

Bert Kelly's Maiden Speech

Parliamentary Debates. (Hansard.) Session 1959. First Session of the Twenty-Third Parliament. (First Period.) House of Representatives (Canberra: Commonwealth Government Printer, 1959), pp. 166–69 (19 February 1959).

Mr. Kelly (Wakefield) [9.19]. — Mr. Speaker, I am fully aware of the honour of addressing this House this evening, particularly since I follow Sir Philip McBride as the member for Wakefield. Sir Philip resigned his seat at the end of the last Parliament, and it is fitting that I should pay tribute to him in this place. I know that all honorable members will agree that Sir Philip did a fine job not only in the electorate of Wakefield but also in the Parliament and in the Government. The House will miss his wise counsel and his kindly cheerfulness, and if I am able to give but a small measure of the service that he gave, I shall be happy.

I should like to mention two other former honorable members for Wakefield — Mr. J. G. Duncan-Hughes and Mr. Charles Hawker, particularly Charles Hawker. His indeed was a shining example. His name is remembered with love and affection throughout my electorate. It is no small challenge to be asked to follow in the steps of three such men, but, in all humility, I promise the House that I shall do the best I can to not lower unnecessarily the high standard that has been set.

I intend to confine my remarks in the debate on the Address-in-Reply to our balance of payments problem. I make no apology for doing this because the problem is vital to our whole economy and it simply must be faced. Honorable members will know how our London reserves have fallen since prices for our exports have slumped. Moreover, it seems that the drain on those reserves will become heavier as our population grows, and all must agree that the London funds must be maintained at an adequate level if our whole economy is not to be jeopardized. The question is not whether we need to balance our trade; it is imperative that we must do so. The whole matter is simply a question of how we are to balance our trade because it is still a hard economic fact that imports can be paid for only with exports. This is not an academic problem; it is a problem that concerns not only the Minister for Trade (Mr. McEwen) and the Treasurer (Mr. Harold Holt) but all of us.

If the problem is serious now, will it solve itself? Will we wake up in ten years' time to find that the difficulty has gone? According to an article published by the Bureau of Agricultural Economics in April, 1958, if our rate of immigration stays at 50,000 a year — I am sure that the Minister for Immigration (Mr. Downer) will expect no less a number — and if our natural increase remains as at present, our population will be 12,900,000 by 1976. If the terms of trade remain as they were at April, 1958 — they have certainly worsened since that date — we will need an increase of 62 per cent. in our primary production to feed and clothe our increased population and to produce enough exports to pay for the imports which that increased population will need. If we cannot increase our export production by this 62 per cent., then one of two things will happen. Either our standard of living will fall or our rate of immigration and development will slow down. The issue is as clear as that. As I see it, there are only two alternatives. This, then, is our problem. Unless we can correct this balance of trade position, our whole economic health will suffer now and our future advancement as a developing nation will slow down. Either we reduce imports or increase exports or the whole nation drops back a gear and we all suffer accordingly.

What can we do about it? It is no use my standing up here and prophesying disaster if I cannot make any suggestion. Shall we cut imports? This was thought to be the answer some years ago, but I am glad to think that we have taken a tremendous step forward in our economic thinking in the last few years and that we all now realize that this is not the way. You can cut imports by imposing higher tariffs or by imposing import restrictions, but such a measure automatically increases the costs of our exporting industries and makes their competitive position in the world markets more difficult. In any case, we now realize that 75 per cent. of our imports come in to service our own local industries and the remaining 25 per cent. comprise mainly consumer goods. If we cut those off, we tend to block a channel of trade through which some of our exports flow, and we antagonize those countries which would buy our exports. No, imports are what we need, and, what is more, the cheaper we can buy what we have to buy the better for us all.

Let it be clearly understood that there is nothing to be ashamed of about having to import goods. We can produce grain, meat and wool cheaper than other countries because we have peculiar advantages in connexion with other goods. Are we to say to a country that produces, say, tools of trade, cheaper than we do that we will not buy its cheaper tools of trade, and then expect it to buy our wool? No. We all realize that the only way to attack the problem is not by decreasing imports but by increasing exports.

How is this to be done? There seems to me to be two problems here — that of the actual production of the increased volume of exports and that of selling them after we have produced them. We can turn to secondary industries to see whether we can expect that they will play any large part in this drive for increased exports. They certainly have not done much in the past, and I suppose there is no reason why they should not do more in the future. I know that the Minister for Trade had this in mind when he appointed the committee headed by Sir John Allison, but I still feel that too many heads of industry are hiding behind the tariff wall, and I suggest to them that they climb up on the wall now and again and have a look around. The wind of world competition might be keen, but it could also be invigorating. After all, the country thinks nothing of appealing to its farmers to do more and, as a farmer, I say that surely secondary industry can meet world competition also. Or are we farmers the only people in the country with initiative and ability and brains?

It is to the primary industries that we must look in the future to shoulder the main burden of increasing our exports, just as we have looked to them to do this before. It seems to me that two problems arise here — that of increasing the volume of our production and those selling it when we have produced it.

As to increasing the volume of rural production, I know that I am correct when I say that we farmers can do far better than we are doing. All my public and private life up till now has been spent in trying to help in connexion with this particular problem. As our scientific knowledge and technical ability expand, as we learn to invest in even more machines, as we learn to conserve more fodder and so on, so will our production continue to expand. We have the country, the climate and the ability. We are getting the knowledge, both scientific and technical. What we have is the incentive to produce. We must be able to produce at a profit, and, to do this, we must be able to get our costs down. This is something every one agrees upon with a wonderful chorus of approval, but it is also something about which we do very little. We are urged to cut costs and a higher tariff is placed on the goods we buy; we are urged to cut our costs and the basic wage rate rises; we are urged to cut our costs and a sales tax of $16\frac{2}{3}$ per cent. is placed on motor trucks. We all know that we have to keep our costs

down, but they are steadily rising. If I were a cartoonist, I would draw a picture such as this: A cow called "primary production" is jammed in a bail called "balance of trade", and is being milked by two men seated on stools on either side of her. On one of the stools is a man with a bowler hat and a long and strong cigar. He is labelled "trade union secretary" and he is seated on a high stool called "high wages". On the other side — I must admit that I am not sure which man should actually sit on the wrong side of the cow — is another man with an even bigger bowler hat and an even bigger and longer cigar. He is labelled "manufacturer" and he is sitting on a very high stool called "high costs". The stools of both men are so high as to enable them to quarrel very conveniently over the back of the cow, but make it very difficult for her to give them any milk. Round about 1950 she was eating quite greedily from a manger called "export prices". About 1958 the manger was getting emptier, and in 1959 her coat was getting stary. In 1960 she suddenly collapsed in the ample laps of both milkers.

This is fanciful picture, but there is more than a germ of truth in it. We, as farmers, know that we must get our costs down, and the manufacturer is absolutely certain of it; but costs climb slowly. There has certainly to be a greater effort by all the community. We must make sure that we, as farmers, do all that we can, and I know as well as any one how much better we as farmers can do. But the rest of you must do all that you can to ensure that you do not place an unnecessary load on your shoulders, because you must realize how heavy a responsibility we carry.

Farmers have always felt that they were the backbone of the country. Fifty years ago it was obvious that the whole economy depended on us. Now we find that, although secondary industry produces so much more of the total wealth than does primary industry, and employs so many more people, it still depends on us even more than ever before, because 90 per cent. of our exports are still the products of primary industry. So, Mr. Speaker, with all the knowledge at our disposal and given a proper incentive to produce, the nation can look to us with confidence to increase the export production, as we must. We look to the Government for proper assistance to help us sell what we grow.

I should like, at this stage, to pay a very warm tribute to the Minister for Trade (Mr. McEwen) for the clear-sighted way in which he has worked to do this very thing, that is, to help us sell what we produce. No one could do more, if as much. The last few years have not been easy, and the next few will certainly be worse. So much depends on the action taken by other countries. We are all apt to be critical of the part played by the United States of America, for instance, in selling her surplus export production at prices which make it difficult for us to compete. Let us make sure that we are doing all that we can before we become too critical. Do our own restrictive trade practices not make it more difficult for other nations to trade with us? The trade treaties with Japan and Malaya were steps in the right direction, but we still watch with a jealous eye lest Japan sells us too many cheap toys. How can we expect Japan to buy our barley if we will not buy her toys?

I believe that the free flow of world trade is the best hope we have of raising the standard of living all over the world. That is not the problem before us to-night, but the solution is the same. When we negotiate with other countries, let us be quick to say, "We will buy more from you, because you produce more cheaply than we do", rather than try to drive too hard a bargain.

Let me take an example of the kind of thinking of which I think we must beware. Since the fall in the price of wool, there has been a demand in some quarters that we refuse entry to

Australia of synthetic materials such as terylene, because they are competing with wool. It sounds so logical and so harmless, but the position really is that we in Australia use about 12 per cent. of the wool we produce. With a little bit of luck — if I may use a popular phrase — we may be able, by cutting off those imports, to increase that figure to 13 per cent., but the chances are that we would do far more damage to our wool market by blocking a channel of trade and antagonising the countries from which we buy these synthetics.

This bias in our thinking in these matters is exemplified again by the mistrust we have shown of the new European Economic Community. Here is a tremendous experiment of six European countries which have made a really valiant effort to make trade freer amongst themselves. Yet we watch them with suspicion, lest some small sectional interest in Australia be harmed, and we fail to see that if the people in these countries are more prosperous we too will benefit. The whole world stands to gain from a freer flow of world trade, but Australia stands to gain more than most, with her export industries in particular.

This, then, is our problem. The magnitude of it is easy to see, but it is far harder to find an easy solution. But let us remember that other countries have tackled a similar problem with courage and conviction and have won out. Britain faced exactly the same problem in the early 1950's, and so did West Germany. They both came through with flying colours. So too can we, but we shall need clear-sightedness to see the goal towards which we must aim, and courage to attain it. It is not just the Government's problem. It is mine as a farmer, and it is mine as a member of Parliament. It is yours also.