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PRIME MINISTER'S CURTIN MEMORIAL LECTURE,
AUSTRALIAN NATIONAL UNIVERSITY,
CANBERRA, 29 OCTOBER 1975



Thirty-four years ago - October 1941 - in another great political upheaval and at a time of supreme danger for Australia, the House of Representatives asserted its unchallenged and exclusive right to make and unmake Australian governments. As a result of that assertion of its exclusive authority, John Curtin became Prime Minister of Australia.

It is timely to recall tonight the manner in which he achieved office and the manner by which the first Curtin Government, one of the very great, if not the very greatest of all Australian Governments, was maintained for more than two years thereafter. It was a Government formed solely through a majority of the House of Representatives and maintained solely at the will of the majority in the House of Representatives. Neither in attaining nor retaining the Prime Ministership did Curtin ever have to consider the state of the political parties in the Senate. Thus, in the most critical time in this nation's history, one of the strongest of our governments was sustained by the narrowest possible majority in the House of Representatives. But that bare majority was enough for the highest possible of all purposes - the security and survival of this nation. There could be no more striking proof - if proof were ever needed - of the power and absolute supremacy of the majority - even a mere majority - in the House of Representatives.

The Australian Labor Party has happened to form federal governments during significant parts of the three great world crises of the twentieth century - the two World Wars and the Great Depression. Naturally enough we have tended to believe that the people of Australia have turned to Labor for leadership in times of the greatest peril. This is only true in the very loosest sense. The elections of 1914 and 1929 which both resulted in the return of Labor Governments were in no way fought on the great international issues then about to engulf the world. And in Curtin's case, the government was formed not directly as a result of any election at all, but by the decision of the House of Representatives - by the will of the majority in the House of Representatives.

The prolonged political crisis of 1941 was about numbers in the House of Representatives. Throughout that crisis the Menzies Government and then the Fadden Government was supported by a clear majority in the Senate. But the numbers in the Senate were never a consideration throughout the turmoil. It was only because of his precarious position in the House of Representatives that Menzies sought to form a national government with Labor participation. He wanted to build a reliable working majority in the House of Representatives. He could not do that unless he had Labor support. He failed. He resigned. The Fadden Budget was then defeated by the votes of the two Independents, Messrs Coles and Wilson.

That is - the majority in the House of Representatives changed and therefore the Government of Australia changed. And with that paper-thin majority in the House of Representatives,

despite its minority position in the Senate, the Curtin Government went on to mobilise Australia and to steer Australia through the perils of 1942 and 1943. That Government was not only Curtin's vindication; it was a vindication of the authority of the House of Representatives, a vindication never to be forgotten.

It is especially worth recalling those days because the episode illustrates the novelty of the pretensions to make and unmake governments now being put forward on behalf of the Senate. The significant thing about 1941 is that throughout the period, the state of the Senate and the opinions of Senators were always irrelevant to the central issue, and totally irrelevant to the outcome. No historian today would view the position of the Senate which resulted from the 1940 elections as an important factor in the situation any more than did the politicians of the day - any more than Menzies or Fadden or Curtin took it into account.

Melbourne University is now publishing the second volume of the Caucus Minutes, the minutes of the Parliamentary Labor Party from 1901 to 1949. The most intriguing revelations - intriguing perhaps in more than one sense of the word - are about the period 1940 - 1941. In particular, there is the correspondence between Menzies, Curtin, Fadden, Earle Page and Beazley about the possible formation of a national government. In all that correspondence, you will never find the Senate mentioned.

In those days, by those men, in the great matter, the Senate was treated with the reverent silence due to all irrelevant anachronisms.

We do not however have to go back thirty-four years; recent as that is in terms of constitutional history we have to go back no further than our own experience - the elections of 1972 and 1974. The elections of 1972 were for the House of Representatives alone; whatever the result had been the state of the Parties in the Senate had to remain unchanged; an anti-Labor majority was guaranteed until at least July 1974. No Australian at that time considered that the Senate would be a crucial factor in determining the timing of future elections.

Nobody approached the 1972 campaign with any thought other than what Australians were doing then was electing a government for a normal three-year term. There might have been some fleeting thought given to the possibility of the circumstances by which Labor, if successful, might be brought to the need for a double dissolution. But certainly no-one seriously considered the possibility of the House of Representatives being forced to an election by the refusal of Supply by the Senate. And no-one considered the possibility of a double dissolution triggered off by the threat of refusal of Supply by the Senate. It has been a remarkable example of the unthinkable becoming apparently quite acceptable.

It has since appeared that the Government had barely taken office when the Opposition in the Senate began planning to use its numbers to force an early House of Representatives election. In the words of Senator Withers speaking in April 1974:

"We embarked on a course some 12 months ago to bring about a House of Representatives election."

The course of action was being prepared by Senators who had taken office one and a half and four and a half years before the Labor Government, and who had been elected two and five years before the Government. In the present crisis there has been a tendency to overlook the fact that the rejection of money Bills or the refusal of Supply by the Senate does not of itself and cannot of itself lead to an election for the Senate. It is aimed only against the House of Representatives. The fact that grounds may exist for a double dissolution on other issues is incidental. It may be politically relevant but it is constitutionally irrelevant. In April 1973 when this course was first contemplated there were no grounds for a double dissolution, no legislation had been twice rejected by the Senate with a lapse of three months between the first rejection and the second introduction. Nor when the rejection of the 1974 Budget was threatened last October did the grounds exist for another double dissolution. The slate had been wiped clean by the 1974 elections. The rejection of the Budget last year could only have led to a House of Representatives election.

The existence of grounds for a double dissolution now, on twenty-two Bills which have nothing whatever to do with the Budget, only obscures the real implications and the real intentions of the actions of the Senate. To accept the Senate's claims now would be to accept the right of the Senate to have the House of Representatives dissolved without itself having to go to the people.

It is now clear that behind the present constitutional struggle there is a wider political question the answer to which is central to the way in which Australia's whole political life will develop for the rest of this century and beyond. The question is not just whether this particular government, the Whitlam Government, will be allowed to govern for the term for which it was elected. The question is whether any duly elected reformist government will be allowed to govern in the future. What is at stake is whether the people who seek change and reform are ever again to have any confidence that it can be achieved through the normal parliamentary processes.

During my period as Leader of the Opposition I addressed myself to three principal tasks: to develop a coherent program of relevant reform; to convince a majority of Australians that those reforms were relevant; and to convince the Labor movement as a whole that the Parliamentary institutions were relevant in achieving worthwhile reform. The great organisational battles between 1967 and 1970, particular in Victoria, were essentially about that third task. It was the toughest of all.

I would not wish on any future leader of the Australian Labor Party the task of having to harness the radical forces to the restraints and constraints of the parliamentary system if I were now to succumb in the present crisis. It is clear that the basic attack which has been mounted against the Labor Government from April 1973 onward was not an attack on its competence or its effectiveness but on its very legitimacy - the legitimacy of any reform government now or in the future.

There is a certain poignancy for me in delivering this Curtin Lecture at a time of deep constitutional crisis and high constitutional drama. It was very much due to John Curtin that I first became concerned about the Australian Constitution. In 1961 I delivered the second Curtin Memorial Lecture under the auspices of the University of Western Australia branch of the Australian Labor Party. I said then:

"My interest in constitutional matters stems from the time when John Curtin was Prime Minister. The Commonwealth Parliament's powers were then at their most ample and it was constitutionally, if not always politically, more open to a Labor Government to carry out its policies than it is in peace time. John Curtin, however, saw that he was presiding over a passing phase. He was not content with the paradox that the Labor Party was free to enact its policies in times of war alone. Accordingly, in 1944 he sponsored a referendum to give the Federal Parliament post-war powers. His motives for holding the referendum were based on patriotism and experience. He argued the case with his full logic and eloquence. The opposition to the referendum was spurious and selfish. The arguments were false. My hopes were dashed by the outcome and from that moment I determined to do all I could to modernise the Australian Constitution."

The title of that lecture was "Democratic Socialism within the Constitution". Some years previously, in 1957, I delivered the Chifley Memorial Lecture in Melbourne. The title of that lecture was "The Constitution versus Labor". It would be fair to say that the difference in the two subjects expressed the development of my thinking over the intervening four years. In the Chifley Lecture I was concerned with the difficulties confronting the Australian Labor Party in carrying out its policies under the federal system. In the 1961 Curtin lecture, I emphasised the opportunities a Labor Government would have to carry out its policies under the federal system as it then stood and as it still stands. I summed up by saying:

"Members of the Parliament must accept the permanent necessity of seeking the people's consent before they can nationalise an industry. This should not be regarded as too stifling an inhibition in these times. Socialists are now more concerned with the creation of opportunities than the imposition of restraints. Within our own nation we do not have to ration scarcity but plan abundance.... The Australian Government has as much constitutional freedom as any other national government to plan the public sector in Australia and to make arrangements with other countries. Through its financial hegemony it can create better conditions in transport, housing, education and health; it can create new industries; it can create new communities. Through international arrangements it can share in the more orderly and equitable production, distribution and exchange of goods and skills. Socialists have to play the most dynamic role in the relatively skilled and affluent community inhabiting our remote, dependent and unevenly developed continent."

To a very great extent the broad lines of action I then foreshadowed were to form, after years of refinement and development in the Parliament and within the Party, the program on which the Party was elected in 1972 and which the Australian Government has endeavoured to carry out during the two Parliaments in which we have had a clear House of Representatives majority - the truncated twenty-eighth Parliament and this threatened, turbulent twenty-ninth Parliament.

One of the ironies of the present situation is that the philosophy of the program assumes acceptance of the rules - the ground rules of a system which is inherently conservative. The program accepts the limitations of the Constitution, the unwieldiness of the Parliamentary system as an instrument for executive action and the frustrations of the federal system. We accepted the rules of the game. In our innocence we thought that our opponents did too.

In practice the real difficulties in carrying out the program have not arisen in any serious degree from the obvious limitations imposed by the Constitution and the federal system. True, there has been obstruction and non-co-operation and often sheer bloodmindedness on the part of the States. And true, we have so far failed in attempts to secure amendments to the Constitution. These involved setbacks; but the Government can live with them. I know it would disappoint him terribly, but I must confess I never lie awake at nights worrying about Mr Bjelke-Petersen. I can easily put up with the pretensions of the Premier's palindromic pro-consul - or as easily put them down.

The really intractable difficulties, however, have arisen from problems quite external to the Constitution and the federal system. These have been political and economic, but the economic difficulties themselves have been vastly compounded by political distortions. So in a very real sense - without any attempt on my part to escape responsibility or to deny mistakes and misjudgements - Australia's present difficulties, not least the economic difficulties, spring from a gross and prolonged distortion of normal political processes.

I first put our economic problems in their world perspective but, equally, I do suggest that our ability to take national action to ameliorate the consequences of an international situation has been seriously compromised by an artificially-induced domestic political crisis.

When my Government was elected our aim was to finance our new programs from growth. But world-wide inflation and recession frustrated this objective. This is no mere self-justification. The whole industrialised world is currently going through the worst peacetime inflation on record and the deepest recession since the 1930's. Within the OECD, the membership of which includes virtually every industrialised country in the world, the average rate of inflation jumped from 3.9 per cent per annum in the decade 1962 to 1972, to 7.9 per cent in 1973 and 13.4 per cent in 1974. Real Gross National Product which rose at the rate of 5.4 per cent per annum in the decade to 1972 declined slightly for the OECD countries as a whole in 1974 and is expected to show a decline of about 1.5 per cent in 1975.

The OECD Economic Outlook stated on 17 July 1975:

"The present recession in OECD countries is the most serious since the war. It is remarkable not only for its length and depth - a third consecutive half-year of negative growth has now been recorded for the area as a whole - but also for its widespread nature: virtually every OECD country grew by less than its medium-term average rate in 1974, and no economy is expected to take up slack in 1975. The margin of idle resources in the OECD area is now the largest in the post-war period, with unemployment at record levels. The forecasts presented in the December Economic Outlook, and to a greater extent those being made at that time by national authorities, proved to be too optimistic. Industrial output in the major countries fell very sharply in the last quarter of 1974 and the first quarter of this year. The extent and simultaneous nature of the decline was unlike anything recorded in the post-war period. The combined GNP of the major countries, which was thought at the time to have increased marginally in the second half of 1974, is now estimated to have fallen, at an annual rate, by over one per cent. Output was expected to continue stagnating in the first half of this year; it may in fact have fallen at an annual rate of about five per cent. The December Economic Outlook gave reasons for supposing that the balance of uncertainties attaching to the forecasts was on the downside; but the extent to which this proved to be the case is astonishing."

There is no way in which Australia could have escaped being caught up in these disruptive world-wide economic developments. We are, after all, a major trading country, so what happens to our major trading partners - the United States, Japan and the United Kingdom - is bound to affect us. It is estimated that in the course of the recession industrial production fell by 20 per cent in Japan, by over 14 per cent in the United States and by over 8 per cent in the United Kingdom. Even West Germany, which has ridden out this storm better than most, suffered a fall in industrial production of over 11 per cent. What is more, these declines should be viewed against strong upward trends previously existing at least for the United States, Japan and West Germany; on this basis the loss of potential output has been much greater than these figures imply.

Against this background, the OECD forecast for a real growth of 2 per cent of GDP in Australia this calendar year is relatively good, disappointing by past standards though it may be. In the same period, the OECD expects real growth in Japan to rise by 1½ per cent and to fall by 2 per cent in Germany and almost 4 per cent in the United States. And overall, growth of real GDP in all the OECD nations in calendar 1975 is expected to be minus 1½ per cent. In an international situation such as this, it was inevitable that Australia would also be faced with sizeable economic problems.

Having said that, it is impossible to exaggerate the degree to which the impact of these world-wide trends has been exacerbated by internal political disruptions. It is impossible to exaggerate the additional pressures placed upon the Government in trying to ameliorate those difficulties. For the fact is that during two critical periods in the nation's economic cycle, the normal business of Government has been disrupted and interrupted. In his Calwell Memorial Lecture on 22 September the Treasurer, Bill Hayden, emphasised the disruption that had occurred because Australia was forced to have two general elections within eighteen months and which would occur again if Australia were forced to have a third election in less than three years. Mr Hayden said:

"Surprisingly, it is not widely realised that that very act of premature elections itself is enormously destabilising to the administration of this country.

"For instance, at the time of the double dissolution last year, the administration of national affairs was more or less in a state of suspension for something like three months during the election campaign and the post-election uncertainty until the marathon Senate count was completed.

"The distraction of the election diverted attention from detailed social and economic management, especially from the latter.

"The community should be aware that the economy cannot afford that again.

"In retrospect, it seems that there were a number of significant economic developments during that period which were subsequently to create problems.

"If the undistracted attention of the Government had been available to attend to economic management at that time, the ill effects of those developments might at least have been moderated."

That was the Treasurer speaking on 22 September. None of us really foresaw what would be happening a mere month later. Quite frankly we did accept at their face value the repeated statements made by the Leader of the Opposition. Clive of India contemplating the plunder he might have engorged confessed he stood amazed at his own moderation. Sometimes I stand amazed at our own trustfulness.

In this situation we should be concerned not only with the political disruption but the psychological effects that this disruption must inevitably have upon the economy, upon the people, and not least, upon the public service.

The Budget itself is a nicely balanced - even a precariously balanced - attempt to deal with the competing demands of pressing economic problems and of social justice. It is as adventurous and as imaginative a Budget as has ever been attempted in this country or in any comparable country. For any significant Budget, and this one in particular, at this time in particular, its effectiveness depends on a whole range of subtle, intangible, psychological factors. It was in recognition of this, for instance, that the Treasurer, very properly, very commendably, took a special step to ensure that the leader of the trade union movement - the spokesman for that section of the Australian community upon which the success or failure of the Budget must chiefly turn - should understand its underlying nature and purpose.

But what authority can a Budget have, what success can a Budget strategy have if it is delayed week after week - and those the most critical weeks in the financial year?

There is another very serious aspect of this present crisis which perhaps only those of us who have to live and work most of our time in this city will fully appreciate. This capital is, arguably, the most political and most politicised city in the world, not excepting Washington. We are not the only city created as the political and administrative capital of a nation. But the curious combination of isolation and intimacy in this city, of all the people who live and work in it, makes it a uniquely sensitive organism. It is extraordinarily difficult for the normal administration, the normal decision-making processes, the normal operations of the on-going public service to continue unaffected, uninterrupted - almost at any level - when this city is preoccupied by a political crisis. I think we are all aware of this. Without putting it too high, there is always a very real risk in Canberra that an overwhelming political preoccupation will mean administrative paralysis. I think it appropriate I should point this out here in this city and in this University, which gives Canberra its best claim to be a true city in the full meaning of the word. It is something of which everybody who has to make decisions about this present crisis should take note.

I want to put it to you that we have an extraordinary situation combining great international difficulties with artificially imposed political difficulties. Yet it is a situation in which the elected Government is determined to continue the business of Government and is duty-bound to continue the business of Government. The world's economic problems will compound Australia's problems and only a slow recovery can be hoped for. Encouraging signs are emerging; the wisdom of the Budget is now apparent - if it is allowed a chance to work. Nevertheless, highly undesirable implications of inflation impose a limit on the rate of recovery. Control of inflation is the Government's first economic priority. Unless inflation is curbed the nation's productive capacity will run down and job opportunities will diminish. Failure to control inflation would mean that the present undesirable - unacceptable - high levels of unemployment would worsen.

This Government rejects any policy of deliberately creating massive unemployment and widespread business failures in order to stop inflation abruptly but until inflation is controlled we will have to live with unemployment at a level that would, in other circumstances, be unacceptable; otherwise we will not be able to achieve our goal of full employment in the future.

The Government is adhering resolutely to its wages policy and to support of indexation. There already are indications of the value of its resolute stand. But we can only successfully continue that stand if the elected Government has, and is seen to have, authority and legitimacy.

The Government has adjusted personal income tax scales to give relief to those most in need from the higher incidence of taxation due to inflation and to remove the inequities from the income tax whereby the well-to-do benefited more from concessional deductions than those on lower incomes. The Government has not hesitated to intervene in industrial disputes that threaten its wages policy.

The Government is concerned to stimulate and maintain business confidence and to create an environment in which business will invest. Consistent with the Government's wishes the Prices Justification Tribunal has placed greater emphasis on future profitability and investment plans of industry. The Mathews Committee recommended a changed approach to the valuation of trading stocks for business purposes and the indexation of depreciation allowances. The enormous revenue costs and the practical difficulties of implementation left the Government no alternative but to set these recommendations aside and to adopt an alternative recommendation made by the Mathews Committee to reduce company tax and also to continue the system of double rates of depreciation beyond 30 June 1975, extending it to all sectors of commerce and industry.

Let me put this as succinctly as I can: the program of the Australian Labor Government has been designed to achieve and indeed has achieved a significant redistribution of the national wealth in favour of the majority but the base on which that redistribution has been achieved - and in a mixed economy the private sector must be a powerful part of that base - is not now strong enough to sustain the continuing upward redistribution of wealth or, perhaps, to sustain the great gains that have already been made.

As to the reality of the redistribution, let me instance two examples - employees and pensioners - that is, the overwhelming majority of Australian adults.

Average minimum award rates have risen by 55 per cent and average earnings by 45 per cent over the past two years - while the cost of living, as measured by the C.P.I., increased by 32 per cent in the same period.

Using a slightly different base period - between 1969 and 1974 - the average income of those aged 65 or over whose principal source of income is Government social service benefits rose by 74 per cent while the C.P.I. rose by 38 per cent. For those people it represented a rise in real income in that period of around 26 per cent.

I must emphasise, however, that in our mixed economy the base on which these advances have been made must be strengthened. Not least of the purposes of the Budget - this tremendously important Budget now put in a sort of limbo by the Senate - is to strengthen that base by increasing the profitability and viability of the private sector. A couple of months ago, business might have said that the one thing needful to restore confidence was a change of Government. Increasingly business now recognises that the one thing needful is to pass the Budget, to end the present political crisis, to let the elected Government govern.

I return to the beginning: the basic principle is that the elected government must be enabled to govern and that the elected Government is made or unmade through the House of Representatives. I quote Quick and Garran first in time and first in authority on our Constitution - writing at the time of the founding of the Australian Parliament:

"The House of Representatives is not only the national chamber; it is the democratic chamber; it is the grand repository and embodiment of the liberal principles of government which pervade the entire constitutional fabric. It is the chamber in which the progressive instincts and popular aspirations of the people will be most likely to make themselves first felt... by the Constitution, it is expressly intended to be such a House, and by its organisation and functions, it is best fitted to be the area in which national progress will find room for development."

I put it to you with all earnestness: it is because this Government has attempted to make this Parliament the instrument for reform, for long overdue change, for progress, for the redistribution of wealth, for the uplifting of the underprivileged, for the reduction of the privileges of great wealth and deeply entrenched vested interests, an instrument towards equality of opportunity for all Australians, that our opponents and those vested interests have from the very beginning, as Senator Withers revealed, embarked on a course to destroy this Government at the earliest opportunity.

I fully expect that the authority of the House of Representatives shall be asserted and established - quite soon and in such a way as to assert and establish it beyond doubt for all time. I fully expect that the authority of that House will be as successfully asserted and established, in a very different time, in a very different context, but with the same significance and value for this nation as it was 34 years ago - as it was to make the greatest of all my predecessors - John Curtin - Prime Minister of Australia.

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