



EMBARGO: 9.30 P.M. E.S.T. <sup>16</sup>

## PRIME MINISTER

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### ADDRESS TO W.A. LIBERAL COUNCIL - PERTH

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It is very good to be in Perth again and a great pleasure to address this Council.

You have all undoubtedly had a very interesting week watching the A.L.P. Conference go through its routines. Bob Hawke, having been unable to get a safe Labor seat, announced that if he was not given leadership of the Labor Parliamentary Party, he would not go into Parliament. It seems that even two hats are not big enough for him. But he had to admit he had not been inundated with offers of support from Labor Parliamentarians.

It has become obvious that Mr Hawke and Mr Whitlam hold one another in the highest regard. Having led the A.L.P. to its greatest defeat in Australia's history in 1975, Mr Hawke and Mr Whitlam conceded that they were still the two best campaigners the A.L.P. could produce. Mr Hawke's obviously aiming to prove his loyalty to the present Leader of the Opposition. Yesterday he said that Mr Whitlam was "a greater man than he was". But he could not stop himself from adding "for the time being". There is no doubt about it - the A.L.P. is as strongly behind its leader as it ever had been.

There were some remarkable changes at the Conference. Five weeks ago, following his resounding two vote confirmation as Labor leader, Mr Whitlam had said that there was nothing wrong with the policies Labor had pursued in Government; it was obvious - to use one of his own phrases - that he would do it all again.

In Perth, however, Mr Whitlam made an astonishing change. He said that Labor would have to behave in an economically responsible fashion. Mr Haydén said that Mr Whitlam's speech was drafted on the road to Damascus. It is more likely that it was written on the road away from breakfast with two Iraki gentlemen. It is unfortunate the changes Mr Whitlam had undergone thus far have been short lived, and they have left Australia short changed. The Labor Shadow Treasurer, Mr Hurford, said Labor had to face economic reality. Labor could no longer

afford to finance its social programme through inflation and Labor accepted tax indexation. People sat with baited breath and wondered whether a new, economically responsible Labor Party was about to be unveiled. The new image was shattered, however, once Mr Hurford said that the A.L.P. would raise indirect taxes substantially and spend an extra \$800 million on social programmes if they were in power.

But that was not surprising. We have heard Labor commitments to restraint before. The A.L.P. is replaying the promises of the past. Before 1972 they briefly assumed the cloak of responsibility - they would not spend too much money, they would eliminate unemployment, they would be stable and sensible. That was Mr Whitlam's promise. What he delivered was the most irresponsible and outrageous government Australia has ever seen. In the Labor Budget of 1975 - the so-called responsible budget - Mr Hayden said: "We have exercised the utmost restraint in government spending". In that year spending increased by 23% - so much for restraint. Once the charades were over, it was clear that the A.L.P. had not changed. They are still the party of economic irresponsibility and inflation, the party of massive government. The party that gravely damaged business, whose inflation harmed the poor most of all.

The Australian people know this - they have seen Labor in action between 1972-1975. They won't be deceived again.

We have spent the last 18 months working to overcome the damage the Labor Party did to Australia. We stopped the rapid expansion of Government spending; we have controlled the money supply; and we have pressed for wage and salary restraint. To encourage initiative, reward enterprise, reduce the pressure for higher money earnings, we have cut taxes substantially. The tax cuts amount to around \$1,000 million in revenue foregone. This year, the total will be around \$800 million.

We also took specific action to promote business investment. The results have been encouraging. Inflation came down substantially in 1976, and has come down further this year, despite those gloomy forecasts following devaluation. Growth has been resumed, after no progress in 1974 and 1975. And practically all this growth was accounted for by the recovery of the private sector. Company profits are well up - about 30% for 1976. Business confidence has improved, and company investment is up. This will improve further as the benefits of devaluation flow through.

This week the Government relaxed capital inflow controls, which should assist a wider range of companies to raise overseas capital. But the battle against inflation is not over, and we are using all the arms of government policy to continue progress.

Unemployment is still a major problem - and we have adopted a number of innovation schemes which have had a considerable degree of success. These schemes include: the Community Youth Support Scheme which has helped 15,000 young people to acquire

basic new skills; an expanded "NEAT" scheme which has trained 18,000 people, three quarters of whom have found employment at the end of their service under the scheme; the most successful special youth employment training programme, which aids adolescents who have been unemployed for a lengthy period of time - 70% of whom are getting jobs as a result of training they receive under the programme.

Assistance is also given for apprentice training, and for those forced to relocate themselves and their families to gain employment. But as the unemployment figures show, these schemes cannot by themselves resolve the unemployment problems we inherited from Labor. One fact must be faced up to - that because of the wages explosion which Labor fostered - in two years there was a 53% increase in wages in manufacturing industry, unskilled and semi-skilled workers are relatively more highly paid than at any other time in Australia's history. This has meant that even though company profits are increasing, employers still tend to be reluctant to take on unskilled workers and are buying labor-saving machines. This is a factor that has not been adequately realised in Australia. But it does make it difficult to reduce unemployment as quickly as we all would wish.

Unless union leaders take a responsible attitude towards wage increases, workers will find themselves priced out of employment, and the success we have had in reducing inflation and promoting economic recovery will not be translated as quickly as we would hope into reduced unemployment.

Your own state has taken the lead in economic recovery. The reasons for this are not hard to find: the sharp rise in development of export-based industries which has begun, and which is likely to increase in the near future; and the very able leadership of the Western Australian Government under Sir Charles Court, which has consistently and successfully promoted Western Australia's interests. As Sir Charles recently pointed out Western Australia is in the happy position of looking forward to the prospects of major new developments over the next 7 years, as large in real terms as those that occurred over the last 17 years. The largest and most ambitious project is the development of the North West Shelf gas deposits. This \$2-3 billion project will greatly supplement our energy supplies, and significantly boost our export earnings. Moreover, the establishment of a project of this magnitude in the Dampier area will act as a catalyst for other development. The substantial supply of natural gas should enable establishment of gas-consuming industries along the length of the pipeline to Perth. It will assist development in the Pilbara, and it will fulfil an important energy need in Perth as supplies from the the Perth Basin are reduced.

The Commonwealth wants this, and other large scale projects to proceed as quickly as possible. And we have been doing all

that we can to promote the North West Shelf development. We have assisted the partners in the project by providing rulings and clarification on the application of tax laws, foreign investment rules, and a number of other matters. Sir Charles and I are in close and continuous contact on this issue to ensure that there is no undue delay.

But for Australia to realise the benefits of such projects unwarranted industrial disputes must be avoided. So far this year, there has been a marked improvement overall in industrial relations - the one glaring exception is our major export-based mineral projects. The current Mt Newman dispute and other stoppages and bans in the Pilbara have been most disruptive. Over 50,000 man days and \$2.2 million in wages have been lost already in the Mt. Newman dispute. There is an average of more than one strike a week in the Pilbara. 20 ships are tied up at this moment at Port Hedland and more are expected each day. As a result of disputes such as these, major iron ore contracts have been entered with Brazil, which might have come to Australia.

As Mr Hawke found out when he went to Japan, strikes and bans in the Pilbara have severely threatened the prospect of further investment and of further jobs. Mr Hawke went to the Pilbara presumably to stop the strikes continuing. And what happened? The position deteriorated further. The dispute between the Seaman's Union and the Utah company in Queensland is also a most serious matter, and could have grave repercussions for the new ore industry in this state, and for the coal industry of New South Wales. The Utah dispute has led to the suspension of the 250 million dollar development at Norwich Park. The same could happen to other major export-based developments.

The Whitlam Government brought investment in this country to a halt. We acted to revitalise investment plans and to get a large number of major projects on the move. And we were successful. Three billion dollars worth of major new projects should get underway this year. And what does Labor do? What do the trade unions do? The very projects which promise to give great impetus to our economic recovery, and provide jobs for thousands of workers are jeopardised by the very unions who are supposed to represent the best interests of those workers. These disputes have gone on so long, with so little sign of reason or commonsense being displayed, that we are entitled to ask whether the union leaders involved are trying to sabotage the prosperity of this country. I have called for a report from Mr Street and Mr Nixon on these disputes, and I may have to consider calling together the Premiers of New South Wales, Queensland and Western Australia to discuss this whole question. It is essential that reason and commonsense prevail, and that these stoppages be brought quickly to an end so that these vital projects can proceed.

When I was in Europe, the subject they always raised first in their discussions with me was uranium. This was understandable given Europe's need for energy. This need is one of the matters that we are going to have to consider very carefully in deciding the issue of uranium mining and export. Another factor will be the

importance of delaying the turn to the fast breeder reactor and the plutonium economy in which large quantities of plutonium would be produced and recycled. If sources of uranium are restricted the production of nuclear power for peaceful purposes will come much closer to the edge of military technology.

The Labor Party's new policy on uranium would if implemented not only deny essential power to the homes and factories of Europe and Japan, it would hasten the move to the plutonium economy, and have the incidental effect of increasing the capacity of some countries to produce nuclear weapons. The Government is yet to make its own decision in the light of the two Fox Enquiry Reports. But it must be faced that a decision to ban outright uranium production in this country would not advance the well-being of mankind.

In my discussions in Europe, I pointed out that the European Community wanted a secure access to uranium. And that reliability of trade was a two-way business. I believe that they are coming to accept this. For a number of years now, Europe has been excluding Australian agricultural products from her markets, and disrupting our traditional markets in third countries by subsidising exports of her food surpluses. For many years, the European Economic Community tried to make these policies respectable by saying that such policies applied to agriculture alone. Now, these policies have been applied to Japanese manufactured goods and steel from Japan, South Africa. They tried to apply them to Australian steel. The Chairman of the Commission told me that Australia was an unfair trader in steel and demanded arbitrary cuts in our exports of 25%. There was no way I would voluntarily agree to such cuts. This morning there were news reports from Brussels that the request had been withdrawn. And these reports are confirmed by the cables I have received over the last few days. The E.E.C. is only in favour of free trade and general lowering of tariffs in things she produces better than other people. For those items which Europe produces less well, she plainly stands prepared to erect absolute and impenetrable trade barriers.

When Australian industries have been in difficulty, we have still allowed access to our markets. In recent years tariffs have gone down about 30%, market penetration of imports has increased. Contrast that with the European approach, the Europeans are in fact great protectionists.

After much discussion with the E.E.C. we agreed that there will be major bilateral discussions between the Community and Australia. I hope that these discussions will point the way to solutions to some of the trade problems that have created difficulties for some Australian industries. These are possibly the most critical international trade discussions in Australia's history, and the Government will be appointing a special trade negotiator to conduct them.

While we are discussing the international trade, I should make some reference to our trade policies with respect to ASEAN. There has been some criticism of our policies. To put it mildly, these are not well based on the facts. The facts are: Between 1970/71 and 1975/76, ASEAN's exports to Australia increased from \$87 million to \$317 million, a growth rate twice as fast as that of total Australian imports; these imports continued to grow by over \$120 million - through the last two years of difficult domestic economic conditions; since 1971/72, our imports of textiles, clothing and footwear from ASEAN countries have increased four and a half times; and the rapid expansion of imports of ASEAN textiles and clothing has continued, even though some general import restraints were introduced on these items in 1974/75.

Our own textile, clothing and footwear industries have been long established in Australia and they are substantial employers, particularly in some relatively small towns in country areas. These have been subjected to a very rapid change. It is not reasonable given the degree of unemployment in Australian industry to subject them to a greater rate of change. We can properly claim that given our size, Australia has dealt more fairly in allowing ASEAN access to our markets than have the United States, Japan, Canada or Europe. In 1975 our imports, per head, of textile apparel, and footwear were \$2.18 compared with the United States, \$0.63; Japan, \$0.25; E.E.C. \$0.37; and Canada, \$0.41.

A similar situation applies to imports of manufactured goods from ASEAN. I believe that the ASEAN countries understand the position and I am looking forward to discussions with them so that we can go through the situation in detail.

Mr Chairman, thank you for your invitation to address this meeting. Your state is making great progress under Sir Charles Court's leadership. And the very able team of Western Australian Senators and M.P.'s are making a major contribution to the Commonwealth's efforts. Reg Withers is an invaluable member of Cabinet and Senate leader; and Senator Fred Chaney has made an outstanding contribution both as Senate Whip, Chairman of Backbenchers Committees, and as one of the leading members of various Federal Party Committees.

The Government is making solid progress but it will take time and your wholehearted support for us to achieve our goal of full economic recovery.