

CHAMBER OF MANUFACTURES AND CHAMBER OF
COMMERCE JOINT LUNCHEON, PERTH, W.A.



13th SEPTEMBER, 1967

Speech by the Prime Minister, Mr. Harold Holt

Mr. Hughes; Mr. Henderson; Mr. Premier; Ministerial and Parliamentary Colleagues of the Commonwealth and State Parliaments; Members of the Chambers of Commerce and of Manufactures; Distinguished Guests; Ladies and Gentlemen:

I am glad to learn from you, Mr. Hughes, that such is the relative state of prosperity of the members of the two Chambers, that you have been inundated with requests to attend this function. That is a symptom of the buoyancy of this State and of the remarkable development which is occurring here and indeed occurring in abundant degrees through the Commonwealth as a whole and I want to say something to you, Sir, on the subject of growth today. But before doing so may I thank you for your welcome, the kind things you have said about my election to office. It is one thing to be greeted with a resounding win at your first election. It is a more satisfying thing to be able to repeat the performance, and we hope that we will give you satisfaction in what we attempt over the period which lies ahead before we come to our accounting with you again.

And I think we can claim that at least in the state of Australia and in particular the condition of the state of Western Australia we can point with some satisfaction to effective organisation of what are the principle elements of growth. Our human resources, our material resources, functioning in an atmosphere of stability, economic stability and political stability in a state of national security and with an environment, an economic climate which is encouraging to incentive to enterprise and to initiative. And if the results which you are manifesting in this state of Western Australia can be taken as reflecting the effectiveness of governments, Commonwealth and State, and their partners in these enterprises, - those who hazard their skills and their fortunes, the entrepreneurs so strongly represented here today - then, Sir, that partnership I believe has demonstrated its effectiveness and it is our goal to see that it continues effectively over the period ahead.

I had the pleasure of making what I understand is a little State and Australian history today by attending a meeting with the Premier and members of his Cabinet. I learned that this was the first time an Australian Prime Minister had performed this function and it only stressed to me the need for a closer relationship than perhaps we have had in the past, if we are to make the Federation function effectively and if we are to secure the degree of partnership with each other as Governments and with you who contribute so much to our resources, our revenues and to the advancement of the nation by your own efforts. I hope that at least our meeting here today where we have been able to go over some mutual items of interest is a symptom of the desire we have for that closer co-operation in the future.

Sir, I mentioned that we had in a country of some 3,000 square miles and with less than 12 million people that we had - no, I am sorry it is 3 million square miles that is a pretty big percentage of error, I thought there was a catch to it - still there are less than 12 million of people and so my point stands in that direction. We have, if we take a comparison - and I do not employ this critically of the countries concerned but as a mark of what we have ourselves achieved - the gross national product of this country of less than 12 million people, and compare it with some of our neighbours, we find that India

with a population 42 times our size generates in money value just on double our gross national product. Pakistan and Indonesia with populations 9 times our size that can point to only one half the value of gross national product and so we have been at least making advances ourselves in the way in which we have managed our affairs inside this country. And we are looking to greater things ahead for us, and in order to achieve these greater things we have to build up our resources, our human resources, which we are trying to do through an active programme of immigration and the material resources largely generated inside our own country. Eighty-five to 90% of our fixed capital investment in Australia is generated from our own resources but it is the remaining 10 to 15% which has been so helpful in stimulating growth over these recent years. We must do what we can to encourage that at the same time taking such action as we can to make it possible for our fellow Australians to participate appropriately in the development of the resources of this country.

Thanks to this programme of population building we have added 50% to our population over the last 20 years. Canada is probably the only country that can point to a similar volume of growth - although I do not overlook the quite phenomenal performance in a smaller population which Israel has carried out - but comparably Australia and Canada would rank outstandingly amongst the industrialised countries of the world in the degree of population growth they have attained through immigration.

And what this has meant to us is that whereas without immigration we would have had about one-third of our population under the age of 20, we have been able to lower the median age of the population with all that that means in terms of work force effort, the addition to the consumer requirements of the community and the other advantages that a smaller average age of the community brings to us. This has, as a result of immigration, moved now from less than one-third under 20 to something of the order of 40% under 20. If we had not had this programme there would have been a drop in the number of people in the 20 to 34 age group of about 132,000. Thanks to it we have an increase more than double that dimension rather than a fall of that size. When we look to the skills which have been brought to us as a consequence of this process, 42% of those, the males, coming to settle with us are skilled, against about one in three of our own proportion of the work force. And so the reliance we have come to place.....and I stress it to members of two Chambers which have given us strong support in this programme, I stress it to emphasise its importance for our growth as a nation is that whereas even as recently as 1961, immigration contributed 29% of our population growth, last year it actually contributed because of our own declining birthrate for a variety of social factors, it contributed 45%.

Now looking at this from another aspect, if it costs about \$5,000 to rear a child to productive age, then each migrant who comes to us represents a considerable financial asset. But as my friend, the Premier, realises only too well, while you have that advantage of a saving in the cost of bringing a child up to working capacity, you have the claims on the community in the social and capital facilities of the community which bear very heavily on governments and require about 3 to 4% for migrants alone of our gross national product. But with all this we have managed to succeed over the past five years in maintaining a growth rate in Australia of an average of 5½% and this is only exceeded, so far as we can ascertain, by one industrialised country, Japan and that high average growth rate has been achieved despite a year of very serious drought just a few years ago, serious, certainly, in relation to Queensland and New South Wales. We are doing much to help

ourselves although we have turned to foreign investment to a degree as I mentioned earlier but no country with the exception of Japan ploughs more of its national income back into investment than Australia - roughly 27% of our gross national product compared with 16 to 17% in the United Kingdom and in the United States. Now all this has been a background to what have been the quite spectacular and remarkable developments of recent years, notably in the mineral field and no State has shown up more spectacularly in this connection than has your State of Western Australia. I am informed that the value of output from our mining industries currently is of the order of \$900M. and this should reach about \$1,700M. by 1975. Mr. Court would be more familiar with these figures than I now mention than I am, but my colleague, the Minister for National Development who is with us, will have advised me that we have in sight iron ore contracts, I think for this State alone, of an order of \$3,000M. over the next 20 years. Some 50 new mineral projects involving a capital of \$2,400M. are currently in progress in Australia, and of course prospecting is going on actively for a great many more.

Now having mentioned something of what is occurring inside the country, those of you who are here as representatives of commerce will be well aware of the notable increase which is occurring in our trade with Asia. In the early '50's 15% of our exports went East of Suez. Now more than 30% of our exports are going East of Suez and with the percentage tending to rise. Japan has, of course, become our largest customer, outstripping the United Kingdom, and again, the trade there is on a rising curve. As I went recently through some of the countries of Asia I was struck with the potentialities which exist for the trade of this country in the future, particularly in places such as Taiwan and Korea. In both of those, Mr. Premier, they were talking to me of the steel industries that they were setting up there with a consortium already established in each of the two countries and both said that they would be looking to Australia for the iron ore they would be needing for that industry. And this is just typical of the sort of growth which lies ahead for us.

Now if I may move from that broad economic picture to a topic which may at first seem a little remote but does bear quite intimately on our future prospects, the kind of stability, security, the economic climate to which I referred in general terms a little earlier, and that is the issue which has faced us in Vietnam. I stress this because in recent times there has been perhaps a disposition either to allow to recede into the background the vital considerations which moved us to accept an involvement in Vietnam and which at the time persuaded us that not only was security involved but the kind of future of the area in which we live that we want to see developed.

Now, of course, there are various important reasons why we took the decision to participate. We have fought in two world wars very far from Australian shores to support those who were trying to resist aggression, small countries, themselves under attack by larger powers and in this instance, of course, the geographical factor is a very much more proximate one than was the case in those two world wars. Darwin is closer to Saigon than Perth is to Brisbane and so there is a security factor involved there which was not apparent to us even in the same degree in the two world wars. But in principle we were resisting much the same thing - a small nation under aggression from others - and we joined in the task of resisting it.

Secondly, of course, we ourselves being a small nation, if we regard others as expendable and not worthy of support when they come under attack can have no real assurance that we, should

that situation ever arise, be ourselves able to rely on others to come to our aid. In this connection, the realities of our present circumstances are that the most important pillar of security for the Australian nation is the alliance we have with the United States of America and we are joined in the ANZUS Treaty, and for our part we have seen in the American action, first in resisting aggression in Korea, secondly in coming to the aid of South Vietnam, the same sort of principle of aid to a weaker country that is wrapped up in the American obligation in ANZUS - there set out in more precise terms and perhaps more reliably stated, but nonetheless the willingness of the United States to join in resisting aggression there has been a matter which we have had to properly take into account in our own decision in relation to our participation in Vietnam.

And I mentioned the bearing it has on the kind of world in which we wish to live, to trade, to co-operate and to join in the activities of the region and what is far too often overlooked, is the benefit that we have received and the countries of the area have received. While we are conscious of all the problems and agonies that are going on in Vietnam itself, there is far less disposition on the part of the critics to look at what has been achieved on the positive side in such countries as Korea, and Taiwan, around the whole periphery of Asia in Thailand, the Philippines, in South Vietnam itself with some prospect that this thing can be sorted out, of a secure and prospering life in the future, and Australia and New Zealand themselves made the more secure because of the guarantees we have against aggression if that were ever to be directed against us. So there have been these benefits immediately discernible, currently discernible as a result of the resistance to aggression in this area.

Now, I lead from that to the query which I know arises in the minds of many people, "Well why if you feel this way about Vietnam do you continue to trade with China?" And, properly understood, there is no inconsistency in these two courses of action.

We demonstrated in the case of Indonesia, when the confrontation policy was in force there, that it was possible on the one hand to resist the processes of confrontation but at the same time maintain a channel which enabled a relationship of friendship and of mutual interest to build up when circumstances made this propitious. And we all know that there must come a time when the free world will, with China, have to find an accommodation, a process of peaceful co-existence.

We are not at war with China. We are engaging in international trade on items which can be procured by that country from a variety of countries. The products we sell, wheat, wool, even steel, are readily procurable by China from other parts of the world. The steel sales, about which so much of public criticism was directed against us, represent less than one-third of 1% of the steel availability from sources which China has either internally or which it produces from overseas. So, what we sell is itself marginal. Our total trade with China represents less than 2% of the imports of that country from other parts of the world. And so they can dispense with their trade with us far more with far less inconvenience and damage to their economy than Australia can. We can put to better and more effective use nationally what we secure from our trade than the effect would be if it were to be cut off by China altogether, and the bearing it would have on their trade.

But on the other hand just as trade does build up some mutuality of interest, some prospect of a capacity to live more securely and in greater friendship with a country so we find that

this trade that China has with the free world has more than doubled over the past five years. It has moved from 35% of total imports to 70% of total imports and that, one would imagine, would in the long run have a bearing upon the policies which finally emerge from China in relation to the rest of the free world.

Now, Sir, I know that you like to keep to a fairly tight schedule in functions such as this, so could I just by way of conclusion offer a few broad predictions as I, Head of Australian Government, see the future course unfolding over the years ahead. Surely if we can maintain a situation of peace.... and peace is relative these days, we regard ourselves as being at peace in one sense even when we have military forces engaged as they are in Vietnam but the effect on the national economy as a whole is still that of a peacetime economy, and providing that a situation of peace can be continued, Australia must be able to look to an assured future and a continuance of effective partnership in a free enterprise system with Governments co-operating in our Federation.

We can foresee a nation of 15 million people in 10 to 12 years' time with a growth rate and a productivity level ranking among the best of the developed nations of the Western world. As a nation with a diversification of our industry we should be able to carry on without putting too many eggs into one basket - a nation with a much broader economic base a greater variety of exports and more diversified markets. We can look, with the application of methods of science and increased fertiliser production, to spectacular rural development with very large additional acreages responding to this scientific knowledge and the application of scientific methods. We have already witnessed a spectacular development of our mineral industries with new communities, new factories arising around them, and no-one imagines that we are at the end of discoveries in this direction. We have a broader energy base for power developing in the continent. This will flow from our recent discoveries of oil and natural gas and the possibility of nuclear power for peaceful purposes on an economic basis. We see our own country as a continent of stability in Asia demonstrating to the emerging nations there the happiness and practical virtues to be found by a free people in a parliamentary democracy stimulated by incentives matching their energies and enterprise. We find a new intimacy developing with Japan, with Indonesia, and the other free nations of Asia and a still closer relationship likely to develop with New Zealand as we share some common tasks in the area.

So we find in all these directions growth at work - not as something that can be guaranteed by edict but growth which responds to the efforts of governments and peoples co-operating freely together. And in that process I pay a tribute to the Government of this State which itself has given so much by way of leadership and effort to the prosperous growth of the State. I hope I can be pardoned for including my able colleagues from Western Australia, of my own Ministry and of my own Parliament, Senators and Members from this State. They are of a high calibre and I am indebted to them for all the assistance they bring to the processes of Government.

Finally, it is through the work of responsible bodies like your two Chambers that the partnership which the Premier and I, and the Members of our Governments so fervently desire, can be given the most valuable practical expression by having responsible voices with responsible membership conferring with us and able to work out with us the policies which serve the national interest best. It is in that spirit that I look confidently to a continuation of the progress which in Western Australia and in Queensland,

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another great State of tremendous potential now stirring perhaps for the first time in its long history into great activity. It is through developments such as these that we look confidently to the greater Australia of the future and to see ahead a stronger, more prosperous and happier nation to which we can all usefully contribute.
