



PRIME MINISTER

EMBARGOED UNTIL DELIVERY

CHECK AGAINST DELIVERY

FUND RAISER FOR THE MACQUARIE ELECTORATE CAMPAIGN
2 APRIL 1987

David March, Ladies and Gentlemen.

Over the last week or so, David, you and your Macquarie electorate campaign team may have been wondering whether tonight's dinner was about to assume a somewhat larger national significance.

But yesterday as you know I announced my decision not to call an early election - and thereby deprived you of the pleasure of hearing my first campaign speech in our quest for an historic Third Term Labor Government.

However tempting the option for an early election was - and it was very tempting - and however confident I was of winning - and I was very confident - I decided that the national interest would best be served by allowing Parliament to run its full term.

It was not an easy decision to make because the opportunity which the opposition parties threw in our laps was a dramatic and significant one.

Let me remind you briefly of the elements of that opportunity.

First, the opposition has decided to use their Senate numbers to reject for the second time one of the Government's central legislative initiatives, namely the Australia Card Bill. We see this Bill as a fundamental instrument of economic management - an invaluable tool for dealing decisively with tax cheats and welfare frauds who are ripping off the system.

The Australia Card is a simple remedy, it is an effective remedy, and it is recognised as such by the overwhelming majority of the Australian people.

In frustrating the Government on this issue and in rejecting the Australia Card, the opposition parties are displaying once more the traditional philosophy which Australian conservative Governments have made a hallmark of their style - the philosophy of protecting the privileged few while increasing the burden on the honest majority of the Australian people.

Their opposition to the Australia Card is not surprising. After all, they are the parties which seek to return to the wealthy few the privilege of tax-free capital gains. They are the parties which seek to remove the assets test for pensioners so that millionaires once more may draw their pension from the public purse. They are the parties which seek to scrap the Fringe Benefits Tax, and thereby allow the wealthy eligible few their expense account lunches and their company cars.

So the Australia Card debate, highlighting as it did the Opposition's dedicated commitment to the privileged few, and its determined campaign to frustrate our legislative program, inevitably led to speculation about whether there should be an early election.

But the Opposition's reactionary attitude on that Bill pointed as well to an even more profound problem afflicting conservative politics today: the vacuum in the leadership and policy areas of both the Liberal Party and the National Party.

This created a second temptation for an early election. The division and instability in the Opposition's ranks literally threatens the very principles on which Parliament must operate. The House of Representatives is currently operating without an effective Opposition - or to be more precise it is operating with several ineffective Oppositions which seem to be as opposed to each other as they are to the Government. The tribal warfare among the Nationals, and the protracted leadership instability among the Liberals, and the dissolution of the coalition, have made it impossible for the Australian public to establish with any certainty who is the alternative Prime Minister and what are his policies.

It is inconceivable that the divided and disunited opposition parties should be allowed to inflict their self-destructive urge on the nation as a whole. I was faced with the temptation of deciding whether the Australian people should be given the opportunity comprehensively and decisively to reject the politics of privilege and the politics of confrontation and to endorse the strong and stable leadership which we have provided to the nation in the last four years.

And of course the evidence that our leadership is producing the desired economic outcome is steadily mounting.

We are starting to see the evidence of economic restructuring as entrepreneurs take advantage of our more competitive trading situation. Our wages policy, thanks to the magnificent co-operation of the Australian workforce has produced necessary restraint in the past and, under the two-tier system, must continue to do so. Our budgetary policy has seen unprecedented Government spending restraint which we will continue to exercise in the May statement.

Only yesterday the nation's newspapers were reporting that no lesser authority than the Organisation for Economic Co-operation and Development had endorsed the Government's economic policies.

The latest OECD report predicted growth would rise to more than 3% next year, the current account deficit would shrink to around 4.5% of GDP and inflation would fall to around 5% or 5.5 % by the middle of next year.

So these three factors - the rejection of the Australia Card Bill, the opposition disarray and the relatively favourable economic outlook - gave me complete confidence that we would have won an early election.

But despite this confidence I decided that the Government should not go to the polls early. The temptation, however strong, had to be resisted and the opportunity, however favourable it seemed to our electoral prospects, had to be turned down. Let me tell you why I made that decision. There was no hidden motivation or secret insight which I had available to me. My decision was based on the same economic logic, the same commitment to restructuring of the economy, and the same determination to build a prosperous society which has informed all our decision making in the entire four years we have been in office.

In the final analysis, it was more important that we continue to demonstrate our resolve and our capacity to meet the nation's economic challenge than that we should seek to take short term political advantage from the failures of our opponents.

If we had sought an early election that decision would have created a two month period during which the economic management of our country would have taken second place to electioneering. The risk to the nation's economic recovery would not have been worth it.

Of course this is a logic which would be quite incomprehensible to our conservative opponents. For them economic management is nothing more than an auction in which the different conservative factions bid for votes by offering voters ever more enormous but ever more spurious handouts - in the grand tradition of their notorious fistful of dollars claim.

The Opposition's profligate promises on tax and spending - unreputed to this day by Mr Howard - saddle him with a \$16 billion credibility gap. And this is before we have even started an election campaign!

Against that kind of 'Alice In Wonderland' arithmetic, the Labor Government has provided honest, sensible, effective and relevant solutions to the real economic challenges the nation is facing. Unlike the Opposition, we have not adopted the head in the sand attitude to the collapse in our export prices which has seen the nation's income slashed by

more than \$6 billion - the equivalent of \$1500 for every Australian family.

It has been our challenge, and our achievement, to manage this externally imposed crisis in ways which are both effective and entirely consistent with our traditional Labor compassion and commitment to equity.

I do not pretend that these policies have not required sacrifices. But I do believe that those sacrifices have been shared fairly.

And I also believe that the Australian people have understood and have accepted the need for these sacrifices, and that they are now seeing the evidence that the sacrifices have been worthwhile.

The Australian economy is on the mend.

We are building a more competitive and diverse manufacturing base. We are seeing the benefits of a deregulated financial market. We are seeing continuing growth in the number of jobs - more than three quarters of a million new jobs have been created since we came to office. In short we have demonstrated our preparedness to take the hard decisions in the interests not of short term popularity or narrow electoral gain but in the interests of the national economy and in the interests of building a society based on sound and sustainable economic growth.

We are the Government for the long haul. There are no quick fixes and no short cuts.

There is no room for voodoo economics or self-indulgent fantasies that we can somehow turn the clock back.

I have said on many occasions - in my Address to the Nation and since - that I would be prepared to lose office rather than go soft in economic decision-making. That commitment remains unaltered.

A relaxation of our firm economic management would not just threaten today's Australians. It would not just risk the jobs of today's workers and threaten the livelihood of today's pensioners. It would place in question the security and prosperity of the generations of Australians who will inherit the nation from us.

That is a risk I was not prepared to take.

Having decided against an early election, let me make it clear that our commitment to a tough and responsible May Statement remains absolute.

Some of those who were in favour of an early election put the argument to me in these terms: that a victory in an election now would have given us a renewed mandate to take the harsh economic decisions which are necessary.

That line of argument was forceful but it was not persuasive. This Government already has a mandate, given to us in unqualified terms by the Australian people in 1983 and renewed by them in 1984. That mandate still exists, and it will be the basis for our economic decision making throughout 1987. Those economic decisions and the fruits they are bearing will in turn be the basis of our request to the Australian people to renew the mandate when we go to the polls towards the end of this year or early next year.

Because the evidence is growing that our policies are starting to pay dividends. We expect inflation will fall. We expect interest rates will fall. We expect jobs will continue to grow.

We will be able to go to the voters and say, we have not only overcome the greatest recession in 50 years - the Fraser Government recession of the early 1980's - we have also set in place the solution to the dramatic collapse in our terms of trade and the structural weaknesses in the Australian economy that have existed for three decades. We are conducting the most massive restructuring of the Australian economy ever undertaken, and by the time we go to the polls I am confident that the benefits of these policies will be evident to all.

Economic reconstruction is not a notion plucked out of some economics textbook.

It is the only solution to the challenge we face; it is the only genuine means of securing higher living standards and increased employment for all Australians.

Let me explain this economic reconstruction in this way, by reading to you the list of Australia's top ten exports today. They are: coal, wheat, wool, iron ore and concentrates, alumina, beef and veal, crude petroleum oils, refined petroleum products, aluminium, and gold.

All of these exports are based on agriculture or mining. All but two of them are unprocessed primary products. Most of them are susceptible to the dramatic slumps in world prices which we have seen recently in the commodity markets.

The simple fact is that Australia must break its heavy dependency on those products we can dig up or grow or shear off the sheep's back.

Australia's great farms and mines will doubtless continue to be major export earners. But they must not be our sole export earners.

We must make sure that manufactured goods and service goods and knowledge intensive industries play a much greater part in earning our national income, and providing jobs for our workers. And we must ensure that we find and exploit new overseas markets for these industries.

So this task of economic reconstruction lies before us as the first and principal task which my Government is pledged to fulfill - not just in the lead-up to the next election but as the country enters the 1990s and beyond.

There are three other elements to our Labor strategy which will guide Australia into the future.

The first of these is this: we will continue to manage the economy with fairness and compassion. Where sacrifices and necessary, they will be shared fairly; where gains are made, their benefits will be passed on, with fairness, to the whole community.

The second element is this: we will continue to manage the economy, and manage the task of reconstruction, with stability and strength.

We will continue to co-operate with the union movement and with business to ensure economic stability; we will continue to support Australia's established and relevant system of centralised wage fixing which the conservatives are pledged to demolish; we will continue to protect the mainstream of Australian society from the wreckers of the New Right.

The final element of our strategy for the 1990s is this: we will continue to ensure that today's policies not only achieve goals for today but are so geared as to protect the interests of future generations of Australians.

That is why we must continue to protect our unique environmental heritage. That is why we must continue to seek the best educational and employment opportunities for our children. That is why we must continue to create a multicultural society in which all Australians have equality of opportunity. That is why we must continue to seek real peace and effective disarmament without which all our hopes and plans can founder.

These then are our aspirations: reconstruction of the economy, fairness in the protection of living standards, stability in Government, and care for the future of our nation.

I draw the contrast with the opposition parties. They have not of late covered themselves with glory in the area of informing the Australian electorate about their policies.

But the reckless and reactionary nature of the policies they have revealed shows us at least this much: they not only cannot provide the answers to Australia's plight, they do not even understand the problem.

So, sure, we would love to have been able to do more, and to achieve our goals more rapidly.

But I'm proud of what we have in fact done, in the difficult circumstances imposed on us by the collapse in our export prices and the consequent fall in our national income.

Moreover I'm totally certain that our record stands in the starkest possible contrast to the conservative forces, with their spurious promises and disunited leadership and single-minded determination to restore the privileges for the well-off few in place of the shared benefits we are delivering to the whole Australian community.
