

Policy Launch Speech: Joseph Lyons, Prime Minister (UAP)

Town Hall, Sydney 13 August 1924

“ When I spoke in the Sydney Town Hall a little more than two and a half years ago, I told the audience that if they entrusted the United Australia party with power they would endeavour to do three things – restore the finances; live within their income and pay their way; and clear the road for the revival of industry. I now appeared before the people of Australia to give an account of their stewardship, and to ask for a renewal of confidence. I am not foolish enough to claim that the great transformation is all due to the Government’s policy and administration.

I recognize, that it is due in the main to the courage and sustained effort of the people themselves. I recognize also that the country has benefited by the great rise in the price of gold and by the rise in wool values, although the wool rise did not take place until last year, when the general upward movement had well begun, and its effects were somewhat discounted by the lower prices for other export commodities. But I do claim that the Government by its policy of sound and honest finance, created the atmosphere, and maintained the conditions, essential for the restoration of sound economic life. The first task, has been to rehabilitate the good name of Australia, which had been so sadly tarnished by the Lang Government in New South Wales. With the dismissal of the Lang Government, Australia had breathed freely again, and the way had been open for sane counsels and honest management.

We have attempted nothing spectacular, We have eschewed the monetary cranks and spurned the miracle workers. We have stuck to proved methods, honest value, and honest money. But if we have attempted nothing spectacular in our methods of Government, I think we are justified in claiming that our efforts have resulted in what must be regarded as one of the most spectacular economic recoveries the world has known.

But while we can rejoice that we have traveled far from the dark days in which the Government took office, we are not yet out of the wood, we have still a steep climb ahead before we reach the top of the hill.

The present election is unusual, in that there are the people parties each of which have been in office within three years. At bottom, the Federal Labour party, led by Mr. Scullin and the State Labor Party, led by Mr. Lang, have substantially the same programme and objective. I do not impute to Mr. Scullin the recklessness and irresponsibility of Mr. Lang, and I do not for one moment place him in the same public category, but, nevertheless, I wanted to point out very definitely that the alternative in the present Government is a Scullin-Lang combination. In the forefront of their programme is the nationalization of banking and socialization of credit.

After examining the proposals for nationalization of banking, Mr Scullin and Mr. Lang do not want an independent governor of the Commonwealth Bank any more than they want an independent Commonwealth Bank Board. They want a puppet, who will be amenable to political pressure and who will have elastic ideas about the expansion of credits and the issues of sales of notes. It is not nationalization of banking they are after, but politicalisation of banking. They want to prepare the way for crazy schemes of note inflation. That is the issue. My earnest advice to you is to let well alone. Let the Commonwealth Bank alone! I have enough confidence in the good sense of the Australian people to believe that at this election they will give the would-be wreckers such a salutary lesson that they will not raise the issue in this country again.

My Government, has based its economic policy on the following fundamental principles:-

(1) We prefer the preservation and improvement of the existing economic structure to the adoption of wild and revolutionary schemes which threaten disaster to the people. We aim, therefore, at the improvement, and expansion, of external markets for our export industries and at the safeguarding of the domestic market for all our industries, both primary and secondary.

(2) Australia is a loyal part of the British Empire. The continued economic prosperity of the Empire can be fostered by a carefully adjusted exchange of trading advantages between the mother country and the Sovereign dominions.

(3) The restriction of production and export can never be willingly accepted by Australia, because it would not only most obviously check the progress of our country, but would also, in view of the determination of Australia to meet her overseas obligations, threaten the solvency of both the Commonwealth and the States.

(4) The continued growth of economic nationalism is a menace to Australia's prosperity. Australia must, therefore, seek mutually advantageous trading relations with foreign countries and must take steps to improve her position in foreign markets.

(5) Until full world prosperity is restored. It is the responsibility of the more fortunate sections of the community to help those who are still feeling the strain of depression. This aid is required by some primary producers, by some States, and by the unemployed.

(6) The free and successful pursuit of business and industrial activity, and the restoration of employment depend on stability and confidence, not only in the public finances, but also in the sphere of private finance. There must be no political interference, therefore, with the basic principles of currency, banking, and saving the saving of the people must be safeguarded, and the stability of the currency must be jealously guarded.

Throughout its term of office, the Government has constantly emphasized the importance of the primary industries to Australia's welfare. Its policy was to foster the maintenance, and extension of the demand for Australia's export products, while placing in the forefront, at all times, the importance of Empire trade. The Ottawa Agreement stands out as a striking example of an effort to increase trade between groups of countries. Unfortunately, there is a disposition in some quarters to take extreme views on this question. One extreme section saw in the agreement a threat to Australia's secondary

industries. The other extreme section professed to see, in Empire trade, a solution of all Australia's marketing difficulties, if only Australia would reduce her tariffs still further. Both of these sections did Australia, and the Empire, a great disservice in pressing views which disregarded the facts. Sound advocates of Empire trade, both in Great Britain and Australia, freely acknowledged that such a policy could not solve marketing difficulties regarding wool and wheat. There were also reasons why exclusive Empire trade was impracticable at present for other commodities.

Of all the primary industries, wheat, upon which so large a proportion of the national income depended, had suffered most acutely, and the Government had accepted the interim recommendation of the Wheat Commission that, on the basis of a price of 3/ a bushel for wheat, free on rail at the principal shipping ports, a system of relief to the extent of £4,000,000 was necessary for the coming season. This amount would increase if prices fell below 3/ f.o.r. at principal ports, and would decrease if prices rose above that figure.

Practically every primary product, except wool and other products of the pastoral industry, has been subsidized in some way or another. This system of subsidies cannot endure indefinitely. If the present depression is temporary, they may be sufficient to enable the industries to tide themselves over the difficult period. The Government is not convinced that it is necessary to act upon the basis that the conditions of recent years will be the normal conditions of the world. It considers that if this is so, some radical reorganization must take place. Oversea conditions fix the price of our exported products. It may be that world conditions will not improve. If this proves to be the case, it may be necessary to contemplate general schemes for home-production prices. The introduction of such methods involves some control of the industries concerned. There is a very real danger of such schemes developing either into direct control of industries by Governments, or, if what is called "producer control," were established into a series of acute conflicts between sections of the community (producers and consumers), which may ultimately be settled only by some form of Government control.

The Government, recognizes that there is also an obvious risk of any scheme for guaranteed prices resulting in over-production and consequent failure of the scheme with disastrous consequences to those who have been induced to enter the industry. If conditions continue to be unfavourable to our exporting industries it may however, be necessary to consider the introduction of such a scheme, in spite of its difficulties. The Government does not exclude this possibility, but hopes that it will not be necessary to take action to meet it.

The rise in the price of wool last year, however, and the recent encouraging rise in the price of wheat show that the low level of prices is apparently not permanent, and that improvement is possible. For the present, therefore, the Government proposes to continue the system of protection and subsidies in the case of primary industries. The Government does recognize, however, that the volume of debts of primary producers is so great in many cases as to make efficient production impossible. The Government proposes to raise by means of a recovery loan a substantial sum for the purpose of

affording relief in proper cases. It is necessary to consider carefully how, and in accordance with what principles, the money should be applied.

We cannot accept any general principle that a man who gets into debt, whether he is engaged in primary or secondary industry, is entitled to have his debts reduced or paid by a Government. The exporting primary industries, however, are so important to the community, and the impossibility of giving them adequate assistance by any tariff provisions, and the objections in principle to any permanent system of assistance based on subsidies, are so apparent, that it is necessary to give special consideration to the problem which arises.

The powers of the Commonwealth Parliament are very limited in relation to these matters. The Commonwealth Parliament can provide tariff protection, and can grant subsidies upon the production or export of goods. It cannot, however, deal with such subjects as mortgage, liens, and other claims, or with interest rates or with debts generally. Nor has the Commonwealth any control over land legislation. The Commonwealth Government has pursued a policy that has assisted towards the reduction in interest rates that has taken place since it assumed office. The maximum bank overdraft rate to primary producers is now 5 per cent and the Commonwealth Bank rate in rural advances is down to 4 per cent and 3 ³/₄ per cent in special cases.

The only way in which the Commonwealth Parliament could deal with debts, whether secured or unsecured, would be by means of its power to legislate on bankruptcy and insolvency. Even if by some ingenuity, legislation to deal with the subject under this power could be evolved, it would be resented by those who required assistance, would be objectionable in principle, and would raise difficulties in administration on a Federal basis. The policy of the Governments of Australia, as a whole, has been directed towards the prevention of collapse and the avoidance of bankruptcies. It would be very unfortunate, particularly at the present time, for the Government to legislate on the subject of the debts of primary producers, or others by some device under the power to pass laws with respect to bankruptcy and insolvency.

The Government has come to the conclusion that the best method in which it can help towards putting primary industries on a sounder basis is by inviting the co-operation of the States. The States are not limited in power in the same way as the Commonwealth, and they would be able to introduce, and administer, any system which was approved by their Parliaments. The Government does not propose to deal with this matter by any such method as summoning a Premiers' Conference, and hoping for agreement between the States and the Commonwealth. What it proposes to do is to make money available to the States to be spent by State Governments, under schemes approved by their Parliaments, provided only that the contributions of the Commonwealth are devoted towards the purpose of relief of those engaged in primary industry in cases where financial assistance will be a real help towards efficient and payable production. It is not proposed that the Commonwealth Government should review the details of State schemes, but the Commonwealth Government is not prepared merely to provide a sum of money for the States without Parliamentary guarantees that the money will be devolved to the purposes for which the Commonwealth in fact, provides it. It is recognised by the Commonwealth that circumstances differ in the various States. Proposals which might be very suitable to

the conditions of one State might be quite unsuitable in another. It is for this reason that the Commonwealth Government does not propose to hold a Premiers' Conference in order to seek general agreement, on the matter—agreement which it would probably be very difficult to reach. This scheme is particularly directed towards the primary industries on account of the special difficulties under which exporting industries suffer in Australia, and because, as the recent report of the Wheat Commission has so clearly shown, many of our people engaged in primary industry are in very grave difficulties indeed.

In my policy speech of 1931 I gave the undertaking that I would follow an unmistakable policy of protection to all soundly economic manufacturing enterprises. I undertook that the Government would engage in no arbitrary tariff reductions, but would follow in broad principle the recommendations of the Tariff Board. Those undertakings, have been completely honoured. It was with great satisfaction that I observed the results of this policy. The figures which recorded industrial activity show that, bearing in mind the crisis through which they had been passing—manufacturers had made real progress during the life of his Government. The chief credit for this fine performance, lies, of course, with the manufacturers and their employees, and the efficiency, ingenuity, and courage with which they have faced their task. The Government may claim that the large number of tariff reductions, which, after inquiry by the Tariff Board, it has made in the interests of the primary producers and under the Ottawa Agreement have been made without detriment to our secondary industries. Our tariff and treaty policies have helped a multitude and have injured none; they have re-employed many thousands of idle hands. In short, while maintaining and expanding all sound Australian secondary industry and carefully protecting our manufacturers from foreign dumping, our tariff policy has been, one of very widespread relief to all sections, and especially to the men on the land. For the future, we propose to proceed along the same lines, except that there will be further collaboration between the Customs Department and the Commerce Department in the matter of treaty-making. The Ottawa Agreement will be coming up for review, and will be reviewed to a sympathetic spirit. The Government, while adhering to its policy of adequate protection for all deserving local primary and secondary industries, and while honouring its treaty obligations to Britain, will also have regard to the necessity for safeguarding our general export trade by treaties with foreign countries that are large purchasers of our primary products. The making of a treaty with another country is essentially a matter for negotiation and it is not practicable to conduct negotiations of this character through the Tariff Board. The Government, therefore, proposes to ask the new Parliament to give to the Minister power to negotiate such treaties and, in accordance with the practice which has been adopted in many countries, put them in force immediately by proclamation subject to the proviso that they must be ratified within a fixed period by Parliament itself. Unless the degree of elasticity is allowed, it does not appear to be possible to deal with the many questions which will arise in the arrangement of trade treaties with some of our best customers. This will not preclude consultation with the Tariff Board in regard to them. Since Federation, events have shown the necessity for some such body as the Interstate Commission in order to investigate matters arising between the Commonwealth and the States. For instance, the complaints of the smaller States as to disabilities; suffered by them as the result of Federation had led

to the appointment of several Royal Commissions, and finally, of the Commonwealth Grants Commission. In the course of their investigations, allegations had been made of difficulties arising as between States, notably in respect to what was called “dumping” in interstate trade. The Commonwealth Parliament clearly has power by virtue of section 51(1) of the Constitution relating to trade and commerce among the States to control unfair competition of the kind described.

Manufacturers in the smaller States complained that whereas their rivals in the larger States had already the advantage of a large home market and were protected against unfair overseas competition and dumping, they, the manufacturers of the smaller States, had no protection against unfair dumping from their rivals in the larger States. There was no doubt that the investigation of such complaints would be a suitable function for an Interstate Commission to discharge.

The special purpose of the Interstate Commission as contemplated by the Constitution has been to control unfair discrimination and preferences by interstate carriers, especially State railways; and special powers had been given to it in this connection. But it has been anticipated that it might have a wider usefulness in relation to the administration of interstate commerce laws generally.

It is not to be assumed, that the main function allotted to the Commission by the Constitution — to control unfair discrimination in railway freights—is one that is not required to-day. Complaints are often voiced that such discrimination exists and that there is no authority to control it. The Commonwealth Government has come to the conclusion that there is a real necessity for an interstate Commission as a working part of the Federal Constitution. Although under the High Court judgment already referred to it would have no judicial power, yet by investigation and recommendation implemented if necessary by legislation, much of the friction and irritation arising from these matters might be removed.

The Government proposes to re-establish the Commission with such powers as the Constitution now permits, and to consider later whether any amendments of the Constitution may be desirable in order to enable the Commission to function effectively. Dealing with the question of national security must rank above all others in the scale of a Government’s responsibility, it is easy to cheer for defence, but the real test is the readiness to find the funds necessary to enable adequate defence to be provided. The Commonwealth Government had energetically joined with the rest of the British Empire in supporting all movements in the direction of disarmament and peace. But the results so far had been extremely disappointing.

What to-day is the position of the Empire and the world with respect to armaments and general preparedness for war? Britain, with the full concurrence of the Dominions—and especially of Australia— has for years been setting an example to all the world in disarmament and in sincere whole-souled endeavours to minimise the possibilities of further wars. Britain, as well as Australia, has made cut after cut in her various defensive arms—in the air, on the seas and on land. Expenditure upon armaments has been cut to

the bone—cut, as it now turns out, to danger point. The sacred cause of peace and the horrors and futility of war have been urged by British and Australian leaders at a long series of international peace conferences—in America, in Britain, and upon the Continent of Europe.

But with what result? To the shame of all civilised peoples, we have for the present and the immediate future, laboured largely in vain. While the British nations have preached peace, and, by steady progressive disarmament practised peace, great foreign nations have, while preaching peace, continued increasingly to pile up further armaments, and at the same time have perfected their preparedness for war. Worse than that, while foreign preparedness for war has advanced, international suspicion and unrest, and other symptoms of the conditions which make for armed conflict, have shown an alarming increase.

The Government of Australia certainly does not expect any outbreak of war. Nothing is further from our thoughts than any war in which Australia might become engaged. And I am sure, too, that that is the opinion of the British Government with respect to Britain. But facts are facts. Would my Government be true to the most solemn and vital of all its responsibilities—the defence of the Commonwealth—if it shut its eyes to these facts, and persisted in a policy of further reductions; or if it failed, after the most exhaustive examination of the position, to adopt a defence programme which the state of the world and rising foreign armaments makes imperative.

The British Government still strives for peace, and so shall we. But the British Government has been forced by stark realities into increasing its defence provisions. This is also the position in Australia.

We propose nothing extravagant. We suggest nothing which savours in the faintest degree of a spirit of militarism or aggression. We aim only at the lowest possible provision which is consistent with the protection of our continent, its people, and its assets, should emergency arise. You are already familiar with the Government's new proposals. Over a brief span of years we propose to enter upon a carefully balanced scheme to recondition, and somewhat increase, our existing services and defences. A great deal of the money required will be found from accumulated surpluses in the Federal Treasury, and to that extent will not impose further burdens on the taxpayer.

The reduction of unemployment had been the principal objective of the Government during its term of office. Largely, as a result of the comprehensive and persistent policy which had been adopted, the total number of unemployed persons had been reduced by more than 30 per cent and the amount of unemployment directly attributable to the depression had in the same time been reduced by about 50 per cent. Despite this real improvement, however, large numbers of workers were still idle. The truth is that until there is a general world recovery, there will be no complete return to normal employment in the Commonwealth. The Government is therefore, concerned with the question of taking further measures to help in the solution of this tragic problem. A continuance of the conditions would menace the morale and the future usefulness of a great part of the population.

Hitherto the responsibility for relief of unemployment had been allowed to rest with the States. This has been the policy of all Federal Governments, irrespective of party,

although all Commonwealth Governments have from time to time strained their resources to assist the States in their task.

After months of careful study of the problem, the Government has decided that in the national interest the Commonwealth should take a larger share in this responsibility. The States have nearly, exhausted their financial possibilities in a wholehearted effort to overcome it. The task was almost beyond their resources. The Commonwealth Government proposes to increase its efforts to deal with this problem. The Government made the announcement in the direct interests of those who were so unfortunate as to be unemployed and also in the indirect interests of every section of the community. The Government proposes that, practical and enlarged efforts to relieve unemployment with particular reference to the needs of youth, would take precedence over other Commonwealth activities. A conference with the State Governments would be summoned. The aim is to handle the problem upon a national, as well as a State and municipal, basis. Instructions have been given for the assembling of all the information directly accessible to the Commonwealth. This information will be supplemented by a swift and detailed survey of all that had been, and was being done by the States. In the light of the complete information comprehensive co-operative planning between the Commonwealth and State Governments would follow.

Their idea is first to assign to a Commonwealth Minister definite responsibilities for Commonwealth action in relation, to employment. It is proposed that the Minister should be assisted by advisory committees in the several States. Who were prepared to submit definite suggestions. One of these was national forestry, upon which a comprehensive scheme will be submitted. Australia needs an, extension of its forests very badly, and this is a, direction in which any effort that is made will be powerfully aided by nature herself. It should give an opportunity for the healthful employment of large numbers of youths as well as older men.

In a further effort to solve the tragic problem of the unemployed youth of Australia — which is regarded as perhaps the most serious aspect, of the general problem—we proposed to examine in conjunction with the State Governments any useful proposals for the training and preparation of youths for work. These youths, must be given a chance to become useful citizens. The Government has also in mind works of some magnitude, such as the unification of railway gauges between capital cities, country water storage, sewerage constructions for large country towns, and similar works, which met public needs. Such works might not at once prove reproductive, but if wisely chosen they could not fail to prove a sound investment in the further development of Australia. Then there are such works as the treatment of shale and coal deposits for oil. As a result of the report, of the expert committee appointed to investigate the possibilities of the shale deposits at Newnes, the Commonwealth Government and the New South Wales Government have decided to enter into negotiations with a company for their development. For this undertaking reasonable financial assistance would be forthcoming. If success attends the operations at Newnes, attention will be given to similar development of other shale deposits, such as those at Rallton-Latrobe, in Tasmania. If the extraction of oil from coal by the hydro-generation or any other process, could be demonstrated to be profitable the Government would have no hesitation in providing

assistance for the establishment of the industry. I have mentioned only some of the directions in which examination may disclose opportunities in which the public credit may be utilised, either directly or in support of private initiative, to provide opportunities for employment over a wider area. If the States are prepared to join in the plan my Government is prepared to join with the States in raising the necessary money, and will undertake that the Commonwealth will contribute upon a basis to be agreed upon to the interest liability over the non-productive years. The soundness of public works enterprise and of assistance to approved private enterprise at this time is a matter of faith in Australia. There is no limit to the faith which the present Government has in Australia. My Government believes that it would be wiser in the general interest to engage in a limited number of sound major employment works than to dissipate money upon a multiplicity of small local jobs of doubtful value. These major works would draw off the able-bodied section of the unemployed and divide and simplify the whole problem. Public works expenditure, requirements in material, and increased distribution of wages would stimulate all secondary industry and business, and create stronger local markets for every idea of primary produce. It would increase manual and clerical employment in private enterprise, and hope and wages would come again into the homes of a great many good citizens who are now on bare subsistence. The Government will enter upon the scheme in a spirit of generosity, impelled by a sense of inevitable responsibility, and confident that the outcome will be not only a proper act of national and democratic justice to those who now vainly seek employment but that it will be beneficial to all Australians of to-day and to-morrow.

Every year between 600 and 700 women in the prime of life die in child-birth in Australia, and a far greater number suffered chronic ill-health as a result of child-birth. It is obvious that something more than the present methods of caring for mothers must be devised. In Australia, the maternal mortality rate had risen in the last 30 years and is now higher than in many other countries. Australia can not allow this appalling death-rate, with its attendant unhappiness with the neglect that befell so many of the 2000 children orphaned annually in this way to continue. The Commonwealth Government, has no intention of overlapping the excellent work that is being done by the States—a work that is unfortunately hampered by lack of resources—but it is prepared to assist financially to extend this work, if, by so doing, it can help to bring about a lowering of this death-rate, which is a reproach to our claims to be a progressive nation. It is proposed, therefore, to confer with the States who would, no doubt, summon a conference of women's organisations, the medical profession, and the health authorities of the Commonwealth and States. These conferences could be asked to submit recommendations and the Commonwealth Government will be prepared to assist in any practical scheme, or schemes, that may be suggested. There is no intention to usurp, or intrude upon, the functions of the State Health Departments.

The restoration of the country's finances and its public credit at home and abroad, the revival of industry and the resuscitation of the people's hopes, have been brought about by unwavering adherence to a sane and honest national policy, which embraces the interests of every class and section of the community, and by hard and earnest work in pursuance of that policy. What we told you we would do we have done. It now rests

with the people of Australia to say whether they are going to proceed steadily along the road towards the goal of prosperity with a sound Government in the lead, or whether they are going to risk a slide back into the valley of chaos and despair. The alternative to this Government is a Scullin-Lang Government. In the last Parliament, the Lang and Scullin groups nearly always voted together. The Scullin section voted against the measures which resulted in the dismissal of the Lang Government from office. The measures to which they now stand committed are fraught with possibilities of general financial demoralisation compared with which resulted in the dismissal of the Lang Government from office. The measures to which they now stand committed are fraught with possibilities of general financial demoralisation compared with which their past record would be but a circumstance. You know now from experience that confidence— confidence in the Government, in the public credit, in the country's institutions— is not an empty word, but the reality upon which depends the well-being of every man, woman, and child in the community.

I have no doubt that, by your votes at this election, you will loyally sustain, and extend, this confidence. Let our national motto be our inspiration, and let us resolve that, by a continuance of sane and sound government and the pursuance of a policy of progressive development, we shall indeed 'Advance Australia'."

Source: Edited transcript compiled from The Sydney Morning Herald, 14 August 1934, Page 11, The Age and The Argus.