



PRIME MINISTER

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CHECK AGAINST DELIVERY

SPEECH BY THE PRIME MINISTER
FEDERATED IRON WORKERS ASSOCIATION
SYDNEY - 13 AUGUST 1985

I am very pleased to have been able to join you here today for the opening of the Federated Iron Workers new headquarters.

This new headquarters is a great achievement on the part of both the FIA leadership and its members. Coming at the same time as the historic campaign for the amalgamation of the FIA and the Australasian Society of Engineers nears its climax gives added point to the occasion.

We have here today a very clear reflection of your achievements in the past and your confidence in the future.

It is precisely in the same sense that I take pride as Prime Minister of the Labor Government in being with you today.

It is particularly appropriate that I share that pride in our achievements and our confidence in the future with you because you are such an important part of the great Australian trade union movement which has been so centrally involved in posting those achievements.

It is about time that some of the nonsense being talked lately in some quarters about the relationship between the Federal Government and the trade union movement be addressed directly, and be demolished.

All Australian Governments of whatever political persuasion necessarily have a relationship with the trade union movement. Few will have forgotten the relationship of the previous Government.

It helped to create the worst economic recession in Australia for 50 years. It saw Australians worse off in fundamental economic terms - in terms of employment opportunities foregone, high levels of inflation and a decline in real living standards. None of this was necessary.

It was a relationship promoted by a Government which had no semblance of a wages policy. When their hectoring of the unions and their lecturing of the Arbitration Commission did not produce the results they wanted, they moved to create the environment for, and readily acquiesced in, the abandonment of any form of centralised wage fixation from 31 July 1981. We have been living with the disastrous economic and social consequences ever since.

The ensuing wages explosion and associated economic ineptitude of that Government produced for the first time in this country's history, simultaneous double-digit inflation and traumatically high levels of unemployment.

In the 12 months before the change of Government 160,000 jobs disappeared and unemployment increased by over a quarter of a million. Inflation reached more than twice the OECD average in the same period.

The Labor Government was elected in March 1983 to turn the situation around. Australia was then in deep crisis - as I say, the worst economic crisis for more than 50 years; a searing crisis of the national spirit after seven years of confrontation and division.

We sought to bring Australians together again, to work together. Our aim was, together, to beat back the crisis, to restore hope, to restore growth, confidence and a sense of united purpose to this nation.

Together we have done it.

We have made the turning around of the economy and the ending of the confrontationist approaches of our predecessors the central piece of the Government's strategy.

The Accord with the trade unions has been critical to the success of this strategy.

From the beginning we were convinced that the continued success of the Accord was the absolute condition for achieving a sustained recovery without inflation.

Let no one belittle the achievements that have been won through the Accord, for Australia's economic recovery in the last two years has been impressive by any standards.

The latest OECD Economic Survey of Australia clearly and authoritatively documents the extent of that achievement. The OECD has registered how the recovery of activity in Australia has been more rapid than the OECD average, how unemployment has fallen, and how inflation has been reduced significantly. The OECD sees the Australian economy "well placed to enter the third year of recovery with demand growing strongly and unemployment falling further".

The OECD attributes this achievement at least in part, to our pursuit of sound Government policies. It recognises that the Accord with the trade union movement has been central to the Government's prices and incomes policy, noting that it has played an important role in the fight against inflation since its introduction in 1983.

The most dramatic and important measure of the Government's economic success has been in the creation of new jobs. I'm proud to proclaim to you as workers that the growth in employment of around 410,000 since April, 1983 is greater than has ever been achieved in a comparable period in Australia. I do not believe that there has been a comparably important economic achievement for over three decades.

It is unfortunate in the rough and tumble of politics that the scale of this achievement can be lost sight of by some. I am not surprised that our political opponents, who destroyed jobs, should now seek to denigrate the Government's achievement. But the trade unions and the Australian community generally can and should take pride in the achievement. For the growth in employment - and the reduction in unemployment to the lowest level for almost three years - has taken place in the context of a new spirit of industrial peace and harmony; co-operation between government, business and trade unions; and renewed national confidence and self-esteem.

And we can take pride as a nation in this achievement, secure in the knowledge that it will continue as we move confidently towards our goal of creating 500,000 jobs during our first three years in office.

In the next few months we must address the challenge of the depreciation that has occurred since the end of 1984. As a Government we urge all sections of the Australian community, including the trade union movement, to exercise restraint until we have absorbed the inflationary impact of depreciation.

On wages, it is now clear that real growth must be somewhat lower than would otherwise have occurred. Deferral of the foreshadowed productivity wage round, discounting and the timing of future wage adjustments are all relevant in determining the position the Government will take before the Arbitration Commission. In this we will be concerned with creating more jobs and making existing jobs more secure. I know your members will identify with this commitment.

I have every confidence that the Accord is sufficiently flexible to again deliver for Australia the kind of wages growth and industrial environment necessary to create jobs, just as it has done since early 1983.

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In this context I should make it clear that no Government can tolerate, or in any way acquiesce, in the forms of unionism perpetrated by groups such as the BLF. Their complete disdain for the law, their frequent resort to practices of thuggery and physical coercion, have no place in our society.

My Government will move, on the first day Parliament resumes, to legislate for the deregistration of the BLF.

Our complete refusal to abide the violent extremism of the BLF in no way diminishes the Australian Government's commitment to working constructively and deliberately with the main-stream Australian union movement.

On the other hand, our political opponents are committed to the destruction of the Accord.. They would propose ending central wage fixing based on wage indexation, and would close down the institutions which give form and substance to the Accord - the Economic Planning Advisory Council, the Advisory Committee on Prices and Incomes and the Prices Surveillance Authority.

Indeed, they would take the wage fixation process out of the Arbitration system, leaving it to a process of direct negotiation between employer and employee, to a process of trial by strength, to a process that would rapidly degenerate into a situation of complete anarchy. They would sabotage the Accord and its achievements and unleash on this country another debilitating round of inflation and a new wages explosion of the kind which emerged in 1981 from exactly the same policy as they now espouse again.

Their approach is a recipe for economic disaster.

As I said in my policy speech last year -

"The central achievement of the past 20 months - restored growth with reduced inflation, would be wrecked, with all that would mean for employment, for interest rates, and for the standard of living of the weaker sections of the community, especially our young and our pensioners, for everything that millions of ordinary Australians can now hope for themselves and their families."

As members of the FIA you would all be particularly aware how the processes of the Accord have restored conditions for a prosperous Australian manufacturing sector.

The Australian manufacturing industry is now better positioned than it has been for many years.

The Labor Government has given unprecedented attention to the development of outward-looking, internationally competitive Australian industries.

In part this has been achieved by an economic policy approach which has produced an economy more resilient, more open to change, and more able to respond to changing economic conditions. In that regard the floating of the Australian dollar, the admission of foreign banks and our moves to eliminate unnecessary regulatory controls, have been important.

It has also been necessary to move deliberately to ensure that Australian industry structures are made more responsive to changes in both domestic and international demand.

The turn around in the steel industry bears eloquent testimony to the success of the approach we have adopted.

As with the economy at large, the situation in this industry has improved dramatically. Raw steel production by BHP over the first 12 months of the steel plan was 11 per cent higher than the corresponding figure for the previous year, with production close to the company's operating capacity. Authorised capital expenditure by BHP in the Steel Division topped \$850 million in July, already in excess of the figure agreed to in the plan. Productivity per employee has averaged 256 tonnes in 1984, well above the 1983 level and above the level of 250 tonnes of raw steel per employee p.a., as aimed for in the plan.

An indication of the commitment of the unions to the plan is that the number of stoppages in the BHP Steel Division, on an average monthly basis, is well below that of the figures recorded in 1981 and 1982 and similar to that of the low levels of 1983.

The Steel Division of BHP is now profitable, creating both the capacity to undertake continued investment and the incentive to maintain a viable industry with secure employment. Senior BHP executives say that the improvements in competitiveness are paving the way for expanded steel production for export.

Only to the extent that Australian industry is competitive can we be confident of making further inroads into the intolerably high levels of unemployment that still remain, and being sure that those now in jobs will be able to enjoy job security into the future. This is fundamental to the Labor Government's approach to economic management.

It is in the interests of all Australians that the task so successfully begun in creating many more jobs, be carried forward. We will only be able to do this in an environment of co-operation, in an environment where the Government, the business community and the union movement remain committed to the task of national reconciliation and national recovery.

Strong foundations have been established; we must now build on them, build on them in ways that will guarantee future prosperity for all Australians.

It is in this spirit - and because I know the commitment of this great union to these fundamental principles - that I am pleased to formally open your Conference today and to proceed to the official opening of this great new building.
