia of these times, then it is as well that the Australian public should realise this and reject it as opportunity offers, as I am quite certain they would wish to do.

Well, I don't intend to spend a great deal of time this morning on the problems of the Labor Party. I don't rejoice in a weak Opposition but certainly I am very glad to have the current majority we enjoy in Parliament, and it will be my objective when we come to election, to increase that majority as handsomely as I can succeed in doing. But it is for the Labor Party to either make its own omelette or unscramble the eggs as best it can.

The incident through which we have just passed, however, or are passing, is illuminating in one important respect for us, and that is the demonstration it has given to where the centre of authority lies in the Australian Labor Party under its Constitution. Now when we spoke in the last election about "36 faceless men" dictating to the Parliamentary Caucus as to what lines of policy they should follow, we were attacked for misrepresenting the position as the Labor Party saw it; but we were clearly right because immediately after the election, Mr. Whitlam got busy himself in trying to effect some improvement in the position. He has returned to it in this last week or so and has gone even further in outlining the embarrassing position in which the Parliamentary party finds itself. And can any Parliamentary party in the history of this country have ever been treated so contemptuously or in such humiliating fashion as the Parliamentary party of Labor in the Federal sphere.

Now, I am glad to report - you know it - I report it publicly that from the outset, inside our own organisation, we adopted firmly the principle that it was not for any outside organisation to dictate to the elected representatives of the Australian people as to how they should record their vote inside the Parliament. Policy discussion, certainly; and we have inside the Liberal Party our own important annual Council meetings and we have the meetings of the Joint Standing Committee on Policy and from these discussions and from discussions with the State Council meetings and the Branch meetings there flows up to the Federal leadership recommendations of policy which the Parliamentary Leader is able to take into his consideration and bring before Cabinet as in his judgment he deems it desirable to do. But nobody seeks to dictate to him or to his Parliamentary colleagues. The proper role of a Parliament in a democracy is fully recognised inside the Liberal Party and completely safeguarded by our Constitution.

Now let me turn from the Labor Party to the problem of development and defence. I put these two together because they are linked and it is important that we should clearly see the relationship the one has to the other. This gives me the opportunity to state the position in my own terms to a great audience from the Liberal Party itself and I welcome that opportunity because, perhaps from the distortion which occurs when statements are abbreviated in the press, I have found that repeatedly over recent times what I have said on this matter has been interpreted as a statement by me that there can be no increase in the Defence vote. Well that, of course, is absurd. We have increasing obligations as our own resources grow, so our capacity to do more will grow and we are already currently coping with a build-up in the Defence vote, a doubling of the budgetary provision over a four-year period and a sizable increase ahead of us in the next financial year. So we are not talking in terms of no increase in the Defence vote. What I am trying to ensure is that the process of development, having so painstakingly been got under way and sustained through all the difficulties we have encountered, that this process shall go on strongly and firmly and itself make, over the years, a contribution to our capacity to do more by way of defence or to do more by way of international aid, and in the kind of world in which we live, these things are also linked together.

The talks we have had in recent times have been extremely helpful to us in helping to form our own ideas as to what we should be doing. First there was our discussion with the Minister for Defence in the United Kingdom, Denis Healey, and there had been rumours that you would have read about in the Press; there had even been a statement somewhat along these lines from the shadow Minister for Defence in the Conservative Party to the effect that the British were withdrawing their forces East of Suez. We were not prepared to take final decisions about our own defence planning until we had a clearer view of the British intention and also a clearer view of the future as seen by the United States in respect of Viet Nam. But the talks of the last few weeks have cleared our minds on both these matters and now enable us to go forward firmly with our own planning. And the discussions that have taken place over recent weeks in relation to the contribution we can make in one theatre or another, these will be pursued now quite speedily to a conclusion and I hope then to be able to make some early announcement about them.

But we were able, as a result of these discussions with Mr. Healey, I think, to have some substantial influence upon the British thinking. We were able, as I know the United States felt it desirable to do also, to emphasise the importance we attach to a British presence in that area of the world, not merely for purposes of military security or making a military contribution against such a matter as Indonesian confrontation, but for the moderating influence which the British presence has there in a restless, undecided and uncertain area of the world, and for the strengthening of morale which results from all this throughout the South-East Asian area generally. If there were to be a British withdrawal in this area, I am sure it would have a quite seriously damaging effect upon morale and, indeed, upon the general security of the area as a whole. Well, fortunately, that view has been accepted by the United Kingdom. We have been assured that they will remain in Singapore for as long as they find it practicable to do so. But it flows from this that with the kind of contingencies that have to be guarded against, it is a sensible thing to be planning against the possibility that other arrangements may have to be made at some future point of time. So our Service people are exploring these possibilities and will be canvassing them in due course with the representatives of the United Kingdom.

Now in the case of the United States, the value of Mr. Humphrey's visit could hardly be exaggerated. I don't know whether any of you had an opportunity to hear him speak yesterday but his was one of the most powerful and moving public statements that I think I have heard in a political lifetime. For any waverers as to the need for us to be in Viet Nam, or any who retain some naive notion that what is going on there is some sort of a civil war which we should be keeping out of and minding our own business, then the powerful statement of the Vice-President, has set the record straight. He clearly brought home the circumstances under which Peking direction, Hanoi direction, are influencing the course of events in Viet Nam - the supplies, the infiltration, the troops that are moving from the North into that area, the discovery of the underground trenches, cells fully stocked and equipped with weapons of communist origin and obviously requiring some years of construction in the thoroughness with which they have been prepared - these things mark the purposefulness, the determination to expand communist influence throughout that area of the world. And we believe that not merely is the security of South Viet Nam involved in this issue, but the security of the whole of the South-East Asian area and, indeed, properly understood, this forms part of the challenge, the world challenge which in one form or another free people have had to meet repeatedly over the years since the end of the Second World War. To meet in Berlin,

to meet in areas of Greece when the civil war, so-called, was being waged there. As the Vice-President pointed out, it was a remarkable thing that when Yugoslavia ceased to be an area through which supplies could move to Greece, the civil war collapsed. Here was a war which in substance was a reflection of the communist programme of infiltration and subversion which so skilfully has been carried out in so many parts of the world.

And so we have a clear recognition, in the minds of the Governments, anyhow, of the United States and of this country, that in Viet Nam is being fought one of the critical battles for free peoples throughout the world everywhere. I would hope that as this realisation spreads amongst those countries, they would find themselves able to do more than they are doing now, if not in the military field, then in making a contribution to the second phase of the programme there, that of building up in a positive and constructive way, the community so that there can be a peaceful, stable and prospering South Viet Nam in the years ahead of us.

Now, the United States has undertaken tremendous responsibilities in this area. It has felt at times the loneliness of leadership and I know that it has valued the Australian presence, the moral support which Australia has brought to it, the comfort and assurance that Australia sees this issue in the same fashion and with the same clarity that the President of the United States has seen it. We are all indebted to him, or should be, for his resolution, his firmness of purpose, his determination to see this thing through, when in his own country, as in ours, and indeed in any democracy, the voice of dissent can be raised. There have been the critics who have sought to undermine his position because he has made his own clear decision as to what has to be done in relation to this threat.

Now let me just mention in passing that this small country of ours - we are small in terms of population; sometimes this tends to be overlooked by our friends and allies outside. The Americans tend to see what we are doing in Viet Nam but not pay very much heed to what is being done in relation to confrontation in Malaysia. The British are conscious of the effort we are making in collaboration with them in respect of Malaysia, but know comparatively little about what we also, in one form or another, are contributing in Viet Nam. Neither of them seem to be very well aware of what it means to a country that has to develop its own resources, what it means in terms of national effort to house and give the amenities of a modern community to the larger population growth rate that Australia possesses. Our population is growing at an increase of 2 per cent. a year. The United Kingdom .8 of 1 per cent. The United States 1.3 per cent, and I have been pointing out to our friends from the United States that if our rate of population growth were occurring in their country at this time, they would have to add to the number of houses built year by year more than 500,000 additional houses. In the United Kingdom, they would have to add 170,000 additional houses. So that these are facts of life for us. We can't afford to overlook that growth; population growth and development create domestic problems for us and make heavy demands upon our resources.

Now why we believe that we must go firmly ahead with this development, this process of population must be regarded as fundamental to the policies of the nation, is because Australia has not always enjoyed these opportunities for growth. We sustained nearly half a million casualties in two world wars. We encountered the disastrous depression of the thirties and it is only over the last twenty years that we have in recent history been able to embark on a period of sustained growth which must continue if

Australia is to build its own strength and from that strength, make an increasing contribution to the security and well-being of others. And we want to have this clearly understood by those with whom we are associated in friendly alliance in our treaties and in great tasks together of a humanitarian kind in the various directions in which we undertake them. Australia has not looked to a relativity between its contribution and those of its allies when it comes to international aid. We are a capital-importing country. Despite this, we rank about fourth amongst all the countries of the world in the per capita provision we make for international aid.

Recently there was established an Asian Development Bank and capital sought was \$1,000M. to get this institution going so that finance could be available for projects of a helpful kind in the countries of Asia. The United States was to contribute \$200M.; Japan \$200M, and Australia is contributing \$85M., a quite disproportionate commitment on our part, measured in terms of population or resources. I mention these facts because we need not feel when one looks at the record that Australia is failing to respond in the variety of directions in which, around the world today, people expect to see us making a contribution.

Now, when we were established as a nation in 1788, the United States was then twelve years after the Declaration of Independence. At the Declaration of Independence, there were less than 4 million people in the United States of America, so that just 12 years before Australian establishment occurred, there were less than 4 million people in that mighty country. Today, while we have been growing, struggling along to get to our 12 millions of people, the United States has grown to 190-odd millions, constituting the most powerful and prosperous nation on earth. And they have done it by taking in people, taking in capital down through the years until they are now at such a position of strength that they in turn have been sending capital out for investment around the other areas of the world.

We have had a lot of argument in one form or another in Australia about overseas investment and I hope that at least in the Liberal Party, we have a clear mind on this matter. I believe we do from the discussions at the Council Meeting in Canberra - I think it was in the course of last year. We recognise that there are problems that come when you bring in capital from overseas, but there are great gains for this country in the diversification of industry it brings us, the additional techniques which come in aid of our industrial growth, in the capital equipment which comes in as part of the capital inflow, and finally, if the enterprise is successful, and quite apart from the addition to job opportunities which are created in this way, finally if the enterprise is profitable and successful, there is an Australian dividend from the taxation of the profits thus earned.

I can illustrate it for you by pointing to the fact that, say, \$1M. of profit would carry taxation at the ordinary company rate of the order of \$425,000. Of what remains, if the normal practice were followed - and this is how it averages out over the field of companies - about half the remainder would be ploughed back into that business, providing additional job opportunities for other Australians or for the migrants who come here seeking jobs in their turn. And of the balance that might be remitted overseas, then except in the case of the United Kingdom, there is a withholding tax to be paid which on the most favourable basis would be 15 per cent., and for many companies is of the order of 30 per cent. And so you can say that out of this \$1M. of profit, we, the Australian people, have our dividend of just on half a million dollars, which goes to the purposes of government - defence

social welfare, education - any one of the many tasks which governments have to undertake, and as to most of the rest, it is ploughed back into Australian industry, widening our industrial base as the process goes on. When I know of the pains that other countries go to in their endeavours to attract capital investment into their economies, I marvel that our own Australian people aren't the more appreciative of the benefits which this process is conferring upon us.

We shall be a stronger nation, a better-equipped nation as a result of these processes than if we had to rely entirely upon our own savings. We do save and save well. Ninety per cent. of all the investment in Australia is of our own internal generation, but the remaining ten per cent. is a very welcome addition and provides some of the key industries, some of the major projects of a mineral kind. Take the field of the search for oil, here it is the overseas investment; when Australians would be reluctant to lay out funds in any dimension in such chancy propositions, it is this overseas investment which is helping to resolve whether Australia has the fuel oil resources to sustain itself over the years ahead.

Now I hope when the arguments develop, as they do from time to time, these facts can be kept in mind by our own supporters in the Liberal Party. It would be very pleasant if we could do all these things for ourselves, but if we try to rely solely on what we can do for ourselves, then we must be prepared to accept a much slower rate of growth and defer for greater periods of time, the widening and strengthening of the industrial base of the nation.

Now the final thing I wish to say, Mr. Chairman, is that just as I mentioned earlier, there seems to be a new discovery of Australia taking place around the rest of the world, so also I believe that part of the reason for this is recognition that we are on the threshold of a new chapter of our national history. We have seen the beginnings of it in the dramatic growth of our trade with Japan, and in the view being taken by so many overseas industrialists that Australia is to be looked to not just as a domestic market for the supply of the goods of their manufacture but as a launching place in order to penetrate the markets and the customer capacities to be found in the countries of Asia. That is why many of these overseas concerns are establishing themselves here. A market of a prospering 12 millions and upwards is a comparatively small thing against the potential as Asia industrialises, as the standards rise, as consumption capacity increases; then here in Australia is a stable base which can be looked to as a launching point for the markets of this exciting new area of the world. There is a focus on Asia today such as has never existed before and in that spotlight, Australia is showing up the more clearly the significant role it has to play.

It is certainly flattering in our eyes, but it is a reflection of the judgment they make that the Heads of Government such as the United Kingdom and the United States maintain the closest contact with us. They honour the Head of an Australian Government not only with warm friendship but with the closest of communication and we are in regular and continuous communication with the Governments, both of the United Kingdom and the United States. I stress them in particular because quite clearly those are the countries of the greatest significance for us, and we can all take some comfort in the strength of our friendship and in the effectiveness of our co-operation; but for Australia this opens up a new era of opportunity, a new era of responsibility. With growing nationhood, we have growing obligations.....

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..... the more determined we must be that the job of national leadership will be performed effectively and as the nation would have it performed.

Now here, you, and those of us in the Parliamentary party come together for the formation of policies, for the development of a national teamwork which will enable this great country of ours to take full advantage of the exciting vista that opens up ahead of us. I for my part feel completely confident that the Liberal Party will eansure up in full degree to the responsibility that falls to it and look forward proudly to carrying the banner of Liberalism as your leader for many successful years ahead.
