

Sir Robert Menzies on Liberalism

The Role of Government and the role of the private sector

“[T]he basic philosophy of Australian Liberalism is that the prime duty of government is to encourage enterprise, to provide a climate favourable to its growth, to remember that it is the individual whose energies produce progress, and that all social benefits derive from his efforts. That philosophy does not deny that there are many activities in a young and vast country which cannot be left and have not been left to private enterprise. Witness the railways, where only the State could in a country like Australia have laid down lines which could not be expected to be profitable for years, but which were essential to settlement and development. Witness the Post Office and its allied communications services. Witness power and light production and distribution, with their sometimes interstate ramifications. Witness the great irrigation and storage schemes, of which the Snowy Mountains is the most recent and conspicuous example. We do not regard such Government enterprises as inconsistent with our philosophy. On the contrary, we know that private enterprise cannot do its work without them. They provide in many ways a foundation upon which the efforts of private entrepreneurs can build.

I illustrate by reference to the great mineral revolution in Australia during the last fifteen or twenty years. That the skilled labours of the Commonwealth Bureau of Mineral Resources and of the State geological authorities did invaluable initial work in the field of discovery will not be denied. That the Government by its various fiscal measures contributed to and encouraged search and effort is equally clear. But the actual developments in the field required a combination of elements which no Government could provide. Those elements may be stated as: specialised skills to an extent imported from overseas; vast sums of risk capital, a good deal of which clearly could not be generated in Australia; and powerful aid in the development of large and profitable markets overseas.

The best Government contribution to the obtaining of massive help from overseas was to create the favourable climate; to establish a reputation abroad for financial and economic stability, political integrity, and a high international credit rating. It is freely acknowledged by lenders in the overseas investing countries, and by industrial leaders and State ministers in Australia, that we made this contribution successfully.” R. G. Menzies ‘Introduction to the Record’ *Measure of the Years* (1970) 40-41.

“The one virtue I may claim is that I foresaw that, in the post-war years, Australia would be presented with a choice between a continuation of government control on the Socialist model and a society based upon free and encouraged private enterprise. The latter could not, if social justice was to be achieved, be an irresponsible enterprise. There was to be nothing doctrinaire about our policies. If I were to become the leader of a great non-Socialist party, I must look at everything in a practical way. My associates and I knew perfectly well that, in Australia at any rate, there have been and are certain elements which, in the very nature of our geography and history, lend themselves to government management or control.” R.G. Menzies, ‘The Revival of Liberalism in Australia’, *Afternoon Light* (1967) 282.

The Individual and the nation

“We believe in the individual, in his freedom, in his ambition, in his dignity. If he becomes submerged in the mass, and loses his personal significance, we have tyranny. And because of this, we believe in free enterprise; not enterprise free of social obligation, but free enterprise in the sense that it embraces free choice, reward for effort and skill, encouragement to grow and be self-reliant, and strong.

We believe that, as every individual has his significance and his rights, sectional policies are wrong.

We believe in the growth of this nation. We believe that this requires more people, more industries, profitable employment and investment alike, enterprise, the immortal pioneering spirit.” R.G. Menzies, ‘Joint Policy Speech Election 1954’ in Graeme Starr, *The Liberal Party of Australia: A Documentary History*, (1980) 199-201.

Freedom and Duty

“We have to remember, of course, that most broad propositions can be misleading unless they are properly qualified and defined. Thus, we stand for the individual, whose welfare must be the chief end of government. But the individual in a community has duties as well as rights, and some of those duties will be imposed by government. If there is to be freedom all-round, there must be a measure of discipline all-round. Freedom of speech, so much demanded by some modern students and so frequently denied by them to others, connotes a right to be heard and therefore imposes a duty on the listeners either to listen, or to leave.” Sir Robert Menzies, ‘The Foundations of Australian Liberalism’, 2 May 1979 in G Starr, *The Liberal Party of Australia: A Documentary History* (1980) 266.

Liberal Party

“When, therefore, we decided to call the new and united party the Liberal Party, we were adopting no analogy to the Liberal Party in the United Kingdom. On the contrary, we were aiming at political progress and power in our own right. We took the name ‘Liberal’ because we were determined to be a progressive party, willing to make experiments, in no sense reactionary but believing in the individual, his rights, and his enterprise, and rejecting the Socialist panacea.” R.G. Menzies, ‘The Revival of Liberalism in Australia’, *Afternoon Light* (1967) 286.

Liberal values

“I...concentrated a good deal of attention on the domestic principles which the Australian people should be asked to adopt, so that, when peace came, Australia could move into an era in which there should be both rapid development and growth, and a high degree of financial stability...

Now, how were we to secure development? Clearly, we were to encourage thrift and saving, investment, and reward.

The principle of such reward, sometimes sneered at as exhibiting the profit motive, is the dynamic force of social progress and is of the essence of what we call private or individual enterprise...

We must aim at the growing exploitation of our natural resources. *Governments do not provide enterprise; they provide controls.* No sensible person can doubt that the revival of private enterprise is essential to post-war recovery and progress.

There cannot be rising living standards if all we propose to do is to redistribute what we now have. We must produce more and produce it more cheaply if we are to survive and grow.

I recognized, of course, that the State had its part to play, in major public works, in fiscal policy, in the provision of basic services, in the providing of national research and leadership. But it was not to be the Master.

In a vision of the future, therefore, I set the individual and his encouragement and recognition as the *prime motive force* for the building of a better world. Socialism means high costs, inefficiency, the constant intrusion of political considerations, the damping down of enterprise, the overlordship of routine. None of these elements can produce progress, and without progress security will turn out to be a delusion.

These views did not represent a belief that private enterprise should have an ‘open go’. Not at all. My friends and I recognized the economic responsibilities of the State to assist in preventing the recurrence of large-scale unemployment by appropriate economic and monetary measures; to secure, through social legislation, a decent and reasonable measure of economic security and material well-being for all responsible citizens; and to succeed in both of these purposes by creating a state of affairs which would encourage the enterprise, resourcefulness, and efficiency of individuals and to lead to the greatest possible output of the needed goals and services.” R.G. Menzies, ‘The Revival of Liberalism in Australia’, *Afternoon Light* (1967) 288-289.

“The real freedom are to worship, to think, to speak, to choose, to be ambitious, to be independent, to be industrious, to acquire skill, to seek reward. These are the real freedoms, for these are of the essence of the nature of man.” R.G. Menzies, ‘The Revival of Liberalism in Australia’, *Afternoon Light* (1967) 296.

Post-war Liberalism

“For a Remodelled Australia

Let me set out our ultimate objectives as I see them.

What state of affairs would we like to have existing in a remodelled Australia after this war?

We would like to have a country safe from external aggression and living in the closest communion with its sister nations of the British Empire, playing its part in a world security order which maintains the necessary force to defend the peace; a country:-

In which all who have risked their lives in its service enjoy honour and security;
In which constant employment at good wages is available to all willing and able to work;

In which the unavoidable minimum of unemployment arising from sickness or change of occupation is provided against by adequate pecuniary unemployment benefits;

In which the farmer and the farmer's wife and children, as well as the city dweller, enjoy stability and the amenities of life;

In which employer and employee have a sense of common interest and duty, and share as co-operation in all advances of prosperity;

In which living standards rise steadily as physical resources expand and ingenuity grows;

In which there is free thought and free speech and free association for all except the enemies of freedom;

In which no consideration of wealth or privilege will determine the education of either child or man, who shall each be fully trained in his own powers;

In which values will have been so corrected that the greatest rewards go to those who perform the truest services to the people;

In which all families are enabled to live in attractive and comfortable homes at a reasonable cost;

In which citizens are free to choose their own way of living and of life;

In which Parliament controls the Executive and the Law controls all;

In which public health services and preventive medicine have been extended and medical treatment is within the reach of all;

In which scientific research improves the standard and skill of production, both primary and secondary;

In which the population is growing, but shortage of population is made up for by the initiative, resource and courage of the citizens;

In which National defence is a matter of universal duty and in which the notion of getting something for nothing has become discredited and the idea of a dole abhorrent to humane thought, but all citizens having regard to their capacity and needs are both contributors to and beneficiaries of organised social life and service.

That brings me to the last question:

How do we proposed to get these things?

By looking primarily to the authoritative action of Government or by looking primarily to the encouragement of individual skill and initiative?

As to this, I believe that we can have no hesitation.

Without attempting to discuss detail, and confining ourselves to broad principles, we can see that the realisation of the objectives referred to above will depend upon certain matters.

We must aim at the fullest development of individual capacity.

The principle of such reward, sometimes sneered at as exhibiting the profit motive, is the dynamic force of social progress and is of the essence of what we call private or individual enterprise.

Again, we must aim at the growing exploitation of our natural resources. Governments do not provide enterprise; they provide control.

No sensible person can doubt that the revival of private enterprise is essential to post-war recovery and progress. Yet our opponents constantly criticise and handicap what even they must admit is the major instrument available to our hands.

There cannot be rising living standards if all we propose to do is to redistribute what we now have. We must produce more and produce it more cheaply if we are to survive and grow.

Excessive attention to monetary problems has obscured the truth that the cost and quality of production is still of major importance. The reducing of costs and the raising of quality have been achieved by private enterprise and not by public authority.

When we turn to the urgent problem of housing we must be frankly appalled at the idea of Government Departments building scores of thousands of homes for us because that would mean a drab uniformity of types, expensive work, and an undue burden of cost upon the householder.

Man does not want to be regimented into a home. To restore architects and builders to their rightful place will mean quality, variety, and the cheapness which results from competition.

Concentration upon Government action and the payment of social benefits entirely out of the public Treasury means the discouragement of thrift. Without thrift there can be no independence, and without independent citizens there can be no independent nation. Thrift during this war has filled our war loans. Do we propose to abandon it after the war, and if we do, where are our new benefits to come from?

Thrift and independence must therefore be positively encouraged by our political policies. This involves a complete overhaul of our taxation system in order to help people with family responsibilities.

It involves the conversion and extension of our social services on a contributory insurance basis and it involves the use of the Central Bank and of Government economic policies not to create short-term political advantages but to produce stability not only of employment but of currencies.

We sometimes forget that nothing so destroys thrift and cripples independence as fluctuating monetary values, affecting as they do insurances, pensions, superannuation, and all future provisions.

Again, our monetary and other economic policies must be devised to encourage investment, for upon the active investment of private funds the achievement of our social objectives will largely depend.

Public works may, and should, be used either to provide the foundation for investment and development or to supplement private activities at times when there has been some recession in business activity.

But I hope that we shall not be so misguided as to treat large public works' policies as good things just because in the short run they appear to create a large number of short-term jobs and put a good deal of money into circulation.

We recognise that in the post-war economy there will be room for much more thought and planning than ever before. But if a planned economy means a perpetuation of Government controls, then it will unquestionably lead to a totalitarian system.

As we know, authority tends to feed upon itself.

Certain temporary Government controls no doubt will be needed, but in the long run the function of Government should be to guide and encourage industry to do its own planning in the light of its own expert knowledge and experience.

In a vision of the future, therefore, I see the individual and his encouragement and recognition as the prime motive force for the building of a better world.

Socialism means high costs, inefficiency, the constant intrusion of political considerations, the damping down of enterprise, the overlordship of routine.

None of these elements can produce progress, and without progress security will turn out to be a delusion.

It thus appears that private enterprise and the State are both engaged in a task in which the people will prosper best if the individual and the State each perform his or its proper function.

As I see them, the true economic functions of the State are as indicated in a recent publication of the Institute of Public Affairs of Victoria, called 'Looking Forward', I quote from p 29 of the booklet:

"In general terms, the economic responsibilities of the State should be regarded as fourfold:

First, to assist in preventing the periodic recurrence of large-scale unemployment;

Second, to secure to all responsible citizens (through social legislation) at least a decent and reasonable minimum of economic security and material well-being.

Third, to impose a framework of law which will give the utmost encouragement to the enterprise, resourcefulness and efficiency of individuals and groups, and which will lead to the greatest possible output of the goods and services which the community needs;

Fourth, to conserve, in the long-range interests of the community, those natural resources fundamental to the life and future prosperity of the nation.

In this conception of the future activities of the State, the State and private enterprise are regarded as partners in the common purpose of improving the material conditions of the community. The tendency, prevalent in discussions of post-war economic policy, to emphasise or imply a fundamental divergence of interest between the State and Industry is wholly disastrous and misleading. From plans of State action designed to secure full employment and social security, private enterprise stands vastly to gain. Conversely, in its objective of providing better living standards and security for all, the State will be greatly aided by a vigorous, healthy and enlightened private enterprise.” R.G. Menzies, ‘Forming the Liberal Party’ in Graeme Starr, *The Liberal Party of Australia: A Documentary History*, (1980) 91-94.

The debt to women

Upon our wives and mothers has fallen the main burden of the dreadful anxieties of war, of every civil restriction, of every shortage, of the standing in queues, of the cessation of the home delivery of goods, of the sharp reduction in domestic help, of the housing shortage, of gas and power rationing when strikes are on. Women, even more than men, have been responsible for the family saving that has done so much to fill our war loans. It is the women of Australia who most eagerly seek those policies which will build homes, will banish the fear of those policies which will build homes, will banish the fear of depression, will hold out the hope of advancement for husband or son or daughter; who want a better system of education; who know that lower taxes would brighten the future and bring contented work and more goods and services.

Tonight I speak to the women of Australia with profound respect and gratitude.

They have established an unanswerable claim to economic, legal, industrial, and political equality. I hope that the time will speedily come when we can say truthfully that there is no sex discrimination in public or private office, in political or industrial opportunity. We are all, men and women, citizens with a common interest and a common task.” R.G. Menzies, ‘Policy Speech 20 August 1946’ in Graeme Starr, *The Liberal Party of Australia: A Documentary History*, (1980) 134.

Pragmatic Liberalism

“It was once the claim of our opponents that we were reactionary i.e. that we wanted to turn the clock back, to restore *laissez-faire*, to say ‘each for himself and the Devil take the hindmost, as the elephant said as he danced among the chickens’.

We have, over many years, demonstrated the falsity of this charge. We have greatly aided social justice. We have not just kept the ring and allowed victory to go to the strong. We have encouraged free enterprise, have recognized the making of a people as one of the dynamic inducements to the taking of insisted upon the performance of social and industrial obligations; we have shown that industrial progress is not to be based upon the poverty or despair of those who cannot compete.

After over fourteen consecutive years of political office at the centre of the nation, we can point to a range of achievements in industrial justice and peace, in social services, in a growingly successful attack upon poverty, in widely distributed rising standards of housing and of living generally, which can be matched by very few countries in the world.

How has this been brought about? The answer is, to my mind, clear enough.

We have been human, with a sense of human destiny, and human responsibility. As the etymology of our name “Liberal” indicates, we have stood for freedom. We have realised the men and women are not just ciphers in a calculation, but are individual human beings whose individual welfare and development must be the main concern of government.

We have no doctrinaire political philosophy. Where government action or control has seemed to us to be the best answer to a practical problem, we have adopted that answer at the risk of being called Socialists. But our first impulse is always to seek the private enterprise answer, to help the individual to help himself, to create a climate, economic, social, industrial, favourable to his activity and growth.

Our opponents have an exactly opposite point of approach. Their first instinct is the Socialist one: “The right way to deal with this matter is for the Government to run it!” Private enterprise and effort are the alternatives to which they reluctantly turn only when the Socialist plan proves to be constitutionally incompetent or in practice unworkable.

Our first question is not whether the Government could do this thing, but whether private citizens could. If the answer is that they could, our answer is that they should. We deal with each case on its merits, without dogma or prejudice.

As I have many times said, Socialism is both reactionary and out-dated. I can understand how it attracted the support of radical thinkers after the industrial revolution in Great Britain and later at the turn of the century, when industrial power was in a limited number of hands, when the rights of employed people were imperfectly recognized, when trades unions were too commonly regarded as subversive bodies, when the economic doctrines of *laissez-faire* held sway, when social services were almost non-existent, there grew up in many minds a belief – an egalitarian belief – in the virtues of uniformity.

There was, and is, no uniformity among personalities, or talents, or energy. We have learned that the right answer is to set the individual free, to aim at equality of opportunity, to protect the individual against oppression, to create a society in which rights and duties are recognized and made effective. In this free society, the tyrannical notion of an all-powerful State is rejected, and dogmatic Socialism with it. In its place, we have put opportunity without any class privilege, social and economic justice, and the civilized democratic conception that governments are not the masters of the people, but their servants.

I have stated, I venture to believe, our Liberal creed. We must believe in it, preach it and practice it, for its success and survival are essential to the future of our nation.

R.G. Menzies, ‘address to Liberal Party Federal Council, 6 April 1964’ in Graeme Starr, *The Liberal Party of Australia: A Documentary History*, (1980) 217-218.