



PRIME MINISTER

CHECK AGAINST DELIVERY

EMBARGOED UNTIL DELIVERY

**SPEECH BY THE PRIME MINISTER
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A 60th birthday is not the occasion for a policy statement from me.

But like turning 21, or 40, turning 60 is a landmark at which it is permissible to engage in some personal reflection. And when half of those 60 years have been spent in public life it is natural that such reflections should traverse public matters - including, to put it quite frankly, my hopes for my children and my grandchildren not just as family but as citizens of the Australia of the future.

It is of this future that I wish predominantly to speak. But we are, each one of us, the product of our history. And therefore if I am to speak meaningfully of my vision of the future and how my Government has been laying the path to that future I must, briefly, allude to the history of my own time and experience.

Let me take four precisely divided points in my own life to indicate how my outlook has been shaped.

1929, the year I was born, was the mid-point between the two great wars of this century. It was the eve of the Great Depression. Mankind was dramatically, tragically, demonstrating its incapacity to handle economic and political relationships within nations and between nations.

'The war to end wars' was coming to be seen to have taught us nothing. An increasing economic autarky was inexorably laying the grounds for the devastation of 1939 and the next five years.

The great paradox of the twentieth century was beginning to emerge - the enormous gulf between the human genius for scientific and technological advancement and our backwardness as social and political engineers.

This paradox was reflected at the end of the Pacific war in the classic dilemma of harnessing and controlling the power of the atom, a dilemma which has haunted us for the rest of the century.

1949 was a seminal point in Australian history. Australia turned back to the conservatives after Labor's leadership in the war and in post-war reconstruction. There followed the generation of lost opportunities - the opportunity to restructure and make more competitive the Australian economy, the opportunity within a commitment to the Western Alliance to forge a position of independent relevance in the international arena in general and our region in particular.

And frankly, the Labor Party must accept some responsibility for this generation of lost opportunity. Our preoccupations with our internecine conflicts understandably led the electorate to conclude that if we could not govern ourselves we were not ready to govern the nation.

1969 was a significant year for me, being elected President of the ACTU. We were still in the mire of Vietnam where a conservative Government reflected abroad the lack of understanding of historical realities and the confrontationalism it exhibited at home.

It was to be the decade of the successive oil price shocks which, together with other factors, changed the world economic environment.

It was for me a decade in which I was given a unique opportunity to understand the Australian economy - the trade union movement, the business sector, and a range of community organisations. I learned about its domestic and international dimensions in a thoroughly practical way. I learned the art of conciliation and industrial dispute resolution.

This led me to say in my 1975 Presidential Address to the ACTU Congress, in the context of pointing to a significant shift from profits to wages:

"The indisputable facts are that a continuation of recent trends in the division of national income would mean that Australian workers would have less opportunities to obtain employment and would pay very much more for those things with which to sustain themselves and their families. ... It is essential that the self-interest of particular groups be balanced against the interests of workers as a whole."

So that was 1929, 1949 and 1969. And here we are at the end of 1989 - on the threshold of the last decade of this twentieth century. This Australia, this region, this world are almost unrecognisably different from that Australia, that region, that world into which I was born.

It is the convictions born of my experience in this period of the most dynamic change in human history that have shaped my approach to government and my aspirations for Australia.

And as we approach the next century what I want to see is the evolution of an Australia attuned to and conscious of this tremendous change - an Australia with several distinctive, deeply interrelated characteristics.

First, I want to see us become a modern, growing Australian economy, shaken out of the old complacent dependence on commodity exports, re-equipped and restructured in its attitudes, institutions and technology to be fully competitive in the world.

Second, I want an Australia self confidently and vigorously engaged with the world economy, and in particular enmeshed with the dynamism of Asia and the Pacific - an outward looking country capable of contributing to and drawing enduring prosperity from the region - a country which others wish to have as a partner because they see that we have got our own act together and are able to contribute.

Third, I want an Australia committed to maintaining and enhancing the quality of life, not merely the quantity of our economic output. We must not be panicked into a strategy of industrialisation at any cost. We must enlarge our commitment to social justice; to the preservation of our natural environment; to the creation of a tolerant, multicultural, egalitarian society - a society immensely vigorous because of its diversity yet uniquely harmonious because of the deep and genuine mutual respect each component group holds for all others.

And fourth I want a self-reliant Australia, drawing strength from its traditional attachments to other countries but attuned to and pursuing in a hard headed way its own interests in a changing world; speaking with an independent voice; not merely fitting in with the world as we find it but helping shape it.

There is no final destination to this journey - no point at which we will be able to say, "There, we have done it". It is a national commitment to a fundamental and continuing process of modernisation guided by these four goals that I seek.

I am perfectly open to debate about the pace of the change - but I shall fiercely resist developments that would take the vital process backwards.

That is why when the Opposition would scrap the capital gains tax, far more is at stake than some esoteric question about tax policy. It is an attack upon the social equity and economic efficiency which are essential components of the modern Labor vision for Australia.

It is why when the Pilots' Federation gave us a practical demonstration of the Opposition's recipe for industrial relations far more was at stake than just an excessive wage claim in one industry. It was an attack on the very economic competitiveness which is at the heart of the sort of Australia we wish to see.

It is why when the Opposition proposes pulling back the helping hand to the sick, the elderly, the Aboriginal people, the newly arrived migrant, we are not just dealing with some peripheral re-ordering of Government spending priorities, but symptoms of an ideology utterly hostile to our Australian vision.

It is why differences over the environment are more than differences over forests and streams; they are differences over the very values we wish to prevail in the country which future generations will inherit.

It is why when John Elliott proposes that Australia become part of the European Community or when others in the Opposition attack Asian immigration, this is not some sort of sad joke or minor aberration but a literally dangerous failure to understand our place in the 1990s and beyond.

It is why when the Opposition is so sluggish in recognising change in the Soviet Union and Eastern Europe, when it childishly plays around with the concept of an Asia-Pacific trading bloc, when it promises to abrogate the South Pacific Nuclear Free Zone Treaty, when it pulls back from sanctions against apartheid, we are not just talking about some slight immaturity in foreign policy but a deep-seated inability to come to grips with Australia's future in the world.

In summary, it is why when the Opposition puts short-term political point scoring ahead of long-term national interests - or when it reveals its utter confusion about where those interests really lie - we are seeing a debauching of the political debate about the future of our country. Labor - the united Labor movement - has modernised and acquired a maturity and competence in the pursuit of national goals. The conservatives - divided and immature - remain locked in the mindset of the past.

So as Australia enters the 1990s we do not have in this country two parties of the centre agreed on ends and locked only in a constructive debate over means. We are engaged in a sharply drawn contest against a party ideologically driven by the right. It is no mere academic debate but a battle with far reaching implications for the daily lives of every Australian.

It would not be Andrew Peacock who would run a Coalition Cabinet, certainly not on economic, social or environmental issues. It would be the much harder men of the right. Whatever sugar coating is put on the Coalition's policies in its attempt to get into government, who could really believe that Andrew Peacock would have the fortitude, the sheer weight, to take on the John Stones and the doctrines they represent when the immediate electoral restraints were off? Andrew Peacock is a genial disproof of Art Buchwald's lament "I always wanted to get into politics but I was never light enough to make the team."

So I do not for a moment deny that our opponents represent change. Certainly they do - but not change for the better - change dreadfully for the worse.

Ladies and gentlemen

Let me take head on the questions so much in the forefront of discussion, and certainly concern, in the electorate - the balance of payments, debt and interest rates. These are, without question, totally proper and understandable areas of concern. Indeed as a nation we ignore them at our peril.

But first we must be clear about this: there is no one single yardstick of how we as individuals, as families or as a nation are progressing along the path to future prosperity in a restructured, more competitive, more cooperative and more compassionate Australia.

The Accord has been, under this Government, the crucial instrument of economic and social policy.

There is a fundamental point to be made about the impact of the Accord. The trade union movement has been prepared to accept lower money wage increases in exchange for significant improvements in that broad range of benefits encompassed under the heading of the social wage.

I accept that current interest rates hurt - that the decline in real wages has hurt. But that is to tell only part of the story.

For the following things not only do not hurt but in fact positively add to the welfare of Australian families - and equally importantly they are the building blocks for our better future:

- a record number of new jobs have been created; our children are staying on in the school system, and massively increased numbers of tertiary education places and job training opportunities are being provided; Medicare is guaranteeing decent and fair health cover for all Australians; superannuation is being opened up to the great majority of the Australian workforce; childcare places have been trebled; pensions have been boosted in real terms.

This list is not exhaustive. But it illustrates the basic point: real wage restraint, accompanied by such massive improvement in the social wage - the restraint with equity that I sought and that has been so magnificently provided by the Australian community - has set the course for growth - sustainable prosperity, genuinely earned and fairly shared.

This sort of wage restraint has been the starting point of a positive, dynamic process now under way throughout the Australian economy.

The equation is crystal clear: wage restraint has meant higher profits; that has led to record investment; that has sustained record employment growth.

Of course the investment surge is sucking in imports at a level we cannot currently sustain by our own exports. These imports constitute an essential part of the re-equipping and re-structuring for the future Australia. But the present Australia cannot, precisely because of current external pressures, maintain this level of imports. The problem of high interest rates is the very product of our success together in encouraging job-creating investment so vital to this country's future.

So tight monetary policy - supplementing already tight fiscal and wages policy - must be used to dampen economic activity, so that we can have a sustainable level of imports.

The test of an active economic policy is not that there be new decisions and new announcements every week or every month. Our policies are not passive. They are actively working on the economy day by day to achieve the results we need.

Signs are emerging that this policy - the policy for Australians present and future - is working.

As soon as it is consistent with my responsibility as Prime Minister - which is a responsibility not to secure immediate electoral acclaim but to protect the future of this country - interest rates will be able to come down.

But I repeat there is no single yardstick - not the balance of payments, not foreign debt levels, not interest rates - that can adequately measure the health of the economy, the wellbeing of Australians and their families and our prospects for the future.

And finally on this point, I say that a realistic awareness of present problems and constructive concern to tackle them is one thing; self-fulfilling gloom about the nation's future - talking the country down - permitting some artificial crisis of confidence to erode our immense strengths - ignoring what is being done - these things are quite another.

Ladies and gentlemen,

As I said at the beginning, today is not the time for the policy speech. We can talk about that next year.

But it is right today that I bring together the essential elements on which that policy speech will certainly be based - the guiding principles for leading us towards our four goals for the 1990s - principles we have already firmly established in practice.

. Fundamental to everything that follows is disciplined economic policy - not the pork barrel, not gimmicks, not posturing.

That means there will be more of the already countless hours in the Expenditure Review Committee, holding down Government spending - painstaking evaluation of programs, not the indiscriminate wielding of a meat cleaver. It means unyielding defence of a fair and efficient taxation system.

. The commitment to an unrelenting drive for world best standards in industry, infrastructure and service sectors must continue - it must not be botched in the welter of tough talk, ill-considered action, confrontation and favouritism that is our opponents' stock in trade.

Reconstruction has been a continuing and accelerating process marked by significant achievements unparalleled in Australian peace-time history. I again challenge our conservative opponents, and any political or economic commentator, to examine the document on micro-economic reform I have released today, and point to any period of conservative rule which has come within a bull's roar of this pace and size of change.

. Industrial relations need stability - not a wing and a prayer.

We have proven that distinctively Australian institutions work well when they are applied properly. The centralised system has shown it can deliver the goods in testing economic times - responsible wage outcomes, reduction in industrial disputes, award restructuring and record rates of job creation.

Without these fundamentals of economic management no facet of the vision I have for Australia - economic or social, domestic or international - will, in the final analysis, be possible. And I fear for that vision when I see the Opposition embrace fiscal, monetary and wages policies the combined effect of which must be higher interest rates, industrial turmoil, perversion of the tax system and ultimately recession. They would in practice destroy the formidable growth in Australia's productive capacity that has been achieved by the Australian people since 1983.

. Enduring financial constraints will mean that social spending must continue to be finely and fairly targeted - not debased by false, crude divisions of the Australian community into "bludgers" and "workers".

My Government has proved decisively that we can have, simultaneously, both greater social justice and fiscal responsibility - we can have both compassion and realism.

. Critical to the challenge of social justice is the creation, through education and training, of opportunities for young Australians to lead fulfilling and productive lives - rather than being forced onto dole queues as a blunt instrument of economic policy.

An Australia which prizes learning will be an Australia where the life of individuals, and of our society as a whole, is enriched. But, beyond that, an Australia operating at the very peak of its intellectual capability and skills - in management, business, the professions, the trades, science and technology - is an Australia capable of holding and improving its place in a competitive world.

. We must be committed not merely to the principle of equal opportunity, but to its achievement in everyday life - through legislation, affirmative action and institutional changes.

It is precisely because we aspire to enduring social and economic change that we have adopted National Agendas in such areas as multiculturalism and the role of women.

And that is precisely the reason we are restructuring the very institutional framework for Aboriginal Affairs and expanding access and opportunity for Australians living outside the major cities.

. Where our opponents would backtrack on social justice, we shall look ahead to new issues and seek out new solutions.

We are developing new initiatives for the 1990s in our social justice program. This takes us beyond the pre-occupation - absolutely essential in the 1980s - with providing basic income support to disadvantaged Australians. Our attention must now turn to the inadequacy of basic services in local communities, especially those in rapidly expanding outer urban areas and in provincial areas. And we are working with ACOSS to tackle these issues.

. Protection of our natural environment must be ranked alongside economic development, not as our opponents would have it, a poor second cousin. The environmental cause is no passing fad. It is a profound obligation born of new knowledge and changing values - an obligation to our children. I shall be speaking more about this to the Australian Conservation Foundation next week.

. In a time of the most profound and remarkable international change in post-war history, we must be able to anticipate change, adjust to change, be ahead of change - not shuffle along behind like our opponents.

The change is of course most spectacular in Eastern Europe, but it is most immediately relevant, most powerfully felt, in our region.

When I started years ago pressing what I termed Australia's "enmeshment" with Asia and the Pacific it was not only to establish a fundamental tenet of a modern Australian economic and foreign policy - it was to encourage Australians to revise their thinking on where our future as a country lies. Thus there is a broader context for such foreign policy achievements as the APEC initiative and the Timor Gap agreement, and for our commissioning of Ross Garnaut's report. I want such steps to be consciously seen by the Australian people as decisive indications of this country's long term orientation.

We must recognise that there is now the most intimate connection between the future character of Australia itself, on the one hand, and the world in which Australia must function on the other. In this sense foreign policy has become a key part of domestic policy, and vice versa; and we must not rend that seamless web.

Ladies and gentlemen,

Ours is a great country - its potential is greater still.

When Australians lift their gaze to look ahead they can, with every justification, see a future rich in hope and promise. We have the human and natural resources to bring it about.

So my reflections on turning 60 come to this - that if the kids of Australia grow up in a country like this - if they inherit a country more economically dynamic; more at home in its region; more caring, diverse and tolerant; more protective of the natural environment; more educated; more able to adjust to a changing world - then they will have the best chance we can give them of lives which are individually fulfilling and rewarding. They will, moreover, live in a nation even more justly proud of its achievements, a country where they, the next generation of Australians, can look with confidence to a place in the sun as we move into the 21st century.
