

AUSTRALIAN INSTITUTE OF MANAGEMENT
TWELFTH GENERAL MANAGEMENT CONFERENCE

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Speech by the Prime Minister, Mr. John Gorton

Mr. President, Ladies and Gentlemen :

It is not my intention tonight to dwell on election issues. But rather I will talk about some of the developments and some of the challenges that Australia faces and therefore that you and your Institute face. These are the direct concern of management, whether it be management in government - which, in terms of economic management, seems to run in tandem with another organisation outside which sometimes makes things difficult; or management in private industry. The opportunities ahead will only be fully seized and fully utilised by the proper exercise of management in all spheres.

And this year, Sir, is an important year. In a sense it is Year One - Year One of the decade of the Seventies. Sir, those seventies hold for Australia more opportunity if we have the will to grasp it - if we are prepared to put in the effort required to grasp it - than ever before in this country and possibly in any other country. We are getting now the people we need to populate the continent. Indeed the results of twenty-five years of immigration policy, uncomfortable as it may have been from time to time because immigration policy is inflationary unless you are going to do it the way the United States did in the 1890's when they shipped people in and said "Fend for yourself" - and we don't - but the results of twenty-five years of immigration policy, population-wise, are beginning to pay off.

We have discovered here recently, and are still discovering, and will, I am positive in the future, discover more, deposits of mineral wealth greater than our fathers could never have dreamt of and which could well result in our being the envy of the other nations of the world.

And, thirdly, we are still creating and attracting, through good management, both governmental and private, capital to keep our people at work, to bring in still more people and to develop those resources we are discovering. And if you cast your minds, not only over minerals, but over the new industries, such as wood chips, such as fisheries, such as the manufacturing industries which have expanded so greatly, you will, I am sure, have the same concepts as I have of what this country can be turned into by good management. I don't by that mean that labour is not the basis of all production, because it is. But I do mean that no matter what the labour force in a particular industry, no matter how well and efficiently that force works, the results and the productions from that force will only be fully effective if proper management is brought to bear. And this is why I think the Institute is so important.

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All of these things that have happened in Australia, including, Sir, the new developments in education which you referred to, the advanced training for management which I think was generated when I was Minister for Education and Science. All these things have not come about by chance. They have come about, I think, by reasonably good management at every level and they will be accelerated by that better management at every level which is the objective of this gathering here today.

And as we get bigger, and as we get stronger, as our responsibilities increase, so the demands on management will grow; for just as a new order of schools is going to be required to deal with the technological revolution going on around us now, so we will need a new order of management, highly specialised and highly trained. For this purpose, to help towards this, this proposal for management training was introduced.

I do not know, or pretend to say to this Institute, just how this advanced management training should be conducted. Most of the argument at the moment is where it should be conducted - whether in New South Wales or in Victoria. That we can leave to one side. We can have a centre of excellence. We need not get rid of other good business training schools. We can have two centres of excellence as we grow. The location is not significant. The curricula and the philosophy of approach are, and it may well be that there should be not post-graduate management following directly on from graduate management, but that there should be required an interval of practical experience in the world of business and of commerce. It may be that there should be required "sandwich courses" where for a while a man works in the business world of commerce and industry and then goes to academia and then comes back. Whatever it may be, I do hope, with you, that we will not see from this Institute turned out the theoretical people of whom you spoke, but the practical people who will require this additional ability in order to make the full use of their management potentials. And this is the objective, and this is what you are concerned with and this is what will be worked out in this country as other things are worked out - by discussion and by experience.

Sir, our population now has passed the $12\frac{1}{2}$ million mark and, continuing my theme of what is possible in this country, our natural growth and migration being at some two per cent a year, we, I think, will see, short of war, which I discount - a major war - an economic depression - which I also discount - a doubling of our present population by the end of this century. And that is fairly good going, and that will make us by the end of this century a population of the size of Canada today. Sir, there are great prizes, there are great opportunities for service, not only to one's industry but to the nation in which one lives.

And this being so, I think there are two questions posed for the future. What kind of a society will it be as it increases in size? And how, then, will we continue to develop it? I am sure that it has the opportunity - again given good management - to be a society which will provide, to those citizens who make it up, a better life than any other society in any other country in the world has yet provided.

There is an opportunity to see that the individuals who make a country and who are the most important components of a country, will be given the opportunity to develop their own desires, their own aspirations. . . . whether it be to be a top manager of a great firm, whether it be to be an opera singer, whether to be a farmer, whatever it may be, there will, I think, be an opportunity here because I believe we will have the material resources which will enable governments to divert those resources to give opportunities to the citizens of its nation. And this is the sort of society that I expect we will see in this country in the years ahead.

But how then can we provide those material resources? You, Sir, spoke of the theme of this conference as being the outlook for international business for Australia. The outlook for international business for Australia must, in the ultimate, depend on the capacity for Australian industries of all kinds to produce at a cost which will enable that which is produced to be sold in competition overseas.

If this is not able to be done, then there is little outlook for the future of international business. If this is done, then the outlook is almost limitless, except of course, when countries suddenly change trade treaties and put impediments in the way of our primary produce.

But leaving that to one side, Sir, we have not done badly in this country in this field over the last decade. Our rate of inflation has grown at a slower rate than any other significant trading country but one. But I am sure you will agree with me that it is essential that it should continue to grow at a slower rate, and it would be better if it didn't grow at all, or grow only very little. And the deciding factor in this matter is not entirely governmental action but the action of arbitration courts. What would destroy, in my view, the opportunity for international business in Australia, would be the introduction at this time of a 35-hour week which must either reduce the amount produced for a given sum of money or, if the idea is to work 35 hours and have five hours' overtime, must produce the same amount of goods at a much greater cost. This we simply cannot afford to do if we are concerned with international business and growth.

But there is also the question of national business to be considered and here, I think Australia faces a problem which in a sense is new, and certainly is greater than it has ever been before. We have had periods in the past when we have had trade recessions, when we have had depressions. But when that has happened in the past, all sections in the community and all kinds of businesses have been affected by that trade recession or by that depression. But today we face a situation where a great segment of Australia, the rural area is, unlike other sections of industry, hit hard by the fact that the world either will not buy what it produces, or will not pay for what it produces the price that is required to allow production to continue.

And this is not a matter which just affects the rural sector. . . . not at all. Because let that sector be affected and it will not be long before all sections are affected. These are the people who buy the machinery, who buy the refrigerators, the motor cars, the trucks, who keep the demand in the country towns for the manufacturers to fulfil. And what happens in that section of this country will inevitably affect all other sections. And so here too, because, in the case of manufacturing industry, what can be sold internally affects the price of what can be sold externally, and therefore international business. . . . here, too, there is a problem which we as a Government will tackle. I think we must tackle it by seeking to help with long-term finance for those who are, in banking terms, worthy of long-term finance, for reconstruction of properties, and with help for those who have to leave a rural industry to establish themselves in other areas. This we can do. But if on that section of industry which cannot pass on any cost increases there is to be imposed again the additional cost of this 35-hour week, then whatever we may do for that industry will not prevent it going to the wall. And if it does, because of what I said, it will affect all industry and international trade. And these things, Sir, I am sure your Institute would have well in mind.

Sir, I would finish on this note. If we can restrain the cost of what we produce, if we can restrain any rises, if management will see that the increases in productivity which management can bring are shared between those who labour and those who provide the capital, if management can see that with costs stable, prices can drop - and this is possible - if that can be done, then there is, as I said, an almost unlimited prospect for international business from Australia.

We will only do it, I think, by keeping the spirit of competition alive and by that I don't mean by allowing laissez-faire to run rampant, but by keeping the spirit of competition alive. I am sure those of you who are in management will agree with me - or some of you will - that the spirit of competition is a little uncomfortable sometimes for people in private enterprise. Because it is competition it does require harder work, it does require to go out and sell, it does require to make a better product and it is easier and simpler to avoid this if possible by having a merger or by arranging for price controls applying through an industry. This is not what I mean by keeping the spirit of private enterprise alive. But I think there will always be enough individuals in this country who will see that true competition does remain and if it does, and if government can be prevented from intervening too much and just provide guidelines, then, again, Sir, this Institute, if it can see that this happens, will have served a great national cause.

One more thing. I have opened my mind to you as to what I think is possible for the future of this country, as to the growth which is attainable, as to the riches which are there. I reiterate something that I said perhaps two and a half years ago or more. I want to see as much Australian control as possible of those riches as they grow, of those resources as they are discovered and developed. I can say this now with more confidence, perhaps, than I could before, because before, at once, I was attacked and people said, "If you say this, there will be no

capital inflow from overseas. If you say this, it will dry up and there will be no development." But we said it, we said that was what we wanted, and the overseas companies of significance understood that and have responded to it. And then we said we would put down guidelines for borrowing fixed capital inside Australia, and the more Australian equity there is in an enterprise, the more fixed capital will be able to borrow from abroad. And people said, "If you do that, you will frighten off overseas capital. It is a very skittish animal. It won't come." But we did it and overseas capital has continued to come.

Then we thought it would be helpful to do something about convertible notes so that a class of investor who required an income could invest in Australian equity, could invest in Australian companies and change that to equity when the companies were profitable, and that was another step. And then we put up - and some of the bankers here still don't like it - the AIDC, in order to help to see that if capital was able to be borrowed overseas at fixed interest for Australian development it should be done, and then paid off and the development remain in Australian hands. The capital from abroad is still flowing in, in spite of all these steps. And I say this to you, Sir, quite unrepentantly, I think they were good steps, I think they were good management and I think that in a few years' time, people will look back and say so, and that there will be more Australian ownership of Australian resources than there otherwise would have been, which in my view is good management.

But ask me back in a few years and see whether you agree with me on that. For the moment, I agree with you in your objectives and in the way you are seeking to attain them and I thank you for letting me come and talk to you tonight.
