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SPEECH BY THE PRIME MINISTER, MR. E. G. WHITLAM, O.C., M.P.,
AT THE M.T.I.A. SEMINAR HELD IN MELBOURNE ON
THURSDAY, 21 JUNE, 1973

In accepting your invitation, I must say I had some reservations about your promotional brochure.

It says: - "If you open this folder, you are in for a shock."

Well, nobody resists that sort of come-on; so I did open it.

And what do I find?

A splendid likeness and the words "Keynote - E.G. Whitlam, Prime Minister of Australia."

And indeed, it is not made quite clear in your promotion whether the Seminar is to discuss future shock according to Professor Toffler or under the Whitlam Government.

I know that my colleagues and I have, from time to time, been reported as saying or doing things which may have surprised you - or even shocked you. I think it was inevitable, after 23 years, that this would be so; and, of course we Labor men - crude, rough, unpolished as we are - do not have that finesse and elegance and suavity that you naturally came to expect from our predecessors, the men born to rule. So you will have to bear with us if at times we seem to fall short of those sophisticated standards of former days.

You will pardon me, however, if I say that I find it just a little frustrating to discover that plain speaking from an Australian Prime Minister is so often resented. Is there a country in the world where straightforward statements are so often regarded as arrogant or indiscreet or even, as I find in the Age this week, egocentric? I would have thought it just a matter of stating the truth when asked. Indeed, I think our problem in Australia is not so much one of future shock, but recovering from past bromides.

So I do see it as part of my duties to administer from time to time a little shock treatment; of course I shall be careful to see it doesn't become aversion therapy.

Today, however, I am going to do the responsible, the discreet, the Prime Ministerial thing: I am going to give reassurance; and I give it on three counts.

I see Professor Toffler outlines his thesis in these words:

"When diversity converges with transience and novelty, we rocket the society towards an historical crisis of adaptation. We create an environment so ephemeral, unfamiliar and complex as to threaten millions with adaptive breakdown. This breakdown is future shock."

I suppose some of you might think that that is a description of the Australian Government. I concede the "diversity" and the "novelty". I concede that some people in Australia - some of them not a million miles from the Opposition benches - are being "rocketed into a crisis of adaptation" and I concede the "unfamiliar" and the "complex" aspects of our Government. You will not be so very surprised if I do not concede "transience" or "ephemerality". And quite seriously, it is folly for business or for any section of our Australian community, or for that matter, anybody abroad, to regard the decision of the people on 2 December as some sort of aberration, a temporary departure from the normalcy of stodgy conservatism. To do so is to ignore some of the very great and deep forces which have been at work in our society, not just for the last six months, not just for the six weeks or the six months before the elections, but for years and years.

The collapse of the Liberal Australian Government was fundamentally a result of its failure over a very long period, to respond to, or even to perceive, those changes at work. The result of 2 December was not merely a change in Government, but a real change in the direction of will and purpose in the Australian community. Whatever the electoral fortunes of the Labor Government may be, there is nothing transient, nothing ephemeral in the forces which brought it to power. This is something we all have to live with. A wise businessman, a prudent investor, a competent manager, will recognise this as a fact of life for many years to come and will plan accordingly. Paradoxically, the forces and pressure for change will be the most stable, certain element in Australian political and economic life in the foreseeable future. I hope you are suitably reassured.

Secondly, I want to reassure you that ours is a highly predictable Government. I confess it makes me quite impatient when I hear that business is uneasy or uncertain about our intentions. I venture to say, in all seriousness, that no administration in modern democratic history has entered office with its intentions so precisely and specifically spelt out - and spelt out over so long a period. Let me illustrate: When I had to conduct campaigns as Leader of the Opposition, in 1967, Senate, in 1969, House of Representatives, in 1970, Senate, and in 1972, House of Representatives, I gave short shrift to candidates or campaign officials or even advertising agencies who complained that they did not know the policy until the night of the policy speech. It was all there well before. It was in the platform of the party. The priorities to be given to the platform and the fleshing out of the bare bones of the platform were contained in speech after speech my principal colleagues and I had made in Parliament and around this country for months and years before any of those elections. In the whole of that period when I led the Opposition it was well known who were the men who would hold the chief ministries.

Any competent person could have written the essentials of the 1972 program upon which we were elected - anybody who had read what we had been saying for the last six years; and anybody who can read that policy speech knows what this Government has been about, throughout the last six months. If anyone has been surprised, I can only take it that there is still an element of surprise in the fact that an elected Government will actually do what it said it would do.

We shall continue until the next elections, the steady, progressive implementation of that program; after the next elections, we shall proceed - with the same deliberate speed - to implement the program for which we shall seek a mandate at those elections. But in the broad - and in the detail of those 160 specific undertakings which were deemed to be so excessive and extravagant at the time - if you want to know what the Government is doing and what it will do - read the policy speech.

It is true, we have just begun the process of framing the Budget and there must necessarily be an area of doubt about the provisions of this Budget as with any Budget. Has there ever been a time when this has not been so? Speculation upon the Budget surely did not begin with the election of a Labor Government! It is in the nature of the system whereby the annual Budget is regarded as the Government's key economic and social document. We are moving to change that. The Treasurer and I have long put the view that the system of annual budgets worked against effective long term planning and efficient short term economic manipulation. The Budget has to bear an impossible burden if it is made to perform a myriad of functions including the setting out of national economic and social goals. Accordingly, very soon after achieving office, we decided to quicken the development of a fully pledged program of forward estimates of Australian expenditures. This decision is designed to affect significantly in the future, the efficient allocation of resources in the public sector. The preparation of the forward estimates will mean that the implications of Government programs can be examined over a much longer time-span than the traditional annual budgetary period permitted in the past. Further, we have established a committee of ministers to examine and analyse the information on expenditure trends revealed in the estimates. The work of this committee will considerably enhance our ability to guide expenditures towards the areas of highest priority and will assist the Government in more clearly defining our objectives and national goals. We shall have a better idea of what we are about; so will everybody.

Nevertheless, we have a Budget to produce in August. This week we have had some of the traditional pre-Budget talks with industry. Whatever the Budget contains - and it appears that even the most rudimentary reference or common sense statement by any of my ministers about the inevitable difficulties in framing Labor's first Budget for 24 years will be deemed to indicate a split or a crisis - the Budget will be a fundamental financial expression of the goals we set out in our program last year for the elections. The Budget is not the be-all and end-all of that program; it is a crucial element in achieving it.

It is true that the economy is in a very different phase from that existing at the time of the elections. The pattern of the Budget must be determined in the light of the state of the economy at the time of its preparation and must be based on reasonable expectations of the way in which the economy will develop.

The remarkable fact about the present economic situation is the dramatic and healthy change which has taken place in it over the last six months. In the months before the election even the previous Government was so concerned about the continued slackness in the economy that it introduced special expansionist measures despite the fact that its own budget had only just been approved by Parliament. As late as December an independent professional economic institute within the University of Melbourne was reporting that the economy was still operating substantially below capacity and seemed likely to continue to do so for months ahead.

There can be no doubt that the major task of economic management facing the Government and the community generally is to restrain the rising pressure of expenditure on resources and to prevent inflationary rises in prices and in costs.

The task which faces the Cabinet is to produce a Budget which will finance the Government's own essential programs and also provide for the necessary restraint on rising levels of private as well as public expenditure. The Government accepts this responsibility and will come to the task of its preparation ready to consider any form of fiscal action likely to contribute to an effective performance of the task. But the great thrust of the Budget must be to implement our clearly stated program and goals. So the second reassurance I give you is about the basic predictability of this Government.

The third reassurance I give you is that we fully recognise the interdependence of a Labor Government and private business. I acknowledged in my policy speech that we could not expect that our social program could be financed without a significantly increased growth rate. Australia had been stumbling along with a paltry growth rate of 3 per cent or so. I said then that we would need to achieve a growth rate of 6 to 7 per cent if our program were to be implemented without vastly increased taxation. We shall probably achieve a rate higher than 7 per cent this year. We can only achieve such a rate if all sectors of the community, not least the private sector, is prosperous, efficient and fully employed. You need a prosperous economy. So does the Government. I know very well I cannot achieve a moiety of what I want to achieve for the people of this country - decent schools, decent hospitals, decent cities, decent provision for the sick, the aged and the handicapped - without your prosperity - if you like, without your taxes.

I said in the policy speech - and the Governor-General himself was gracious enough to repeat it in the speech from the throne - that we would establish consultative planning machinery by which all sectors of industry, employers and employees, would co-operate with us in the planning of the economy and the promotion of the great goals of our society. We shall faithfully abide by that undertaking. I understand there are complaints in the business community about difficulties in communication with the new ministers. I acknowledge things have changed a little since December. No longer the midnight telephone call from the influential address in Canberra - or even more influential address at Surfers Paradise. (The Postmaster-General is distinctly irked at the loss in his revenues. Frank Crean is delighted at the savings. You see the difficulty I have in getting unity in my Cabinet.) I know that over the years, certain convenient and immediate lines of communication did develop between leaders of industry and leading ministers. I understand and I don't quibble at it, but you cannot really be surprised that there has been some slight change. Let me, however, put this to you: were you really on such a good thing? Did this allegedly comfortable relationship ever really help you in the long term planning of your industry or your company? Is it not a fact that, towards the end, our predecessors had such a lack of any coherent or comprehensive policy that all the consultation, all the private dinners and all the telephone calls, left you none the wiser and certainly none the richer?

I do want communication with industry. I want it and so do my ministers, every bit as much with private industry as with the trade union movement. We want it on an open, regular, constructive and in significant areas, institutionalised basis.

It is in this context that I wish to speak to you about some of the basic structural reforms which we have implemented or are about to create. Fundamental to the future of the Australian economy is the question of national industrial policy. This is not simply a matter of deciding that it is desirable to have economic growth or economic development. It is worth emphasising that the two are not necessarily the same. We know it well in Australia. During the last generation we have experienced a remarkable phase of economic development, yet it has not been accompanied by a particularly creditable economic growth.

So when I speak of industrial policy, I am referring to the problems of the relative rates of growth of all industry - primary, secondary and tertiary industry - and to the various industries within those sectors.

The disparity between our rate of development and our rate of growth makes it quite clear that very serious distortions in the productive capacity of Australian industry have arisen and it is equally clear that the tariff system is centrally relevant to this distortion. You know that quite early in the life of the Government we asked Sir John Crawford to report on the establishment of a Commission to replace the Tariff Board. His report is now at hand this week. I should now say that he suggests a name other than that of the "Protection Commission" which was the term used in the policy speech and the Governor-General's speech.

The M.T.I.A's own submission - for which I thank and compliment you - suggested a similar change. If I refer here to the Protection Commission, you will understand that it is without prejudice to any decision of Cabinet on Sir John Crawford's recommendation. The essential elements of my request to Sir John were to make recommendations on a Commission which would be able to conduct examinations independent of the pressures of day to day politics and, above all, open to public scrutiny.

This kind of approach has, of course, typified the work of the Tariff Board in recent years. Subject to the limitations of staff and the restrictions of policy imposed upon it by the form of some of the references to it, the Tariff Board has had to deal with many of the problems of an industrial policy.

Unfortunately, it has suffered from two major inadequacies; and it is these inadequacies that we hope the Protection Commission will overcome.

The first of them has been the limitation of scope. We believe it is essential that any decision, whether of commission or omission, should take full notice of its implications for employment and existing investments, and that when major adjustment is necessary as a consequence of such decisions, the employment and other adjustments involved - in other words, the reallocation of labour and capital - should take place in such a way as to avoid the traumas and hardships which structural adjustments have involved in the past.

The second major limitation of the Tariff Board has been the blinkers which have been foisted upon it in the past. With few exceptions, only the problems of manufacturing industry have been referred to the Board. We intend to change that and have levels of protection of both agriculture and secondary industry decided by the same body. Again non-tariff forms of assistance have been generally decided in widely different ways - ways which often have been unco-ordinated and at variance with one another. We have set up - with a Secretariat in my Department - a standing inter-departmental committee responsible for advising on all assistance to industries. This will make for more coherent and consistent decision making.

Again, one might point out that never has the Tariff Board, or any other independent statutory authority, been asked to report upon the prospects for a new industry or the question of which of Australia's existing or embryonic industries offer prospects of viability without assistance of an open-ended kind from the taxpayer.

In this context, it might be worth emphasising that in pointing out this deficiency I am not proposing that any body or any Governmental authority in Australia should set itself up to select which industries should be allowed to exist and which should be put out of business.

But it is the responsibility of the Government to decide what is the national advantage in terms of particular industries, when any kind of official patronage, that is, the taxpayers' money - is involved.

Now there are some implications of this that I am sure will be music to your ears. I know how dedicated you all are, how determined you all are, to uphold the principle of free enterprise and open competition. I know how much you will welcome every decision which will promote competition. The Protection Commission should help to this end.

In expanding and building upon the role of the Tariff Board through the new Commission, whatever the final form of it may be, the Government intends to lay the basis for an industrial policy for Australia, in which the emphasis will be upon change and dynamic adjustment.

It is not a pretty sight in a country like Australia, so rich in natural resources and with such a potentiality for growth, to see the instant ossification which sets in in so many enterprises and indeed whole industries. As soon as an industry has come into existence, too often it considers that its very existence entitles it to a certificate of immortality and changelessness, to be guaranteed a safe and easy life by way of Government subsidy and protection through tariffs or, even worse, permanent quantitative controls on imports.

When the Great Depression struck the world, the retreat behind tariff barriers on a worldwide scale was understandable, even if not always wise. Jobs and livelihoods for millions of people were at stake, and the threat of economic warfare by dumping led to the practice of economic warfare by tariffs.

Nevertheless, it cannot be repeated too often that at a time of full employment and labour shortages, as will be the case soon, no serious threat to jobs is involved in prodding industry into greater resilience and adaptability to change by exposing it to a more competitive climate. It becomes for Government much more a social problem than an employment problem.

When in some cases, in the interests of economic growth, it becomes necessary to encourage job changes, the duty of the Government is to act on the side of the change, not resist it, and to facilitate the transfer of employees into expanding industries and out of uneconomic and contracting industries.

The Government is studying the problems of adjustment assistance for structural change, in its industrial, manpower retraining and social security aspects. We shall never allow change to be bought at the cost of human hardship. Neither shall we build unnecessary rigidities into the Australian economy merely in order to enable people, whether they be employers or employees, to continue in a particular industry just because they are used to it and don't want to learn anything new. This can only lead to stagnation and the sacrifice of economic growth, not in the name of something rational like preservation of the environment but in the name of sluggishness and conservatism.

Australia should be able to pride herself upon a vigorous and independent approach to her role in the international economic community. She will be able to do so only if we develop an industrial policy which is directed towards adaptation, and strive to overcome the inbuilt resistance of vested interests to any structural changes in the domestic economy.

Like most countries of the world today, Australia has encountered serious inflationary problems. There can be no doubt that inflation is a disruptive influence on the economy and society, and it is in the interests of all that it should be held in check. If prices continue to rise sharply in the erratic and unpredictable ways that have characterised recent experience, no-one in Government, in business, or in private life can plan confidently for the future. This problem has led to extreme measures being taken in some countries, in particular the United Kingdom and the United States.

The Australian Government is determined to contain inflationary pressures. It will not be easy. We are aware of the need to manage economic affairs prudently to avoid too great a strain on Australia's resources. We intend to do so with the co-operation of business and the public at large. For this reason, we have established a Prices Justification Tribunal which will have the task of enquiring into and reporting upon the prices charged and any price rises proposed by large companies. Its reports will state whether, in the opinion of the Tribunal, this or that price or price rise is justified. We confidently expect that the companies concerned will abide by the Tribunal's judgements in these matters and, as the Tribunal will provide a forum for discussion of these matters in public hearings, we believe that its operations will have the force of public opinion behind them. It is therefore of the utmost importance that business should recognise its own best interests and the best interests of Australia in co-operating with the Tribunal in all respects.

Further, we are determined to step up the long term growth of productivity in Australia by a variety of measures.

First, we intend to stimulate both internal and external competition and at the same time to improve the competitiveness of Australian industry. Existing Australian legislation in the restrictive trade practices field is of limited effectiveness. Even our predecessors recognised that. We propose to deal with restrictive trade practices by directly prohibiting them instead of leaving them to be restrained separately after time-consuming enquiries, as is the case with most practices at present.

The Government has done a great deal of preparatory work in formulating new and stronger legislation along these lines.

I do not see stronger restrictive trade practices legislation as something for industry to fear. Obviously, there will be adjustments to be made. But as the influence of this legislation spreads we can expect a sharper, more competitive spirit to emerge in the economy, with industry quicker to respond to changes in the market and in the available techniques of production and distribution, and quicker to respond to new opportunities in general. This must be to the benefit of everyone.

Secondly, we hope to move towards more outward looking trade and development strategies adopted by such other small rich industrial economies as Sweden, Denmark and Norway, economies which have increased the real average living standards of their population considerably faster than we have, and at the same time, looked after their sick and poor much better than we have.

There is need to recognise that increasingly our manufacturing industries should become more oriented to international markets. However, no wholesale upheaval of the Australian industrial structure will result from our policies. Rather any alterations to existing policies, or the introduction of new ones, will be gradual. The Government is aware that its policies will involve some changes of emphasis and of direction. It recognises the need to ease the transition by providing as much notice to industry as possible to plan for changes of direction and where possible to give industry time to adjust to new circumstances.

Thirdly, we aim to increase the adaptability of the Australian economy to changing technology and to changing economic conditions both at home and abroad. Action has already been set in train by the ministers for Secondary Industry, Labour and Social Security and to develop a comprehensive and co-ordinated set of policy measures on :

- .. Labour training and re-training;
- .. Relocation of industries and workforces;
- .. Adjustment assistance to industries affected;
- .. Effective social security and welfare measures to protect individuals and their families involved.

Currently a high level governmental mission is overseas studying relevant experience in other countries. Such a program will enable the Government, in co-operation with industry and the trade unions, to accelerate the movement towards a more viable and profitable industrial structure.

The long term structural changes which need to be made to achieve a lift in the real income growth of the community may require Government assistance in many areas to ensure that the associated human and economic problems of change are at least minimised and, where possible, avoided.

Finally, it is particularly appropriate that I should mention at a seminar under the auspices of the M.T.I.A., the question of industrial relations. The great breakthrough towards industrial sanity in Australia came when the M.T.I.A. recognised that the prosperity of both employers and employees rested upon industrial co-operation, not industrial confrontation. Your members know full well the futility of the provocation of the penal clauses. Your members will know the advantages to yourselves of union amalgamation. You must find it as ludicrous as I do that a majority in the Senate should seek to thwart our mandate on two such matters - one of them, at least, "inoperative" - if no-one finds it offensive or interfering for me to use that word.

It gives me a great deal of pleasure to commend the efforts your Association has made in recent years to bring about a better industrial climate by replacing the idea of confrontation in industrial relations with co-operation. In future years, I believe that the writers on industrial relations will regard the 1971 metal trades negotiations and agreement as a major initiative in the development of a more satisfactory system of industrial relations.

I congratulate the M.T.I.A. on the initiatives it took to reach agreement with the metal trades unions for an agreement covering this important industry, an example of bargaining with the assistance of the Commission without any industrial stoppages.

I believe that this will be regarded as an outstanding example of the way industrial relations in Australia can and should be conducted.

In all these matters - in economic management, in tariff policy, in industrial relations, in social engineering - we are seeking new machinery, better structures, more public processes, to achieve our program for change.

Returning to the brochure promoting this seminar, reference is made to the "sickness that comes from too much change in too short a time". I cannot accept the proposition that it is the change which causes the sickness. It is the failure to prepare for change and to plan for change. Change itself is inevitable. I do not fear it. Where we have failed so often in the past is in failing to anticipate it, and failing to develop modern and contemporary institutions to deal with it. It is the duty of a Government devoted to change in an era of change to develop those structures and institutions. This is what we are doing. We know our creations can only be truly effective if they are based on co-operation and open dealings with the public. Co-operation, open dealing, contemporary institutions for planning and achieving clearly stated national goals - those, I believe, are the best antidotes against future shock.
