



## PRIME MINISTER

FOR MEDIA

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### ADDRESS TO THE A.C.T. DIVISION OF THE LIBERAL PARTY

This is the first time I have spoken to the ACT Division since the death of John Knight and I want to pay tribute again to his contribution to this Division, and the development and identity of Canberra itself. His successor in the Senate, Margaret Reid, is obviously going to make her own very significant contribution, and I am only sorry that it had to be in this way that Margaret came to join the Parliamentary Party. I want to say a few things tonight about developments and prospects here in Canberra and then turn to some of the differences between our Party and Labor.

It is almost exactly a year since the last election, and it is vastly important that the community should recognise the disastrous and divisive impact that a Labor Government would have on prosperity and stability. Let me start here with Canberra, where there is apparently no Labor policy whatever, because the Shadow Minister has managed his Shadow portfolio in such a shadowy way that he has hardly asked a question or put out a public statement about the ACT. What sort of enthusiasm is this for the welfare of the people of Canberra?

It is in fact a very simple example of the Labor Party's typical refusal to accept the responsibility which a democratic system requires of politicians, and it is symptomatic of something that was so evident in the Whitlam years, that a Labor Government will never accept the discipline of governing in the interests of all, because no Labor Government can ever submerge the inherently sectional interests of the Labor Party itself. We must never let this country forget the inherent weakness of Labor not only in its socialistic approach to policy-making, not only in the factionalism and left-wing union domination that always divides the Labor Party internally, but in Labor's refusal to accept the obligation of the national Government to govern in the interests of the whole nation, of every Australian and every Australian family, not just those who vote for it, not just those who provide financial support for it, not just those in ideological sympathy with it, and not just those who control the votes in caucus. Labor abdicates responsibility for many parts of society as the attitude of the Shadow Minister for the ACT so plainly reveals.

By contrast, Michael Hodgman as Minister is obviously extremely effective and dedicated in his concern for the interests of Canberra. Canberra is a great national capital, and I strongly support Michael's campaign to promote the widest appreciation that Canberra belongs to all Australians. We want a substantial impetus to tourism, and the Minister and the Government have been active in several wider initiatives as well in connection with Canberra achieving a stronger private sector.

The new Parliament House has captured the imagination not just of Canberra but of the whole of Australia and even the Labor Senator for the ACT concedes that Canberra's building industry will be better as a result of this year's Budget. The future is good, the opportunities for investment are there. Private enterprise is joining in a partnership which is making Canberra one of the finest national capitals in the world. The forty odd world leaders at the Commonwealth meeting recognised the fine quality of Canberra as Australia's capital, and the weekend retreat here was successful in terms of the enjoyment and friendliness experienced by our visitors as well as in the productive results of the discussions.

Turning now to national policy, I want to say something about economic management and industrial relations, because these vital areas highlight the differences between our approaches to government.

First of all I want to make a few comments about the economy, and the link between economic management and taxation policy. The Liberal policy of encouraging private enterprise as the best way to achieve higher living standards and more jobs is now recognised here and around the world as extraordinarily successful. Inflation has been kept below world levels. 287,000 new jobs were created by private enterprise in the two years to June. The latest unemployment statistics, while showing a seasonal fluctuation, were the lowest September rate for four years, and unemployment among young people is down on last year. Only one thing can undermine the Australian economy, the scandalous disregard of many of the most powerful unions for those out of work, and their attempt to steal all the benefits of growth for their own members who have jobs. Look at the \$33 a week maximum increase which storemen and packers in Victoria gained last week through industrial pressure, and the massive claims being made by metal industry workers, builders labourers, building tradesmen, meat workers and others.

Unreasonable wage claims will undoubtedly prevent employers taking on new employees, and can only push up unemployment at a time when the rest of the community recognises the need to support policies aimed at real job creation. We must keep our costs down so that we can sell more Australian made goods here and overseas. That is the way to generate more jobs and better living standards for all Australians.

The campaign of job destruction by militant unions now getting under way is very bad news for Australia's young people. The failure of the Labor Party to stand up and speak out against this campaign, and in favour of the national interest, represents - by what is not said - an endorsement of irresponsible union behaviour. Excessive wage demands and strikes are just as damaging to the community, and reflect exactly the same anti-social rejection of obligations to the community, as do those tax-avoidance schemes which John Howard has fought against so effectively, and with such grudging support from Labor. I am advised that the new Section 260 is getting rid of tax avoidance, and that the anti-social tax avoidance industry which Labor did nothing about whatever, is now shrinking back.

Not one initiative taken by the union movement at its recent congress did anything which would help create more jobs for the unemployed, and the Labor Party as usual prefers not to criticise the powerful unions which control it. At the recent ACTU Conference at a time when we as a government had such an effective and practical consultation process actually in operation with the ACTU, we had the spectacle of the Parliamentary Labor Party and its leader pleading for a special sort of understanding and trust with the union movement, trying to get the so-called "social contract" and getting no joy whatever out of the union movement. I want to take a moment to lay the ghost of any suggestion that a special deal between the Labor Party and the unions could be regarded as a social contract for whatever else the social contract may have been in the minds of philosophers it was never a sectional idea that took no account of the views or interests of three quarters of the population, and no traditional philosopher was ever foolish enough to imagine that the social contract could be anything but a fiction.

Labor has learnt nothing about economic management since 1975. It is because Labor has learnt nothing that Australia must not forget what the Whitlam years and the Hayden economic policy disasters were like. Private sector employment was actually falling in 1975 and the trend towards more and more entrenched unemployment, for which Labor was primarily responsible, has taken years to around. Business investment fell, foreign investment fell by two-thirds in two years, and resource development virtually ceased altogether. Home ownership was lower in 1976 than in 1971.

The records were in inflation, which reached almost 18% over one year, in the absurd wage rises which did so much to entrench unemployment, such as the increase of 38% in Federal award wages in the year to March 1975, and in industrial unrest, with 6.2 million working days lost in 1974, compared with 3.3 million in 1980. I do not believe that anyone realised at the time the full extent of the damage to Australia's economy when we came to power in 1975.

The damage certainly took years longer to retrieve and reverse than we anticipated. For example, the 1975 Budget deficit of \$2.8 billion ran out to \$3.6 billion in spite of the expenditure cuts, amounting to hundreds of millions of dollars, which we made immediately on assuming office.

Let me add that at that Labor rate, this year's deficit would be almost \$7.5 billion, instead of which the Budget has virtually eliminated the deficit altogether, but Australians are even now experiencing in a significant way indeed the damaging consequences of Labor's mismanagement, because the loans that had to be raised to fund those deficits still need to be rolled over and renewed, and so they continue to exert pressure on capital markets, on interest rates and on the availability of funds for home buyers, farmers and small business.

In a number of areas, our policies have taken years to bear fruit, for in economic policy as in so many other spheres there are long lead times, and in a number of areas it is only in the last year or two that the outcomes have started to reflect the full benefits of sound economic management. Last year, for example, average weekly earnings increased by more than 4% in real terms. That gain is reflected in an increase of \$2.7 billion, after tax, in the real disposable income of households throughout Australia, and since 1978/79, average weekly earnings have increased in real terms by almost \$10. Our policies have as their principal objectives increasing the ability of the economy to pay higher real wages through economic growth and reducing the burden of taxation.

Let me say something about the sales tax increases in the Budget, because it is important to understand the underlying objectives of getting rid of the deficit, of reduced pressure on interest rates, of a better balance in the tax mix, and of an enhanced potential for personal income tax reductions.

The Government regards these objectives as having overriding importance, precisely because we in the Liberal Party are dedicated to reducing the burden of taxation and costly government. And Mr Hayden's very different attitude on the tax issue, the fact that he is, as he was once incautious enough to say, a 'high tax man', is clear enough if we look at what he actually had to say in his speech in connection with his opposition to these sales tax increases. Because we do not find him saying that he would have foregone the increase to government revenue, we find him saying that he would have instituted an entirely new kind of tax.

It is also worth looking back to what Mr Hayden said on a previous occasion when the Government did something in the sales tax area, and I am referring to the 1978 reduction from 27½% to 15% in sales tax on passenger motor vehicles, because on that occasion the Leader of the Opposition, while supporting this and favouring some other revenue reductions, said he would have imposed two entirely new kinds of tax instead, one of them a capital gains tax.

Let there be no doubt in anyone's mind that it is the Opposition which favours a high tax burden on the people and the productive enterprises of this country, because they are the big spending party in Australia. If we had continued to spend as much as Labor did of each dollar produced in Australia, Commonwealth spending in this year's Budget would be \$3.7 billion higher than it is.

Our expenditure restraint has been impressive by any standards especially in view of the increased demands placed on the Budget by Defence requirements and the needs of an ageing population, for the average real growth in outlays of just over 1% between 1975-76 and this year not only compares very well with the Labor average of over 10%, but it also stands in stark contrast to the comparable figures of nearly 3% for West Germany, about 5% for the United States, and over 10% for Japan, countries which have themselves been trying to restrain government spending.

Not only does Mr Hayden want his new tax, but he still wants to keep on making the future pay for the Government spending schemes of yesterday and today. He still favours deficit financing and the 'mild domestic deficit' which he came out supporting in his speech on the Budget must mean an overall Budget deficit of around \$2 billion this year, and this just highlights once again that Labor has learnt none of the lessons which were so plain to see during its earlier period of economic mismanagement.

This \$2 billion deficit would mean more government loans, more pressure on capital markets and interest rates, and extra competition for people looking for home loans. It is important to realise all borrowings, both government and private, ultimately come from the same pool of funds and that the funds borrowed to fund a \$2 billion Labor deficit could be translated into 70,000 or 80,000 home loans.

I wonder if I have got a minute to say something about CHOGM - not only because of its importance in the whole pattern of international negotiations in search of a more stable and prosperous world, and not only because the success of CHOGM would again display in the clearest way the absurd and disgraceful attitude of the present Labor leadership to Australia's place in the world and our responsibilities to other nations, but rather because so many of our visitors said such good things about Australia, and I think we are entitled to pride ourselves on the fact that our self-confidence as a nation has been so widely noticed by so many of the distinguished overseas leaders who attended the Commonwealth meeting.

Pierre Trudeau in fact went so far as to say that the twentieth century can be said to belong to Australia, "because this country, with its tremendous economic potential, with its exciting technological and natural resources, with its intense and vibrant culture, seems to be very much part of the definition and formulation of the twentieth century as it's meant to be".

I have picked out Trudeau's particular words, but lots of other leaders and journalists said very similar things. And these words are right. They are right about Australia, and about the Liberal Party's attitude to Australia. But nobody would have said those words in 1975, under Labor, and we must make sure that Labor does not have the opportunity to destroy their truth again.

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