



PRIME MINISTER

TRANSCRIPT OF THE PRIME MINISTER, THE HON P J KEATING MP
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Comrades, delegates, thank you very much for that warm round of applause and reception, Paul (Slape) - Victorian Party President - thank you for your kind words, Joan the leader of the Labor Party and Premier of Victoria, our candidate Bill Kardamitsis and his wife Haroula, Jenny - State Secretary - and friends one and all.

Well these are challenging times and it's nice to be amongst friends, and I haven't always been amongst friends this week. But in engaging times like these one needs to know where one is. We need to know where we are and what we are and where we're going. We have to have a very good fix on what our political policy and strategy is because parties lose their way and many parties in the past have. But fortunately that has not happened to us. Not in recent times.

But you might have heard me say that we've been working in this century between two competing ideas in politics. One has been that private reward and private initiative was the main spring of all endeavour and human progress, and on the other hand, state socialism and government intervention was the way forward. We have seen these philosophies, Adam Smith on the one hand, Marx on the other and various shades in between become the polarity of public life in the twentieth century, the tug and pull from the poles of those two competing ideas.

We saw it in the United States with conservatives like Calvin Coolidge, articulating the policies of reward for the wealthy and the swing to the reaction against it in the depression, to the need for government involvement which came with Franklin Roosevelt's New Deal. And we saw the swing back to the years of Eisenhower, where again, we saw the same conservative incantations ran out. And then the swing back as Americans wanted better with Lyndon Johnson's New Deal and support for blacks. And then again back to the years of greed is good, and that private initiative and

private reward is all that matters in the years of Ronald Reagan. And we saw it in Britain, with Churchill after the war and the swing to the government of Clement Attlee, where government involvement and government initiative was regarded as being important. And then the swing back to the dry radicalism of Margaret Thatcher where basically again the strong prospered and the weak were left in their wake.

We came to office in 1983 against that tide. When we came to office the political tide was away from government intervention, government involvement, government engaging problems in society and the economy. But we stood against that tide, against the tide of Reaganism and Thatcherism, which was then the international trend. We stood up against it and we pulled the pendulum back. We dragged the pendulum back, not to state socialism which we knew was not working, never worked, and wouldn't work, or to massive central planning, but to a peculiarly and proud Australian policy. One that you would expect from the oldest Labor Party in the world able to make its own policy and not be caught up in the fashion of these two competing political ideas.

And we came up with a policy which was about opening Australia up, about economic restructuring, of letting markets have a role in the country, keeping a focus on efficiency, but at the same time looking at the needs of people, trying to fashion a social wage which made the lot of Australians better.

So Labor in the 1980s had a growth model. When I used to stand up as the Finance minister or the Treasurer at the OECD and say we have an employment objective, a specific employment objective, people would look at you as if you had a sort of case of rabies or something, and they would say they thought there was something wrong with you. Because then, employment for those people, for those countries, employment was the residual, it's the thing that dropped out the bottom. And if what dropped out was 10 per cent unemployment or 15 per cent unemployment, so be it. That was the price, they said, of giving the wealthy their go, of letting the goers go and leaving the other people in their wake.

Now, of course, we had big objectives, we had to come out of a recession, we had to bring Australia back up, we had to restart investment, we had to get employment going, we had to overcome inflation and put a suture on our debt. But we did all of that within a growth model, in partnership with the trade unions under the Accord. In other words, Labor included people in. We brought in the unions, which have always been a strength of Labor and said let's do this together, let's devise a policy which is Australian, which deals with Australian problems which does not see us as a government with a sash of the pendulum from one side to the other, being drawn around by these international trends. Let's decide our policy and let's do it our way to make things better for Australians - work, but with reform. That is, a role for government but without suffocating

creativity, without suffocating the role of the sensible operation of the market and with a focus on the things we knew it had to be on - economic efficiency, getting companies going again, restructuring our old industrial structure, turning our industrial museum back into a modern, sophisticated industrial society and getting on with it.

We never accepted the Thatcher view that employment was a residual, that if the rich got their go what would fall from the table the crumbs would go to the working and middle classes. We never accepted that view. Nor did we accept the market puritanical view of the New Zealand Labor Party, of Lange and Roger Douglas. We wouldn't cop them either and Paul is quite right to make the reference to New Zealand. They've basically disseminated a generation over there. In fact, we had more growth in the Australian economy in the 1980s than there is total GDP in New Zealand. We had actually more growth here than there is total product in the New Zealand economy.

We in fact absorbed Thatcherism and Reaganism, took it in our stride, used those precepts about markets and efficiency as we wanted to use them in the Labor way, in the Labor context in the Labor model and followed a Labor policy and talked to our fellows in the trade unions, our friends in the trade unions as the New Zealand Labor Party didn't, and as the British Labor Party couldn't.

And that's what made us different.

In the '80s we freed up savings for investment, but we developed this enormous social wage which started caring about things like:

- . Health - with Medicare - the right to health insurance whether you were sick, sore or sorry, rich or poor, single or with a large family, you had health protection under us. That was an important part of the social wage.
- . Women's issues - which we promoted strongly all the way from the 1980s, whether they be equal opportunity, or affirmative action or access to superannuation, or what have you.
- . Pensioners and lifting up the unemployment rate, which had fallen in real terms under Fraser, as had the age pension, which we improved dramatically through the '80s.
- . Income support for the low paid - with a family allowance supplement directed to low paid, low income families, or support to families generally with a family allowance.
- . Increased retention rates in school - because we knew that not only was it unfair to our children not to give them the opportunity to complete secondary school but

we would never make it as an advanced country while ever we took the view that 3 kids in 10 completing secondary school was good enough. It is now 7 in 10 and we then created the equivalent of a dozen universities to take them as they left the secondary system. And now of course, we're pulling TAFE up behind it.

- . Aged care - where we're the first government to develop a comprehensive policy towards the aged. That is from geriatric assessment, through to home and community care, through to the hostel program, right through.
- . Child care - giving women the opportunity to go to work, and giving those who are at home relief with occasional day care in the course of the day or week.
- . Superannuation - giving Australian workers a chance to have a standard of living in retirement greater than that than can be provided by the Commonwealth through the age pension. Building on the age pension, but something better, and at the same time develop a pool of savings for the nation to employ in terms of its capital restructuring.
- . We made in fact, a smaller public sector, a better public sector, by focussing the need, and of course smaller as a per cent of GDP but with large increases in spending where it needed to be.

So that was our '80s model. We rejected all these international fashions, we rejected the half hearted view from the Right. We took our policy, we still opened the economy up., we let the market forces take over in many respects, that is through the exchange markets etc, but we had a Labor stamp on it.

And now we've developed it further with 'One Nation'.

What 'One Nation' does is build on that experience. It sets out a clear role for the public sector beyond the social wage and income support. It gives the public sector a further role, a policy of engagement of national problems not a policy of withdrawal. Not the policy of withdrawal of Professor Hewson who wants to tear everything out of the way to let again the wealthy push their way through the economy, but basically using and declaring that the public sector has a role in shaping the fortunes of Australia, particularly in a difficult period coming out of recession, making that recovery faster, providing the stimulus we need, getting the focus back on employment and jobs and recovery, and doing it in a way which again has Labor leaving its mark and its stamp on Australia, using the public sector to declare change in the country, things which only the public sector can do. Like for instance, rebuilding our national rail network because we know no-one else is going to build it, no private company is going to rebuild the Sydney-Melbourne railway line, no private company is going to standardise the

gauge from Melbourne to Adelaide, no private company is going to tie the ports together. It has to be done by the government, by the public sector. It's not going to be done as proposed in the Liberal program of withdrawing money from the rail system, but rather injecting money into it. To bring up, to give us again a choice in transport. Because we know we can't carry bulk commodities on our roads, we know that we can't continually grow in the economy with road transport alone which is breaking up our highways and causing congestion and road accidents and the rest on our roads. We know, as a modern country with vast differences between our cities, we must have a rail system and only the public sector can provide it.

'One Nation' makes that declaration, as it does about roads. Building ring roads around the capital cities, supporting the states, supporting the Victorian Government in a ring road around Melbourne and around Sydney and Brisbane and in the other capitals. Building national highways.

Making a decision about our children, again, with technical and further education. We're not saying leave them out to make their own way, as Professor Hewson recommends - that people take opportunities in tertiary education by paying full fees, \$12,000 a year, so if their parents can afford a pre-tax income of \$25,000 to pay for \$12,000 after tax or thereabouts, which for most two income families is half their income to send one child to university - that's what they think is freedom to achieve. They're not interested in those hundreds of thousands of other people, children, kids who can't find a place in university, for academic or other reasons, but who need to be trained, who want to be trained. Bill (Kardamitsis) and I went through TAFE a couple of days ago in the electorate of Wills, just seeing what people are doing, with very important courses which let them into the workforce like English literacy, expression, basic computer literacy, advanced computer literacy, graphic design, programs to care for the aged, administration for aged care, administration for child care. All these sorts of things, and of course the trade courses which can be such an important part of not only providing employment opportunity but making Australia a better, more clever, more capable place. The Government must do it, not by withdrawing but by engaging it which is what 'One Nation' is doing.

As we are assisting big projects with a development allowance. We're supporting the private sector to go and do it, but we're doing it in a way which we think maximises advantages to Australia. Establishing development bonds so we can see private provision of public infrastructure - nothing wrong with it, nothing wrong with seeing a private company in transport infrastructure, say the fast transit line from Tullamarine to Melbourne, no problem it is a private company. No problem if we see the electricity industry of this country change the private provision of public infrastructure. The main thing is that the services are there. And setting up pool development funds for

equity, for the small and medium businesses that just can't get any support with equity. We're in there doing that.

So 'One Nation' is about those things but it's also about making markets work sensibly for the nation. It's Labor deciding that certain markets should work better and looking at areas of market failure and it's again an ascertain, a declaration that the public sector has a role in further designing Labor's grander redesign of Australian capitalism, which we've undertaken from 1983 onwards. In such things as the aviation market, we think it is important to create a market, to provide services, to get away from a two airline policy with fares so expensive that an Australian worker can't fly from Melbourne to Perth, or Melbourne to Sydney and return, to create a market which serves Australians well with cheaper fares and destinations outside of Australia.

A national market for electricity with an interstate grid, so that businesses that need cheap power can get it, because this country has got a coal seam all down the east coast of Australia. If there is no other thing we can do well it's provide cheap electricity. But we're not getting it always where we need it, in the companies that can be competitive with cheaper power, and we're creating a market to let that happen.

The most general creation of a market, a more flexible labour market which is coming now again under the Accord with enterprise bargaining, where we're seeing a market exist in the thousands of enterprises across Australia which was formerly never operating as a market. International competitiveness, preserving our low inflation rate. Inflation which has ripped Australian workers savings to pieces and put heavy mortgages on peoples backs and made the country uncompetitive. We're basically in there protecting and pinning that low inflation rate. We're enhancing bank competition by again bringing more emphasis to banking system and trying to make the banking system work better.

In other words, 'One Nation' is about making markets work sensibly. It's not about deciding, as was the case in those polls I mentioned earlier, of trying to set up state socialism or government planning but sensibly letting the creative elements of people and organisations work, but with Labor, the government, the public sector leaving its stamp upon it. And that's what 'One Nation' is about.

It's a policy of inclusion, of bringing people together, as I've said, lowering the drawbridge, letting people in, to participate, to become more cohesive. And the concept encompasses the Accord where Australia's workers are part of the process, part of the conversation of government with a Labor government. The consultation with business who are part of the consultation, the inclusion, under 'One Nation'. The partnerships for progress between government and business, government and unions, business and unions, the Commonwealth and the States, political government and the public service. Bringing people together with common goals

- a policy of inclusion with the drawbridge down, not the drawbridge up. With the elite sitting inside with the power and the money looking at the others outside - that is not our model. Our model is the drawbridge down and the people in as part of it, common goals, working together, making Australia better.

The only way we can prosper as a nation is working this way. Having respect for our institutions, the arts, the public institutions like the public service, our central bank with its balanced objectives of employment and development against inflation and price stability. All in the sense of civilised design in the central bank act ought to have the respect of the political system. Or the public service which carries out the functions of government. Or as I say those other institutions. The policy of inclusion goes to those institutions.

And it is about having a national identity. About understanding that we are able to make our own way, that we are Australians and we're whole hearted about it and the policy is an Australian policy. It's not an American policy or a British policy, it's not like Professor Hewson's who is borrowing from the late '70s of Margaret Thatcher. It's not like Labor in New Zealand. It's ours. It's Australian Labor, it's Australian and it's ours. It's ours because we're clear about our national identity and we are not half hearted about it and we're not hesitating about it, we're declaring it and we're going for it, and we're moving with direction and purpose in doing it.

So as one nation we are pooling these things for recovery in jobs, 800,000 jobs we expect over the next 4 years by government involvement and infrastructure, making markets work, partnerships for progress between government and business, business and unions, bringing institutions together and having an identity, being clear about who we are and therefore having the confidence to push our policies and nation forward. In other words we're about, basically, building on the successes of the 1980s in this way.

Now comrades, I ask you to contrast this with the Liberal Party, now a party of primitives. A party of primitives, the throw-backs to the 19th Century robber-baron capitalism, the Adam Smiths and those who believe that what we should do is make way for the wealthy because in their slip stream the rest will pick up something on the way through. Survival of the fittest - if you're not a millionaire there is something wrong with you and therefore those who have got money should, be given the opportunity to make their way best. It's called in Liberal parlance, 'freedom to achieve'.

Justice and opportunities for the wealthy. I notice the Opposition spokesman on education, Mr Kemp, last week complaining about lack of opportunity for the wealthy. No role for government, they want government out. Now this is the party that offers itself as the next government of Australia. It wants no role for government, it distrusts

the bureaucracy. In the last week the Deputy leader said they'll knee-cap the public service. It distrusts the central bank who it says doesn't properly focus on the twin objectives under its acts of employment and price stability, it's politicised they said by the Government. It distrusts the Australian tax office and wishes to compromise its Commissioner with a board from the accountancy profession, the same accountancy professors who are now funding the Fightback research centre, the GST research centre, the major accountancy firms who would send a representative on a cord to manage the tax office.

And, of course, business is distrusted. They've been described as bludgers coming for handouts from the Government. Dr Hewson attacked them again last week. He said the saddest thing about them is they turned up and asked the Government for favours. So these are the people who want to run us, these primitives. No role for government, don't trust the bureaucracy, don't trust the central bank, don't trust the Tax Office, don't trust our institutions, don't trust business. And what they want to give us as part of their philosophy? Well they want to lower the drawbridge and run out with the GST and levy it on everyone's food and clothing and then run back in. That's their idea of inclusion, that's their idea of cohesion, that's their idea of making Australia one nation. Go and put a flat tax on everybody regardless of income, don't compensate them, let the wealthy get the big break, clean away all of the other impediments to profitability and then maybe the rest of them will pick up something on the way.

And when Mr Reith was asked about his inflation forecast of 0 to 2 per cent, meaning as it must higher interest rates, he denied the journalist the words he had given her, not having the courage to face the consequences of their own policy, their own policy meaning higher interest rates and higher unemployment, all in the manic determination to simply ideologically serve this rhetoric about inflation.

A barren, sterile, ancient view of managing a modern society. The selfish, nark view of the world. The nark view of the world, the drawbridge up, the wealthy inside, the government withdrawing from the social equation. That's their policy. Their fundamentally different from us, but they always have been. We imagine Australia's future, determined by imagination, opportunity, inclusion, togetherness, co-operation, cohesion, pride. They imagine it determined by cost accounting and privilege. That's them.

Now Professor Hewson is totally limited in his thinking. Ideologically hamstrung, ideologically divisive, politically barren, a cold fish washed ashore by the recession, but a primitive species we have seen before. And we've seen it right through this period whether it's Thatcher, or whether it's Reagan or Coolidge or any of the others, we've seen these people before. We've seen their barren ideology before.

Australia can't afford Professor Hewson or his party or his policies. Look at their candidate in Wills who our candidate Bill Kardamitsis is opposing, who says there ought to be a 30 per cent cut in social security, who said that pensions should be cut and migrants should be driven back home if they haven't got a job and if someone dare pay money to the disabled in a sheltered work shop they should chop it out.

These are the sort of primitive views and wasn't it shocking that that got into the public debate. I mean it was a real incursion into privacy. Here is somebody running for public office that's embarrassed by the fact that they actually believe in cutting pensions and payments under the social security system by one third, who believe pensioners ought to be cut back and migrants sent home. Have the disabled disadvantaged further by withdrawing the support that they have already from the Government.

Dr Hewson is always about saying that I create diversions. We're saying as a big matter of news for the day that he was going to the Privacy Commission about letters written by a political candidate or political person in office about matters of public policy. What a hide they have. This is revealing of them, very revealing of them. And in fact all that's happen is that their candidates reveal the policies they really have, because even though he wrote that in the middle '80s it is still their view. They want to cut \$10 billion out of Commonwealth outlays. They want to levy this very heavy tax on Australians, they want to heavy this goods and services tax on all food, clothing, services etc and that's the limit of their creativity and ability.

Now on the other hand, we offer something better and brighter. We offer breadth, as we always have, vision, opportunity, we are as we've always been the builders. And whether it be the rail network, or the highways, or the ring roads, or the electricity grids, or the ports, or the TAFE, or the universities, or the Family Allowance Supplement, or family allowance, or superannuation or Medicare, it is always Labor doing the building. And we will be the building.

We are the reform party in this country. We're the creators of the new concept. And we're the people holding our hand out in friendship to workers, to business, to minorities, to blacks and to anyone else that needs a hand. In friendship and in expectation, and hope, hope for Australia, hope for one nation, one proud nation, one independent nation.

Thank you very much.