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ADDRESS BY THE PRIME MINISTER AT CHANCELLOR SCHMIDT'S DINNER,
BONN - 20 JUNE 1977

It is a great pleasure to visit the Federal Republic of Germany and have the opportunity to discuss with you matters of concern to both our nations.

The relationship between our countries is a strong and substantial one. We share a commitment to democratic values and institutions. We have economic and strategic interests in common, and similar approaches to the major problems of the day.

We should encourage and sustain the growth in our relationship and I am delighted that there has been a striking increase in contacts between our countries ministers and senior officials in recent years.

Chancellor, the Federal Republic is one of the world's great economies, and we have watched with great admiration your government's conduct of economic policy and we congratulate you on the results. Years before others you learnt from experience the central importance of stable money in the operation and growth of free enterprise economies.

My government's economic policies are also based on a recognition of this central fact. Since coming to office nineteen months ago, we have pegged back sharply the growth of our budgetary expenditures; made large cuts in personal and company taxes; reduced sharply the level of our budget deficit; brought the growth of the money supply under firm control; taken steps to restore the health of our balance of payments; and acted to contain excessive wage increases. Australia made progress with these policies in 1976. Growth was resumed after two years of recession; inflation was about ten percent compared with sixteen percent in 1975; there was much less industrial unrest; corporate profits increased by 30 percent; and business investment began to recover.

Towards the end of 1976 - once having brought all the instruments of policy to bear on the fight against inflation - we devalued and at the same time altered the settings on the other instruments of economic policy so as to maintain our basic policy objectives.

We are carrying these policies further in 1977 and the rate of inflation has continued to moderate (2.3 percent in March quarter), while business profits and confidence have remained strong.

Of course, the economic problems inherited from an earlier period can not be repaired in a few months. But although there is no lack of voices urging both the Federal Republic and Australia to depart from present policies, I hope you will maintain your economic policies as we propose to maintain ours. We shall maintain them not merely because reducing inflation is a basic objective in its own right, but also because we accept the fundamental premise of the OECD medium-term strategy, that without further progress towards eradication of inflation the sustained growth needed to provide employment opportunities for all those who want to work will not materialise.

Our policies have produced a growing confidence in the Australian economy and are promoting renewed interests in large scale investment projects. This year investment projects of about three billion Australian dollars are scheduled to begin, and other projects involving even greater amounts are well advanced.

Overseas management and technology must play an important part in these projects and large quantities of overseas capital will be required. Our policy on overseas ownership and capital inflow takes full account of these needs, and our export policy with all our mineral products - whether they be energy resources or otherwise - is to act as a reliable, responsible and reasonable supplier.

Chancellor, one of the many minerals with which Australia is richly endowed is uranium. We hold about twenty percent of the western world's low cost uncommitted reserves with good prospects of finding more. Uranium development and export involve national and international considerations which other commodities do not involve. Accordingly, before making decisions on uranium we have awaited the findings of the special uranium environment inquiry. The second and final report of that inquiry has just been published. Final decisions on it will be made soon after my return to Australia, and a group of officials is now discussing with potential customers the details of our safeguards policy.

I have spoken at some length about economic issues because I believe that the task of defeating the twin evils of inflation and unemployment is one of the major challenges to the democracies. But this is not the only challenge - another major challenge to the democracies is that of recognising their interdependence and that this interdependence is a broadly based one embracing a wide variety of strategic and economic matter.

We need to be aware of the impact of our decisions - not only on our own country but on others.

If we do not do this, if for instance, we take action designed exclusively to gain some short term economic gain the consequences may, in the long term produce results diametrically opposite to our interests.

I believe all democracies are becoming aware that their national security and prosperity cannot be safeguarded in one region alone, but must be looked at on a global basis. We need to foster this awareness and avoid a narrow regionalism which certainly does not advance - and may harm - the common interest. While Australia's immediate security interests lie especially in Asia and the Pacific - and yours lie in Europe, these regions and concerns are linked. What happens in the Pacific and Asia affects the Federal Republic of Germany. What happens in Europe - in Berlin - affects us.

And we all have a major interest in the outcome of the north/south dialogue. For if the problems of the third world are not resolved, the consequences will affect the world far into the future.

Australians recognise the vital role Europe has to play in ensuring the world's security and prosperity, and the great - the indispensable - contribution the Federal Republic has to make to achieving these goals.

Chancellor, I see this visit, as I am sure you do, as an opportunity to consolidate our relationship - a relationship which is logical and well-based, in that it is founded on common interest, shared values, and mutual respect.

Chancellor, I would like to propose a toast to the President and people of the Federal Republic of Germany.

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