



PRIME MINISTER

SPEECH BY THE PRIME MINISTER - MR BOB HAWKE
NATIONAL PRESS CLUB
CANBERRA - 22 FEBRUARY 1984

I very much appreciate this opportunity to be with you again today.

I understand you are expecting both a review of the Government's first year in office and a report on my recently completed visit to North and South-East Asia. My primary emphasis will necessarily be on reviewing my Government's period in office, not least because of the extensive media coverage that my trip received, but I will touch on aspects of that visit central to the basic thrust of our policies.

The course we embarked on in March 1983 was one of national reconciliation, national recovery and national reconstruction.

From the beginning my Government has been clear in its purpose.

We knew what was wrong.

We knew what had to be done.

Rather than simply reacting to events, the policies that we have developed and are implementing have been based on a clear view of where we as a nation should be heading.

We have done more in the past twelve months to give effect to basic Labor principles, policy and Platform than any previous Labor Government in a comparable period.

This past year has been one of achievement. We have turned the economy onto a path of strong recovery; a degree of industrial peace unprecedented for many years now prevails; far-reaching social reforms have been introduced; and credibility and respect have been restored to our international relationships.

The excesses of negative and destructive conflict which had characterised Australian life in the past were holding back the achievement of Australia's great potential. They were sapping our great nation of its essential energies as talent and ability were side-tracked into the selfish pursuit of narrow sectional interests. We were a divided nation.

My Government has changed this. A new national consensus has been forged. We have sought to identify - and by the dissemination of knowledge and information to assist the community to identify - both the areas of conflict which were artificial, and the areas of common interest and shared purpose in which agreement was achievable.

This focus on reconciliation and co-operation underpinned the Prices and Incomes Accord, the National Economic Summit Conference, the June 1983 Premiers' Conference and provides the rationale of the Economic Planning Advisory Council. It was also pivotal to our approach to industrial relations, and finds concrete expression in the consultative mechanisms we are putting in place with industry. We are not a Government who believe we have a monopoly of wisdom, but have sought to draw on the accumulated wisdom and experience of the community.

The achievement of our objectives has required restoration of a strong national economy. We have, therefore, from the outset, accorded a high priority to this task. In twelve months we have turned the economy around.

We have laid the basis for continued non-inflationary growth and increased employment opportunities in the medium and longer-term.

We have established a coherent and integrated framework for economic decision making without precedent in Australia.

The results speak for themselves.

When my Government came into office Australia was in the midst of a deep recession: employment had declined disastrously and unemployment had risen to unacceptably high levels; inflation stood at twice the rate of most major OECD countries; a negative rate of GDP growth had been recorded in the previous year, and real wages - and through them living standards - were falling.

Through immediate action taken in the 19 May Economic Statement, through the August 1983 Budget - and helped both by the breaking of the drought and strong recovery in the United States - my Government has not only arrested the decline, but has quite dramatically turned it around.

From the time of the Summit last April to January this year, seasonally adjusted employment has expanded by over 2 per cent and seasonally adjusted unemployment has fallen from 10.3 per cent to 9.5 per cent.

Indeed the number of jobs created so far this financial year already exceeds the number projected by the Budget for the whole financial year. We are also ahead of the rate required to meet our target of 500,000 new jobs in our first three years in office. Inflation has as well been brought down from over 11 per cent to 8.6 per cent.

We have achieved these results with expansionary fiscal policies, and with firm but not tight monetary policies. Importantly, we have financed the deficit successfully at the same time as seeing interest rates fall below the levels which prevailed at the time of the Budget.

But if our immediate priority was to turn the Australian economy around, we have attached at least equal importance to securing the requirements of medium and long-term growth. The perspectives we have brought to bear have given as much weight to longer-term requirements as to short-term imperatives.

Crucial to the maintenance of sustained recovery into the medium and longer term, is continued income restraint.

Restraint of the kind needed has been made possible, and will hinge in the future, on continued adherence by all parties to the Prices and Incomes Accord.

Very deliberately my Government has moved to give effect to its responsibilities under the Accord. The second progress report of the Advisory Committee on Prices and Incomes on Government Initiatives, to be released shortly, will describe a very solid record of achievement.

Let me briefly go to what has been done already in this regard, it being understood that the Accord touches in one way or another on almost all areas of Government responsibility.

A centralised wage fixing system is now firmly in place throughout Australia; legislation establishing the Prices Surveillance Authority has been passed; taxation arrangements have been changed; the equity and efficiency of the taxation system is being discussed within EPAC. As well major job creation programs have been introduced, training schemes developed and social security needs addressed.

A particular area given prominence by the Accord, and for too long neglected by Governments in the past, is that of occupational health and safety. The establishment in October 1983 of an Interim National Occupational Health and Safety Commission provides the means by which a major national effort can now be mounted in this important area.

The other side of the coin is that the Accord has played a particularly important part in the very significant improvement in industrial relations which has occurred during my Government's term in office.

From the outset my Government made clear its commitment to securing the establishment of an orderly and stable industrial relations system consistent with our constitutional practices in Australia.

The Prices and Incomes Accord, the active support we have given to the creation of tripartite consultative organs at industry level, and the thorough review of the industrial relations machinery we have initiated, are all part of a deliberate effort to rid Australia of the costly burden of continuing industrial strife.

The results already achieved are impressive; in the twelve months to November last year, the number of working days lost through industrial disputes was the lowest in a comparable period for fifteen years, and nearly 30 per cent less than for the year ended November 1982.

It is significant that the extent of this improvement in Australia's industrial relations scene has been recognised by our major trading partners in Asia.

While some of them may in the past have exaggerated the costs associated with industrial action in Australia, I was left in no doubt in my discussions with Asian leaders on my recent overseas trip that, in their minds, the improvement achieved has helped restore confidence in Australia as a stable, reliable supplier. Equally, I have no doubt that for many Australians this improvement is a major factor in their renewed confidence in our economic outlook.

My Government is also directing attention to the structural conditions necessary to ensure persistent growth in national productivity, output and employment. As was clearly evidenced in the Steel Industry Assistance Plan, my Government is committed to the dual, complementary objectives of maintaining and increasing employment in the manufacturing sector and of making Australia more internationally competitive. To the extent we realise these objectives, Australia as a nation should prosper and our neighbours will benefit from dealing with us.

Success will hinge on the ability of our nation to adapt to the rapidly changing world about us. There must be an imaginative pursuit of available opportunities for securing our medium and longer-term growth prospects and increasing employment. Steps should include a return to a position of increased competitiveness in the changing world.

In a speech in Osaka on 3 February which picked up themes of earlier statements, I referred to the need to develop in Australia long-term programs aimed at facilitating structural change and developing strong, efficient and competitive Australian industries. The reaction of interested parties and of the media to these views was generally very encouraging.

The reaction suggested to me that we have passed the point where we need to argue the case - as I have long done - for Australia not only to accept such change, but to find ways of turning it to our advantage. There is, I believe, now a widespread community recognition of the need for gradual change in Australia's industry structures.

What as a Government we will now be doing is putting in place consultative processes regarding the framework within which such change can occur, including through the provision of a more adequate data base on macroeconomic and industry trends. Changes in our industry structures cannot and will not be superimposed by Government. We are not in the business of picking winners and losers. But we will do everything we can to provide a more comprehensive and predictable framework for decision making by industry, and will assist directly through working to develop a more flexible and skilled workforce.

My Government's aim in considering industry adjustment is to promote increased and assured employment in growing and viable industries. Adjustment properly undertaken and managed in an integrated way is entirely consistent with, and in the modern world essential to, rising living standards. This has been an important aspect of rapid development in Japan and in those other countries in our region which have experienced strong growth.

The issues associated with structural change are at the heart of this Government's agenda and can be expected to continue receiving our closest attention.

As a Government we have moved also to establish the basis for greater equality in the nation's social and economic fabric. While recognising the need for changes in work patterns, industrial structures and patterns of trade, we are acutely aware of the simultaneous need for deliberate measures to ensure that these changes do not reduce groups of Australians to a permanently marginal position in our

society. While recognising the importance of individual initiative, and wanting to do everything we can to encourage it, my Government is at the same time committed to securing for all our people fairer shares of the nations wealth and a larger measure of genuine equality.

This dimension to our policies is apparent in a wide range of areas. Some examples are the Community Employment Program, the vast expansion of the public housing program, the highly successful First Home Owners Scheme, and the assistance extended to the young unemployed and children of pensioners. Other steps include measures aimed at redirecting social security benefits to those who need them, the abolition of more blatant tax concessions and inequities, our attack on tax avoidance - to the extent we have not been frustrated by a Senate ignoring the wishes of an overwhelming majority of the Australian people - and our deliberate moves to promote real equality of opportunity regardless of sex, race or ethnic background. All these measures together constitute a major and concentrated drive to establish Australia as a fairer and more equitable society.

In that drive we have directed considerable attention to the situation of our Aboriginal people. We have substantially boosted Commonwealth Government funding for aboriginal advancement programs. We aim to reverse a situation in which the lot of too many of our aboriginal people is one of constant denegration and contempt, grinding poverty, fear, helplessness and apathy.

Similarly the initiatives we have mounted to eliminate sex discrimination constitute an important element in our overall interest in securing a more just and equitable Australian society. Among the significant achievements of my Government is the progress it has made in raising the status of women. The full details of our approach I spelt out recently at the National Labor Women's Conference in Adelaide.

The introduction of Medicare is another landmark in the history of my Government.

Every Australian is now covered for 85% of the schedule fee in respect of all services provided by doctors and specialists. In times of acute illness every Australian can now receive free hospital treatment. With Medicare we now have a stable system which provides everyone with cover at a fair cost.

Similarly in education, the policies and initiatives we have introduced in the last year are aimed at increasing opportunities for all Australians to develop, on an equitable basis, their full potential.

My Government believes strongly that as a nation we must be prepared to invest heavily in human skills. Only if we equip our people with the capacities and attitudes to compete effectively, with flexibility and with confidence, can we make the most of future opportunities.

Training the workforce to maximise the benefits for themselves and for our society of new, more productive technologies is of fundamental importance. As a Government we are giving urgent attention to the creation of a base of skills across the whole workforce through education and training of our young people, at the same time as seeking to ensure an adequate retraining of the existing workforce to handle these new technologies more capably.

The provision of financial assistance to enable diversity of educational opportunity is an integral part of my Government's education policy approach. Such assistance is provided with due regard both to the principle of equality of educational opportunity, and the principle of need as defined in close consultation with interested parties.

The Government is committed to supporting all those schools most in need with the limited additional resources it is able to make available. Somehow or other the gap between low resource schools and other schools has to be reduced.

This year my Government is giving more money to non-government schools than any Government before it. The fact is that in 1984 the neediest non-government schools, and that includes more than 90 per cent of all non-government schools, will receive higher Commonwealth Grants in real terms than before.

Arrangements for 1985 and beyond are not yet settled. The Government has asked the Schools Commission to provide advice and options on a new arrangements for non-government school general resources funding. No new arrangements will be implemented without the fullest possible consultations with non-government schools, and I give a guarantee that I will be fully involved in this process. I will not only be interested in seeing that all views are heard but, with Senator Susan Ryan, will aim to ensure that the Government's objectives in this area are carried forward in so equitable a fashion that they have the full support of the interested parties.

When we talk of education we naturally think of the young. One of the most difficult and necessary issues we as a Government have to face in the medium and longer term is how to handle the aging of our population in a fair and equitable way.

We have taken steps to tackle this issue but I am prepared to say that we have not been as successful as we should have been.

A year ago I conceded that our Government, like any other, would make mistakes. At that time I added that I hoped one of the distinguishing features of our Government would be that we would have the courage to admit errors and face the responsibility of correcting them.

It has become clear that there is continuing and justifiable uncertainty about whether the Government has yet found the best way to implement legislation on an assets test in a fair and equitable way.

My senior Ministers and I remain absolutely wedded to the principle that the majority - those who genuinely need Government support through the pension - receive it, and that the claims of those - like ex-Prime Ministers - who do not need it, do not continue to limit the Government's capacity to help the truly needy.

However, we have also become concerned that many ordinary pensioners have been caused unnecessary worry by those who, for short-sighted political purposes, have encouraged groundless fears about our intentions.

I concede that as a Government we have not been able to allay those fears. There is no way that we will allow these people - the people who during their working lives contributed to building Australia into the great country it is today - to be worried and alarmed about their future.

After consulting with some senior Ministers I have decided that the whole question must be looked at again.

Cabinet will review this matter tomorrow. I expect following that consideration to be able to announce details of an alternative, more acceptable approach.

The task my Government has begun is one not only of shaping an Australia which will be well placed to sustain growth in the medium and longer-term. It is also one of sharing the benefits of such growth equitably and of maintaining a credible standing in the international community.

A sound foreign policy is obviously important to securing these objectives.

My Government has made clear from the beginning its commitment to its alliance relationships. Australia is an aligned nation and we regard this as being fundamental to the conduct of our international relations.

On this basis, and bringing to bear a healthy independence of view, Australia's relationship with the United States has been consolidated into a mature, multifaceted and beneficial partnership. This represents a logical progression of the foundational Australia/United States relationship forged by Labor Prime Minister John Curtin. That relationship is now stronger than ever before.

At the same time, while we do not seek to disguise fundamental differences of outlook and strategic interest, we have moved to put Australia's relations with the Soviet Union on a more productive footing. Paul Keating's recent visit to Moscow was important in this regard - not only was he able to indicate our interest in constructive dialogue with the Soviets in multilateral disarmament fora, he was also able to register clearly with the Soviet leadership our readiness to seek further opportunities for practical co-operation with the Soviet Union.

Relations with the countries of the Asia/Pacific region must obviously command the highest priority for Australia. I said this immediately after assuming office; others had said it before me. I suggest the difference is that over the last twelve months my Government has succeeded in giving real substance to the character of Australia's involvement with the region.

This reflects the very substantive character of the political, strategic and economic issues that my Government has been prepared to address with the countries of the area, and the unprecedentedly cordial terms on which these discussions have proceeded.

As a Government we have been concerned to promote conditions of regional peace and stability, and in particular we have actively explored with interested parties the scope for progress in the Kampuchean situation. The spontaneous commendation of our efforts by Premier Zhao and Prime Minister Lee during our recent discussions indicate that our efforts are of value and are appreciated by the countries in our region.

My Government's ability to address openly and constructively differences where they exist has contributed significantly to respect for Australia's role in the region. The Australian electorate will match this reality against the base and baseless opportunism of our political opponents in their claims that in pursuing this approach we were endangering our relations with the region. The truth is that these relations are now stronger than they have ever been before.

The reaction on my overseas trip to my 22 November Bangkok trade initiative suggest that this has also struck a responsive chord with the countries of the region. All the regional countries we have approached, including all of the Asean countries, have now agreed to participate in a senior officials' meeting to be convened in April in an Asean country, to help identify regional countries' interests in a proposed multilateral trade liberalisation round. The meeting would also consider how best to focus attention on those interests in such a round. For Australia our interests would include subsidies and non-tariff barriers to trade, especially in agriculture and processed minerals.

Closely linked with this effort to secure an international trading environment more satisfactory to the countries of the region, has been the deliberate effort we have made to put Australia's bilateral trading relations with individual countries of the region onto a sounder, long-term footing.

As a result of rapid economic development throughout the region, quite fundamental structural changes are taking place within the countries of the area.

This has major implications for the character and direction of Australia's regional trade. In established markets it makes diversification of our trading interests a compelling necessity. Elsewhere, high growth opportunities and new markets are opening up.

In each of the countries I recently visited - Japan, Korea, China, Singapore and Malaysia - the speed and extent of change are considerable. Australians must understand the full dimensions of what is happening and move effectively to relate our productive capacities to these dynamic and challenging developments.

For example, the interest that Premier Zhao demonstrated in the integration of the iron and steel industries of Australia and China - through programs of mutual investment, technical assistance and the supply of Australian raw materials and semi-processed products to China's mills - is indicative of the scale of possibilities which exist.

Indeed the importance of what is happening in China is too rarely appreciated. I am convinced that the fundamental changes taking place in China today, in its economic philosophy and practices, hold major implications for all countries. Australia, as a country now enjoying a particularly close relationship with China, is well placed to work together with it to our mutual advantage.

Australia's regional relationships have been nurtured in the context of an overriding desire for global peace and stability.

At a time when the world has entered an era of heightened distrust and suspicion between the super-powers, my Government's commitment to securing progress in arms control and disarmament has taken on a particular significance. Every available opportunity has been taken to press the case for agreements that might preserve the strategic balance and secure deterrence at the lowest possible level of armaments. This has included our discussions with the super-powers, with the other nuclear powers - China, France and the United Kingdom, and with the international community more generally including at the CHOGM.

My Government, and our Ambassador for Disarmament, have been working especially hard for the revitalization of the international non-proliferation regime and for the creation of an international climate that could lead to agreement on a comprehensive and fully verifiable ban on nuclear testing. A convention to ban chemical weapons and an agreement to prevent the arms race from extending to outer space are also high among our priorities.

We were recently very encouraged by the adoption at the United Nations General Assembly of the Australia/New Zealand resolution calling for negotiations to commence on a comprehensive test ban treaty.

That the United States was persuaded to move from its previous year's negative vote to abstention was a significant development - a development we appreciated and now intend building on.

We shall also continue to lay great emphasis on the risks not only of vertical but also horizontal proliferation of nuclear weapons.

As a producer and exporter of uranium we see ourselves as having particular responsibilities in this regard.

More specifically, Australia has an obligation under Article IV of the Nuclear Non-Proliferation Treaty to facilitate and participate in the exchange of equipment, materials and information for the peaceful uses of atomic energy, with due consideration for the needs of the developing areas of the world.

Acceptance of this obligation serves to accentuate the particular responsibility we have to secure improved international safeguards against diversion of nuclear materials from peaceful uses.

We take this latter responsibility seriously and are unflinching in our commitment to the demands it imposes. In this, we believe we are contributing within our capacities to a better world.

The challenges of the year ahead are not to be underestimated.

The main challenge is to keep the economy moving in the right direction.

This will involve maintaining continued progress in the positive trends in the principal economic indicators - that is, employment and unemployment, economic growth, inflation and interest rates. This is no simple task. But the prospects are good and it can be said with certainty that there will be no return to the sustained, simultaneous high unemployment and inflation levels that characterised the economy during the period of my predecessors.

Another key challenge will be to continue progress towards a manufacturing sector that is viable and competitive and contributes directly to strong growth in employment.

To this end my Government will be stepping up its process of consultation with the manufacturing sector and seeking wider community understanding of the issues involved. In this way it should be possible to contemplate in the longer run structural changes that are understood by all to be in the community's broader interest.

Finally, 1984 should be a year in which recovery depends less directly on the Government sector, and is carried more by the private sector. As I have said many times, we recognise the vital role in our economy of the private sector where more than three quarters of the work force are employed. Quite deliberately many of the Government's decisions have been aimed at providing a basis for healthy growth in the private sector. Let me give you two examples. First, the Government's own borrowing strategy has been geared to allowing substantial private borrowing in the second half of the current financial year, to meet seasonal as well as longer-term investment needs. Later in the year, in our 1984/85 Budget, we will be seeking to make further progress in reducing the deficit - thus ensuring that interest rate pressures do not re-emerge with their negative impact on growth - while providing some tax relief. Second ours is not an approach which seeks regulation for the sake of regulation. Only where regulatory approaches clearly promote economic efficiency or social equity will they be considered by our Government.

I recognise that some of the decisions we have taken have not and will not win universal acclaim, at least not until the results are in. But frankly I am not prepared just to sit on the popularity ratings my Government now enjoys. I do not want to fritter away the opportunities this measure of community support provides to move this country in directions which almost all objective observers agree are vital for our future well-being and that of our children.

1983 was a year in which I along with most Australians took pride in a number of great sporting achievements. The task we all have now, I would suggest, is to harness that same focus of national interest and enthusiasm to those other issues of national significance which too often in the past have been determined exclusively by narrowly-based self-interest.

If this can be achieved, we shall not only have a more economically advanced society with relatively improved living standards for all, but we will have laid the basis for a more assured economic future for our children.

My Government is committed to this. It is a firm commitment to a bright and more prosperous future for all Australians.
