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PRIME MINISTER

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**SPEECH BY THE PRIME MINISTER
INTERNATIONAL CONFEDERATION OF FREE TRADE UNIONS
MELBOURNE - 14 MARCH 1988**

Dr Narayan,
Simon Crean,
Francis Blanchard,
John Vanderveken,
Delegates.

Australians are this year celebrating the Bicentenary of European settlement of Australia.

This milestone in our national development provides Australians with a great opportunity to reflect on our achievements over the past two hundred years, and recognise as well where we can rectify shortcomings - in particular to work on ways in which we can come to an understanding of the 40,000 year heritage of the prior occupants of this land, the Aboriginal people.

To celebrate the Bicentenary, the Federal Government is assisting in an enormous variety of events in many of which as Prime Minister I have had the privilege of being involved.

Among these events, I am particularly pleased that my Government could provide funds to assist the staging of this Congress.

This support was given in recognition of the major contribution which the trade union movement has made, and continues to make, to the development of the Australian nation.

For as a Labor Prime Minister and former President of the Australian Council of Trade Unions, it is my assessment that this Fourteenth Conference of the International Confederation of Free Trade Unions is a landmark event.

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The Congress brings us together at a time when the world economy is experiencing stresses so extreme they threaten to undo the framework on which the international community has relied since World War II - with all the dire implications such a reversal would have for the living standards of trade unionists and their families.

Such a time highlights as never before the interdependence of the economies of the world - the extent to which the prosperity of one of us depends ultimately on the prosperity of us all.

In such a time, international organisations - including this Confederation representing as it does the great organisations of labour throughout the world - assume monumental importance in their capacity to transcend sectional barriers and to act as international sounding boards for the debate and resolution of our shared challenges.

For all these reasons, it is a pleasure to welcome you to Australia and to the City of Melbourne, and it is an honour to address this opening session of your Fourteenth Congress.

Despite the diversity of the nations whose trade union movements we represent, we are united by our shared commitment to the principles of free trade unionism.

It is regrettable therefore that not all those trade unionists invited to the Conference have been able to take their places here.

In particular, I must voice my most profound disappointment at the decision of the Polish Government to refuse permission to Lech Walesa and a number of his colleagues to attend this Congress.

Nobody with any commitment to the trade union movement could fail to respect the heroic efforts of Lech Walesa and the Solidarity movement to establish free trade unionism in Poland.

My Government made a number of representations to the Polish authorities, and I wrote personally to General Jaruzelski, encouraging them not to stand in the way of Lech Walesa accepting his invitation to be here.

Allowing him permission to attend this Congress would have reflected great credit on the Polish authorities, both in Australia and the rest of the world.

Delegates,

The recent attacks on the rights of trade unions in South Africa deserve our strongest condemnation.

By its latest measures of repression, the Botha Government has moved once again to strangle non-violent self-expression by the black majority and to nullify the capacity of black working people to defend their industrial rights.

It is depressing but true that the situation of black trade unionists in South Africa is no better and in some ways worse in 1988 than it was at the time of the 13th Congress in 1983.

The Australian Government fully supports attempts by trade unionists, church people and others to oppose the draconian new restrictions on the political activities of extra-parliamentary opposition, human rights groups and trade unionists.

Delegates,

It is important that the ICFTU has chosen to hold its Congress in Australia because free trade unionism is, and has been for more than a century, a powerful and constructive force in this country and in New Zealand. In our wider South Pacific region, trade unionism is still a developing force in the Pacific Island states - a force which we would all wish to support and foster.

That is why the threat to trade unions in Fiji following the two coups last year was greatly troubling to the Australian Government and people. We made vigorous representations about the abuses of civil and political rights following the coups.

The Government welcomes the improved situation for trade unionists in Fiji over the past several months, as witnessed by the ICFTU mission in January. We are, however, monitoring developments closely and we look forward to an early return to constitutional arrangements which protect the rights and interests of all the peoples of Fiji including, of course, trade unionists.

Delegates,

I just mentioned Australia's long history of trade unionism.

It's worth recalling at this gathering that our association with trade unionism in fact dates back to the earliest decades of the nineteenth century when organised labour was struggling to emerge in the wake of the English Industrial Revolution.

As a penal settlement, Australia became the new home of thousands of men and women expelled from Britain and Ireland for crimes which today seem, in large part, ludicrously petty. Other convicts were transported for political crimes including some whose offences were to have helped found the modern trade union movement.

Among them were Tolpuddle Martyrs, for example, who were convicted in 1833 for the "crime" of swearing a secret oath to establish a trade union.

Our convict origins illustrate the harshness with which the authorities attempted to resist the irresistible new force of trade unionism. But they also had the beneficial effect of enlarging the capacity of people in this country to understand and where necessary to struggle against prejudice and repression.

Perhaps it was because of this capacity that Australians by the 1850's had established one of the earliest and most successful trade union movements in the world.

That movement attained, over the next fifty years, some of the world's earliest landmark victories in wages and conditions.

One of the world's first modern trade unions was founded in this city in 1850 when twenty-five stone masons formed themselves into the Operative Masons Society.

In 1859 what was claimed to be the world's first Trades Hall was founded - on the site where it still stands in Carlton.

And, most dramatically, workers in Sydney and Melbourne in 1855 and 1856 won the pioneering achievement of the eight-hour working day, which meant a reduction in their working week from sixty to forty-eight hours.

That achievement is still honoured today throughout Australia with a public holiday - and I can only commend the organisers of this conference for the coincidence of timing that brings us together on this Labor Day 1988, 132 years after the first eight hour day was won.

It was during the momentous strikes and lockouts of the 1890s that Australian workers recognised that industrial action alone could not achieve all of their aims and concluded that they must exercise political influence. So they founded one of the world's first labour parties - the Australian Labor Party.

That party has matured into a political movement of national scope, and I speak with pride today as the leader of a Labor Party which, only three years short of its hundredth birthday, holds office Federally and in four of the six Australian states.

I am sketching this brief history because it is germane to the theme which I wish to present today, and is in turn relevant to the theme of your report "The Challenge of Change" which you will be discussing later in this Congress.

That theme is the enormous potential for the trade union movement, in partnership with Government and business, in managing and resolving essential economic issues confronting a nation - issues which go to the heart of job creation and living standards.

Few here would question just how large is the challenge of change.

The symptom of the problem is the massive imbalance in the current account positions of many countries, especially the largest ones.

The world's major economies, notably the United States and Japan, have to undertake large scale economic reconstruction.

In the case of the United States, the need is to become more export-oriented, particularly in terms of manufactures and services. For Japan - and to an extent Germany - the task is to promote production of non-traded goods and to import more. And for all of us, developed and developing nations alike, the corresponding challenge is to retain and expand trading arrangements which are free and non-discriminatory and to restructure our own economies to take advantage of new trading opportunities.

Increased protectionism is not the answer. That way lie only diminished opportunities for all our members collectively to improve their living standards, not least for those of our members who come from the poorest countries.

These economic challenges themselves place new demands on trade unions - demands to foster the necessary changes in the pattern of domestic production and demand while securing the highest sustainable living standards for all workers.

The need for these changes is buried deep in the conduct of economic policy by the major economies over many years.

Change postponed has magnified the problem. It is in our collective interests as free trade unionists to seek to promote the necessary structural adjustments as quickly as is feasible so as not to add further to the size and costs of the eventual adjustment task.

We in Australia have had particular need to address these problems, because we have also had to contend with a sudden, sharp deterioration in our terms of trade. And we are proud of the way we have worked together to meet the challenge.

The trade union movement and the Federal Labor Government have forged a partnership and are, together with business leaders, managing and gradually surmounting our great national economic challenge.

Our partnership, embodied in the Prices and Incomes Accord, has allowed us to embark on a strategy which has produced economic achievements of fundamental and lasting importance not only to trade unionists but to all Australians.

The Accord, drawn up in the period before the Federal elections of 1983, was based on the realisation by both the ACTU and the Labor Party, then in Opposition, that the nation's economic problems would not be solved without a dramatically new approach.

At the time, Australia was passing through a period of social, economic and technological upheaval. Little had been done to respond to the challenge posed by those changes: there was too much confrontation and division; too many wasted opportunities.

By 1983, the economy was in deep recession. Unemployment had reached levels which were higher than had been experienced at any time since the 1930s. Inflation stood at double digit levels.

The basic strategy of the Accord was the substitution of consultation and co-operation for confrontation and division.

The Accord recognised the importance of wage justice. But it also accepted that wage restraint was needed if the national economy was to recover and if we were to rebuild our productive capacity.

The strategy has paid off handsomely for Australians - first and foremost, through the creation of jobs at twice the rate of the OECD average. In human terms that means we have together created in five years nearly one million new jobs.

Unemployment has fallen from over 10 per cent when we came to office to 7.4 per cent today.

Inflation has fallen; interest rates are falling; economic growth from 1983/84 to 1987/88 is expected to average around 4 per cent per annum.

Industrial disputation is now 60 per cent lower than under the previous government.

I list these achievements before an international audience not to advance domestic political goals, but to sheet home the credit for them where it in very large part belongs - to the Australian trade union movement. That role I believe deserves international recognition and indeed serves as a distinguished international model in these times of economic uncertainty.

Because it would have been easy for the trade union movement to view our election in 1983, after seven years of conservative national government, as the signal for unrestrained pressure for short term improvements in wages.

That course would have reflected the traditional priority of the trade union movement to assist its existing employed members through increased wages.

But the pursuit of such a priority in the 1980s would have been tragically shortsighted. It could only have set back the essential national task of increasing economic competitiveness and creating jobs for those without them.

To the lasting credit of the trade union movement, it eschewed that course and instead, through the Accord, adopted a new and highly constructive approach to the management of the national economy.

This strategy was the more necessary and its success the more remarkable because Australia suffered a sudden and sharp deterioration of our terms of trade. This brought into even sharper focus the need to improve our international competitiveness in a sustained way, by means of a fundamental restructuring of the economy.

That necessarily demanded short term sacrifices on the part of all Australians, including wage and salary earners. Although money wages have continued to increase through the centralised wage fixing mechanisms, wages in real terms have fallen since 1985.

This has kept inflation down - despite inflationary pressures fuelled by depreciation - while at the same time helping Australian industries retain the competitive edge which they gained from depreciation.

The current wage-fixing arrangements also provide for trade-offs between wage increases and productivity improvements - a means of retaining competitive labour costs while also increasing wealth-producing workplace efficiency.

The Prices and Incomes Accord also accepted that real wages are only part of the story. Under the Accord, the Government committed itself to lifting the social wage in return for wage restraint. These commitments have been honoured.

- . Substantial additional Government assistance for low income families;
- . An 8 per cent real increase in pensions for the elderly;
- . Greater incentive for children from lower income families to continue education. The proportion of students who complete secondary education has risen from 36 per cent to 53 per cent and is still rising;
- . A doubling of child care places;

- . Restoration and improvement of the system of national health insurance, Medicare, significantly reducing the financial burden of health costs for low income families; and
- . Doubling of funds for public housing and a new scheme to help 270,000 young families into home ownership.

Underpinning all this, we have reformed the taxation system, ensuring that those who benefit from the returns to capital pay their fair share of the tax burden, and that other forms of non-wage income no longer escape taxation. As a consequence, we have been able to reduce taxation for ordinary wage and salary earners.

Delegates,

All this proves without doubt that an enlightened partnership between Governments and trade unions can work - and that it can deliver benefits not just to trade unionists but to all citizens.

In Australia, constructive Government-union relations are now a fact of life.

They are an essential element of a wider network of nation-wide consultations involving business and community groups which are essential to the resolution of the important issues of economic management in this country.

I have long believed - and my experience in Government has confirmed - that if you make available to the people who are affected by a decision the information which is necessary for them to understand the reasons behind that decision; and if indeed you involve representatives of the people in the formulation of those decisions you will achieve two things:

- . A community more readily able to accept decisions, including decisions which on their face may seem to run counter to their immediate interests; and
- . A decision making process which is capable of producing better decisions.

I know that our societies differ in many ways, reflecting as they do the differences of history, culture, institutions and political systems.

However this philosophy of consultation and cooperation transcends those differences. Indeed without applying it in our national and workplace structures, I believe we will not be able to cope with the problems posed by what you rightly characterise as "The Challenge of Change".

Let me describe three specific areas in which we in Australia have implemented and found constructive this way of addressing our national economic problems.

First, at the level of macro-economic policy, was the National Economic Summit which I convened immediately after our 1983 election victory.

This Summit, a conference of Government, unions, employers, farmers, consumer and other community groups, was a unique exercise in information sharing and debate about our economic plight and of methods of resolving it.

One of the lasting achievements of the Summit was the establishment of the representative Economic Planning Advisory Council which continues to provide an important forum for discussion and analysis of economic policy issues, especially those bearing on Australia's medium to longer term growth and development prospects.

Second, at the industry level, the tripartite Australian Manufacturing Council provides policy advice to the Government on the development of Australian manufacturing industry.

Through consultation, we have established industry plans that are helping to revitalise and restructure the mature sectors of Australian industry, such as steel, heavy engineering, motor vehicles, and textiles, clothing and footwear.

Third, at the workplace level, we have embarked on a major program to eliminate restrictive work and management practices - practices which had been adopted in easier times but which now retard the growth of Australian living standards.

Also at the workplace level, we are keen to promote increased industrial democracy. Genuine industrial democracy can increase productivity, decrease confrontation and strikes, and generally promote a constructive sense of identification by workers with and involvement in the decisions which affect a large proportion of their life.

I do not underestimate the difficulties of breaking down the obstacles in the path towards real industrial democracy. But we are - again through information sharing and consultation - making progress towards this goal.

Delegates,

It is apparent from what I have said - in this forum and elsewhere - that I believe the world is at a crucial stage in its economic and political development.

It is, I hope, equally apparent that I believe we in Australia have developed methods of consultation and co-operation which, in our context at least, are relevant to meeting the challenge of change, and which are proving to be useful means of fairly distributing the burdens and benefits of change.

I trust that over the next few days, delegates to this Congress will be able to address, formally and informally, the fundamental task of understanding and mastering those processes of change.

We live in times of uncertainty, but that should only encourage us in the search for answers.

We can take comfort from the fact that on even the most fundamental threat facing us - the threat of nuclear annihilation - the processes of careful negotiation are yielding positive results.

The recent agreement by the superpowers to eliminate an entire class of nuclear weapons gives us hope that future negotiations may lead to further cuts in the arsenals.

For trade unionists, there could be no more inspiring prospect than that the resources now consumed by the accumulation of the weapons of war might be redirected for the purposes of peace and development.
