

Policy Launch Speech: Joseph Lyons, Opposition Leader (UAP)

Sydney Town Hall, 8pm, 2 December 1931

“The United Australia party, in common, I believe with the great majority of the electors of Australia, welcomes this election,” It gives us an opportunity of placing before the people the choice between sound, honest finance and government as against fantastic schemes of inflation and political control of currency and credit.

Our kinsmen in Britain have just emerged triumphantly from such a test as that to which our Australian electors are now to be put. I feel sure that the sturdy and solid common sense, which is characteristic of our race, will assert itself here as it has in the motherland. We are faced with a world crisis of low wholesale prices, of unemployment, and of monetary disturbance. We cannot by any action in Australia alter the prices which our exporters have to accept. Nor can we alter the general monetary system of the leading countries of the world. Experiments in the political manipulation of credit or currency within Australia are obviously very dangerous to our permanent interests.

The need of the moment in Australia is plain to all. We all desire a return to a level of general prosperity which will employ our people and restore confidence and happiness to thousands of distress and broken homes. We require full opportunity again for the youth of Australia which month by month, reaches a working age. I believe this restoration is within our reach at no distant date if our Governments, and particularly the Government of the Commonwealth, proceeds down the same sound lines which have ever been the sure highway of the British people the world over. There is a definite evidence of an upward trend in world price levels.

One thing, however is absolute necessary before our people can benefit from a recovery in prices. There must be complete restoration of confidence in Government finance and absolute maintenance of belief in the soundness of our banking system.

What then should be the policy and actions of our Federal Government? Surely it should be to adhere unflinchingly to the principles and practices of finance which have been tried and proved throughout the British world, and which have been perhaps the greatest factor in the building of our mighty Empire. Surely it should be to avoid crazy schemes for the creation of unreal money.

If we are returned to power this is the road we will follow, and I am confident that when it is followed, and when we demonstrate to our people and to the outside world that it is our intention to adhere to it, from that day on every day will be a better day for the Commonwealth.

I do not say that Mr. Scullin and his colleagues were responsible for the depression but I do say that they have by their conduct enormously aggravated and increased the depression and that they have been directly responsible for the unemployment of scores of thousands of good Australians who are now idle and destitute. That is my charge against the Government, and is why we of the United Australia party deemed it our duty to defeat the Government and bring it before the masters in the country.

For proof of these charges we have but to turn to the sordid story of the Scullin administration. Two brief years ago Mr. Scullin was elected to office with the largest

single party the Federal Parliament has known . A week ago the Government was defeated by 27 votes to 28, and those who voted against it included no fewer than 10 members who had belonged to that party.

The supreme duty of the Labour Government in the difficult circumstances in which it found itself was to uphold the financial honour and credit of the country. How did the Government acquit itself in that vital task?. I say that its failure was absolute. Not only did it fail utterly to uphold the financial honour and credit of Australia, but by one action after another it disparaged and discharged them.

The first act of folly and dishonour was the failure to carry out the Melbourne agreement of August, 1930. Mr. Scullin as Prime Minister signed that agreement before he left Australia for the Imperial Conference. National bankruptcy and default were the plain and inescapable alternatives to the performance of the agreement. Default would inevitably be attended by financial collapse and national ruin. Mr. Scullin recognized this in signing the agreement, and he sailed for London, leaving matters in the hands of the Cabinet and party.

The excellent results that have attended the ultimate economy plan which was adopted some nine months later proved conclusively that had the August agreement been honoured by all the Governments much of the industrial decline, and increased unemployment which marked those nine months would have been averted. Moreover, the reductions agreed upon in August, 1930, were not nearly as severe as those which were ultimately adopted in the economy plan. For example, the average reduction in the salaries of the Public Service proposed in August would have been 11 per cent. The drift which the Government allowed to take place compelled the adoption in the economy plan of a reduction in the cases of Public Service salaries of 20 per cent, to which it was necessary to add a reduction of 20 per cent in war pensions and 12.5 per cent in old-age and invalid pensions.

Mr. Scullin was scarcely out of Australia however, before a majority of his so-called supporters, despite protests by Mr. [illegible]ton and myself, decided to vote in caucus to dishonour the Prime Minister's undertaking and to repudiate the agreement. Meanwhile the drift in the Federal financial position grew worse.

Sound, time-honoured finance, which has never failed, and will never fail, did not appeal to the caucus. Out of this position came the first of the many fantastic and dangerous currency proposals of Mr. Scullin's followers. These cranky and amazing schemes are fresh in your memory, and I do not propose to set them out in detail.

There was, first, the Gibbons scheme, of which by the way, the real author was generally believed to be Mr. Theodore, who was then temporarily out of office for reasons well known to you.

Soon afterwards Mr. Theodore was back in the saddle at the Treasury. He lost no time in displaying that particular brand of financial genius for which he has become notorious. He evolved the great project which was to bring about in miraculous fashion a return within Australia to the price levels of 1929. We were one night to go to bed with wheat worth 2/ a bushel, and wake up on the morrow with wheat booming in the market, at 6/. Similarly, wool was to enhance threefold, and likewise base metals, and, indeed, all other commodities . Employment was to be found for 100,000 idle workers, and the national income was to rise by £100,000,000 within a year. It all sounds incredible now, but Mr. Theodore actually had the audacity to urge this preposterous project upon the responsible bankers of Australia. Needless to say, the

bankers would have none of it. Then came Mr. Theodore's Fiduciary Note Bill, by which a first instalment of notes to the nominal value of £18,000,000 were to be issued by the Treasury. That measure was very properly and promptly rejected by the Senate. In passing it is of importance to recall that when Mr. Theodore was asked at a meeting at Ballarat if the amount of £18,000,000 could be exceeded, he replied, in effect, that there was no limit to the creation of notes by this process.

All through this critical period, the Government was warding off default by living on the already strained resources of the Commonwealth Bank. It became clear, however, that if the stability of the bank was to be preserved this accommodation must be brought to an end, Sir Robert Gibson, therefore, informed the Government that nothing more was to be expected from the bank.

Sir Robert Gibson deserves that compliment from you, the people of Australia. The position of the Government, then became desperate, all of its fancy schemes had failed absolutely. It could borrow no more from the banks. Default and the inevitable tragedy attending it loomed ahead. Then, and not until then, did Mr. Scullin, at the June conference of Premiers, agree again to attempt sound and honest finance, and to participate in what has become known as the economy plans.

Throughout this period, the Opposition had not only urged the Government to curtail expenditure and make a resolute endeavour to live within its means, but went as far as to offer to share the responsibility for this necessarily unpopular action without being granted any share of power. Mr. Latham, speaking on the Budget before the August agreement was even proposed, moved in the House of Representatives for a reduction of Government expenditure by £4,000,000, and set out in detail how this could be done. Mr. Latham saw a fit further ahead than most of us were able to see. Mr. Latham has played a big patriotic part. After the 19th of this month he will play and even bigger part on behalf of Australia.

The Opposition from the moment when the state of our national finances became fully disclosed never ceased to advocate the principles which were ultimately adopted in the economy plan. Indeed, as everyone knows, the economy plan could never have been carried into effect by Mr. Scullin and his Ministerial colleagues who remained with him without the support and votes of the Opposition.

This is not the time for facile promises. It is easy to promise, but the recent bitter experience of Australia has shown that it is very often difficult to perform. I refuse to bid for votes by making rosy promises. I will go no further than this. I will set out clearly to general terms the chief steps we propose to take but I will ask you to entrust to me and the party to which I belong a generous measure of confidence. I will ask you to trust us to meet difficult situations as they may arise with such action as we may consider necessary in the best interests of the people or Australia as a whole. In return for that confidence I will pledge my party to serve the people of Australia sympathetically, and to avoid the imposition of hardship on any one section of the community as against any other.

The restoration of complete confidence in Australia must be the first duty of any Federal Government which truly serves the people. Our finances must be conducted in a way which will stimulate and sustain complete faith in the financial stability and honour of the Commonwealth. When that confidence is completely re-established as I believe it can easily and immediately can be, I think that we shall be surprised at the rate at which will achieve a substantial partial recovery throughout industry and

employment. The fear of Government default has been a very heavy contributing factor to this depression. The removal of this fear will lead at once, we believe, to a substantial recovery.

If returned to office we will therefore proceed by every means within our power to balance the budget – in other words, to show that we can live within our means. This would immediately give industry and business within Australia, as well as to the great interests outside Australia which are concerned with our welfare, a sense of security which they have not enjoyed under the Scullin Administration. We will endeavour to make Australia an attractive field for investment of money.

At present a crushing burden of taxation upon industry is one of the strongest contributing factors to unemployment. Further Government economy, therefore, which reduces taxation will lead directly to more employment. Happily, there is a prospect that as the individual and national income rises taxation rates can be reduced. In my opinion, industry may look confidently forward to some substantial reduction in the demands which the Government to-day is compelled to make on it.

Already the economy plan has done a great deal for Australia. It has partially restored our credit, which is clearly shown by the reports of doings on the Stock Exchange,. There is definite evidence, however, that the Scullin Government, if returned to office, does not intend to adhere to that plan. That is clearly shown by recent speeches of Federal Ministers. Mr. Theodore is still determined upon demented schemes of inflation and the overthrow of our present system of banking. Inflation and the political control of banking must surely destroy any sound economy plan that was ever devised.

My party holds no special brief for the banks. We do however, hold a very special brief for some sound system of banking for Australia. Without a sound and trusted banking system prosperity can never return to us. In his projected war against the banks, Mr. Theodore does not contemplate a genuine Central Reserve Bank under non-political control. That would not serve his alien political purpose at all. The one sure shield that has defended Australia from inflation schemes which would have brought disaster upon all has been the Commonwealth Bank Board as now constituted. Obviously Mr. Theodore contemplates a great monopoly banking system under direct political control. If he should succeed in that design Australia might as well put up her shutters.

The workers cannot be too often reminded of the irrefutable fact that deliberate currency inflation is invariably progressive. Raising money by the use of the printing press is a simpler process than raising it by taxation, and to the unscrupulous politician lacking in courage it is more attractive. No country that has resorted to politically managed inflation has escaped tragedy and painful and prolonged reconstruction.

The depression has served to remind us all, in the country and city alike of the almost unique extent to which Australia depends upon the prosperity of the men on the land. No sooner had we suffered this collapse in price levels for wool and wheat than unemployment among every kind of manual and clerical city worker began to increase in an alarming manner. The simple truth is that the export value of our primary produce is the infallible index to the prosperity of every home in the Commonwealth. Clearly, therefore, the first duty of the next Federal Government in

Australia, after it has put its financial house in order, is to investigate every avenue which promises encouragement to production from the land.

This Federal Government outside the territories does not engage in land settlement. There are directions, however, in which rural costs may be reduced. Such opportunities will be fully explored. Unless rural prosperity is revived there can be no revival generally.

Let me say at once that the majority of the members of the party which I lead have taken strong exception to the tariff schedules introduced into the last Parliament. This attitude has inspired propaganda by the extreme section of protectionists, directed to prove that the Opposition is a party which stands for a policy of low protection that would not safeguard sound Australian manufacturing from excessive overseas competition or uphold Australian standards of living.

Electors will bear in mind that on the Opposition side of the House there is no "whipping" on the tariff. Members vote as they please. One fact, however, shines out clearly. The Nationalist party, which is now included in the United Australia party in the Federal Parliament has ever been, like its predecessors the old Liberal party, staunchly protectionist. In fact, with very little exception indeed, the Nationalist and Liberal parties have been responsible for the protective tariff under which Australian manufacturing has grown up and flourished so impressively during the past 30 years. That policy is still maintained by the Opposition. The Nationalists and the Country party stood firmly behind the Pratten tariffs. A substantial majority of the Opposition object to the tariff making of the Scullin Government on two main grounds – the wholesale raising of duties by arbitrary Ministerial action and without reference to the Tariff Board, and to the subsequent brushing aside of Tariff Board recommendations.

Further, they object to tariff-making of a prohibitive kind which they deem surely calculated to breed monopolies. They did not object to the special emergency tariff prohibitions and surcharge duties for the adjustment of the balance of trade, although they did ask that a time limit should be placed upon them. They believe, too, that such emergency measures should be subjected to ratification by Parliament within a reasonable time.

As to the future, the United Australia party would not even where it has any disagreement with particular tariff items, engage in sudden drastic changes upon Ministerial initiative, and without investigation by the Tariff Board. We believe that tariff changes of such a character may easily prove bad for industry and business generally and consequently for employment. Where the tariff has been raised to what may be considered excessive levels without reference to the Tariff Board, we would submit cases for hearing as soon as practicable, and we would in broad principle abide by the recommendation of the board. We do not believe it possible to remove tariff-making from Parliament, but we strongly favour full investigation by a non-political tribunal before duties are altered. We fully recognize the great importance of local manufacturing and of the dependence of a great section of our farmers who do not produce for export, upon the consumption demand of the industrial workers.

I need scarcely say that the United Australia party stands for the fullest attainable measure of preferential Empire trade. The abandonment by Britain of the old free trade policy appears to open the way to a great extension of reciprocal tariff agreements between the two countries. As soon as the British Government is ready

for action we would gladly enter into trade negotiations. Every step should also be taken to extend preferential trade agreements between Australia and other dominions.

The Commonwealth Constitution can be amended by the joint action of the Commonwealth Parliament and the people of Australia. Amendments cannot be made without a referendum. On this occasion no constitutional amendments are being submitted for the approval of the electors. We do not regard the Constitution as a perfect instrument of government, but we think that constitutional changes, which may be far-reaching in their consequences, should be made with the greatest care and after full investigation.

On the fundamental issue of the maintenance of the Federal principle I desire to leave no room for doubt. We do not believe in unification. We do not think that the people of Australia would gain anything by conferring on the Federal Parliament the power of governing everything from Canberra. The great variations of local conditions in widely separated parts of our great continent, the necessity for precise knowledge of these conditions if legislation is to be properly adapted to the circumstances of the people, the desirability of as close contact as possible between the people and their Parliamentary representatives, the vast amount of valuable work done by State Parliaments in the past and at the present time, and the strain imposed upon a Federal Parliament working even under its present limited powers – all these facts are strong arguments against conferring power upon the Commonwealth legislature to control the whole of the government of Australia. And may I say here I hope it will not be long before you have a chance to change it. If the Government of New South Wales will not co-operate with us, then the time is not far distant when Mr. Bavin will head a Government that will.

The general principle which should govern any amendment of the Constitution is that broadly speaking the National Parliament should deal with subjects that are truly national and that the State Parliaments should deal with other matters. The present subdivision of Australia into States cannot be regarded as permanent. There are areas in Australia, particularly to New South Wales which are demanding greater recognition of the principle of local self-government. The provisions of the Constitution with respect to the creation of new States are vague and ambiguous. We consider that these provisions should be amended and clarified.

Another very important subject is that of industrial powers. This legislation should be on such a character as to secure justice to the partners in industry, both employer and employee, as well as to the community, and at the same time to enable them to exert and reap the full benefit of their capacity, initiative and enterprises. It cannot be said that our industrial legislation taken as a whole has achieved those objectives. The over-lapping between Federal and State Courts and awards is a constant cause of friction, and does no good to anybody. It is obvious to all that they system requires reconsideration. The people are weary of industrial strife. The problem must be solved, in the last resort, by industry itself, not by Parliaments. Probably less legislation will be better than more legislation. There are some matters which, it will upon a uniform basis throughout Australia – such as the basic wage and standard hours. Other matters, depending as they do upon facts and circumstances which vary throughout the Commonwealth, might better be dealt with by local tribunals. Under existing constitutional powers, the Commonwealth Arbitration Court can only deal with particular interstate disputes, which are brought before it by the parties interested. If returned to power our object would be to make any amendment of the

Constitution which would resolve these difficulties, reserving local matters to local authorities. We should allow industry itself a greater part in assisting towards the real objective of such legislation, namely, the success of Australian industry by the establishment of fair relations between employer and employee. The return to prosperity largely depends upon the existence of good feeling and genuine co-operation between Australian employers and Australian employees. It will be one of our principal objectives to do everything possible to achieve this end.

It may be necessary to consider some special amendment of the Constitution to deal with the case of a Government – such as the Government of New South Wales – which by persistently refusing to meet its obligations, not only imposes unjust burdens upon other parts of the Commonwealth, but also gravely injures and possibly destroys the credit of the whole community.

Inspired and direct from Moscow, the ugly serpent of Communism is becoming more active and aggressive in Australia. This movement is anti-Australian, anti-British, and anti-religious. It seeks to overthrow the present system of government, not by constitutional methods, but by force. There are already several Communist newspapers circulating in Australia. They carry no advertisements, which are the usual means of newspaper finance. But they publish orders and directions from Moscow and circulate propaganda intended to spread the most damnable doctrines.

The active agents of Communism in Australia seem for the most part, to be people of foreign birth. It is directing its efforts particularly towards white-anting the unions in the transport industries, and the recent shipping strike and the railway strike in Queensland, both of which were engineered by militant minorities and not by the recognized union, are examples of its attempts to dislocate the transport of the Commonwealth and to inflict the gravest possible injury upon all our industries. We shall use every effort within the law to deal with this menace and to save Australia from its deadly threat. Anything necessary to destroy Communism and to deal with Communists we will do promptly.

The first duty of an Government is to secure the safety of the people. Whilst fully supporting the League of Nations and all movements for international peace and disarmament. Australians would be most foolish if they shut their eyes to the fact that they live in a world of armed nations, one of which, Russia, has made no secret of her determination ultimately to overthrow by force those other nations which are pursuing different political and economic ideals to her own. Defence policy in Australia should not be the sport of party politics, but should have in it the important element of continuity.

The United Australia party reaffirms its fidelity to the policy of preference to returned soldiers.

Attempts will be made to show that the Scullin Labour party and the Lang Labour party are distinct entities. This is so in form but not in reality. They represent the same movement. At the moment they are divided by savage personal jealousies, animated by selfish, unworthy ambitions. They are, however, in reality the one political party controlled by the same brand of Trades Hall extremists into whose hands political Labour has recently fallen. The mad financial schemes and irresponsible actions of Mr. Lang smashed the great savings bank of New South Wales. Will you people of Australia give to Mr. Theodore, with his equally mad financial schemes, an opportunity to smash the whole banking system of Australia? (Cries of “No”!) If it

had not been for the breaking up of the Scullin Government, in which Mr. Fenton and I took the lead, that already might have happened. Let us see to it on polling day that it cannot happen in the future.

I firmly believe that Britain has set an example which Australia will not hesitate to follow. Moreover, I believe that as soon as we follow that grand example we will have taken a decisive step which will be at once attended by the beginning of happier days for our people. I can give you no better advice than to tune in with Britain. Trust the United Australia party as the British people trusted the United British party. Turn a deaf ear and a blind eye as they did to proposals for financial tricks and devices. Resolve as they did to stick to the old sane ways in government and in finance. Do as Britain did, and by an overwhelming vote on the 19th demonstrate your faith in your country, and win back to Australia the confidence of her own people and of all the world.”

Mr. Lyons, at the conclusion of his speech, was accorded another ovation.

Source: [3 December 1931 The Sydney Morning Herald Page 9]