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PRIME MINISTER

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ADDRESS TO THE WESTERN AUSTRALIAN
STATE COUNCIL OF THE LIBERAL PARTY

It is good to be in the West again, after the enormous win our Party had in the last election. In 1977 Western Australia once again showed clearly the direction in which it wanted our country to move, and they gave the Liberals an unprecedented victory.

As you know, the Liberals won nine of the ten House of Representative seats and for the first time since Federation we have six Western Australian Liberal Senators. This was a wonderful result, which we could not have achieved without your support and the full support of Sir Charles Court who campaigned magnificently and relentlessly for the return of the Government.

In 1977 we proved again that the people of Australia wanted a Government with a Liberal philosophy - a Government with a sense of national purpose, a commitment to national unity, a commitment to free enterprise and achievement and a commitment to promoting the growth and development of this Nation; a Government committed to seeing that all Australians have a fair go and to providing help to those in need while encouraging the initiative that is essential to a vibrant nation.

Above all, Australians voted for a Government that is not indebted to any single class or vested interest. A Government dedicated to the National interest and that governs for all Australians. That is what the Australian people want - a Government that can work together with the community to achieve our great national objectives.

By contrast, the Labor Party is in disarray once again -- divided by conflicting interests, riven by factions, committed to negativism. The ALP is so negative, that they even negate one another. Labor may be a socialist party - but there is nothing collective about their economic statements. Mr Hayden thinks interest rates have fallen too far; Mr Hurford says that they haven't fallen far enough. Mr Hayden wants to reduce significantly protection for Australian Industry, but Mr Hurford wants to keep it up. These sorts of statements are par for the Labor Party course - they've always had a big handicap.

They had the same problem during the last election. Then, in the vain attempt to paper over their many differences, they resorted to 5-way long-distance telephone hook-ups. Well, this year, we're going to help the ALP - we've reduced long distance telephone charges.

While on the subject of Labor Party spokesmen I should say that there are certain standards which, in the past, all Australian political leaders have observed. These standards Australians overwhelmingly endorse, regardless of their Party affiliation. When Australian political leaders are abroad they do not attack our country's policies, nor do they undermine the fundamental values that unite us all as Australians.

It was therefore unfortunate that, on his recent trip around Asia, Mr Hayden chose to inform the local press that, "Australians too often leave other countries with the impression that they are abrasive and insensitive people". These remarks were in bad taste, they were unnecessary and they should never have been made. Mr Hayden went on to call for the withdrawal of the RAAF squadrons in Malaysia because according to him, these could be interpreted as an "imperialist intrusion". Mr Hayden disregarded the facts, for the squadrons are only there because the Government of Malaysia welcomes their presence.

Mr Hayden also attacked Australia's favourable trade balance with ASEAN. He said that Australia had to "crunch this thing as quickly as possible" and "turn around" the trading balance against ourselves. These remarks were off-hand, ill-considered and damaging to Australia. And they ignore the fact that Asean exports into Australian markets have been growing at a rate of 35% per annum over the period 1971/72 to 1976/77.

People who assume the responsibility of political leadership should not promote foreign criticism of Australia for party political reasons. Mr Hayden's inexperience is no excuse for this most regrettable display. Labor's negative approach stands in stark contrast to this Government's positive and united approach to all national issues.

Our coherent and rational economic policies have enabled Australia to emerge from an economic morass, a morass for which Mr Hayden, as the ALP's favourite Treasurer, must take a major responsibility. Under our sound economic management inflation has fallen dramatically, interest rates have been reduced significantly and investment has grown. We have achieved this by a rigorous control of Government expenditure, by a responsible management of the money supply, by arguing strongly before the Arbitration Commission for wage restraint and by making Australia an attractive place in which to invest.

In preparing the Budget, we will continue this course, for only in this way will we overcome inflation and move back to sustained economic growth.

We will make sure that the maximum benefit is obtained for each dollar of public money - your money. Every Government programme, without exception, is being scrutinised. Some hard decisions have to be made, and we shall not shirk our responsibility. We all know from our own experience that families cannot always afford all the things they would like to have and as a Nation, we cannot afford to pay for all the things Governments are asked for.

A responsible Government must have the capacity to say no to demands that outrun the resources it can reasonably expect from taxpayers. We will not betray our obligations. Your Government will never seek political popularity at the price of economic responsibility. We have worked together; we have gained so much and if anyone thinks we are going to turn off course now, they mistake the quality of this Government. For we are determined to keep on the path to lower inflation because this is the best guarantee that interest rates will continue coming down and that in turn will provide the best incentive for business, small and large, to invest and expand.

Because we have followed these policies and because you have an enlightened and energetic Liberal Government in Western Australia there are exciting mining developments taking place here. Bauxite production in the Darling Ranges now exceeds that at Weipa and construction of a third Alumina plant is to commence this year. With strong Commonwealth and State support, the North-West Shelf \$50 million planning and definition study is in progress and production at the Agnew Nickel Mine will commence soon. Also, expansion of facilities is underway in the Pilbara - despite the temporary downturn in Japanese demand for iron ore. Offshore petroleum explorations has been stepped up and planning for the uranium project at Yeelirrie is at an advanced stage. Also, there is the recent promising diamond prospect in the Kimberleys.

For those who wish to foresee Australia's long-term future, I suggest to them "Look West" - it is a marvellous tonic.

The prospects for this State are unlimited, a great part of Australia's future lies here. The Commonwealth recognises the particular growth potential of this State, and has backed Western Australia in its approach for funds for the development of the Kwinana Power station, the Muja Power station, the upgrading of the Kwinana-Koolyanobbing railway and we are increasing Western Australia's semi-Government borrowing programme in recognition of this State's above-average population growth.

The development of Western Australia shows that the vital tasks of getting the economy back on its feet is a task in which we must - and will - succeed. It requires whole-hearted cooperation between State and Commonwealth Governments. Australians are entitled to expect such a united effort.

The Agreement reached at the Premiers' Conference on guidelines for infrastructure financing for new development projects was a striking example of this cooperation and Sir Charles played a crucial role in developing this new Commonwealth-State initiative.

One would not expect there to be total unanimity on all things between seven Governments. But what is vital is that we all work together in Australia's interest. Cooperation between Federal and State Governments covers many fields.

Relations on offshore matters have bedevilled Commonwealth-State relations for more than a decade.

We are now very near to a happy solution.

It was, of course, open to the Commonwealth, on the basis of the High Court's decision, to assume all power over the offshore area, and virtually ignore the States. That is the course Labor wanted to take. But we took a very different approach. We believe in cooperation for Australia's advantage. Liberals believe in shared power, in shared responsibility. The States will exercise increased powers over the first three miles offshore. The Commonwealth is also willing to share with the States responsibility for activities such as mining and fishing beyond the three-mile limit. Our cooperation goes further.

We have taken the unprecedented step of consulting the States during the negotiation of international treaties and we are prepared to insert into treaties clauses protecting State's interests.

We have reached agreement on a National Companies and Securities Scheme. There is close cooperation with this state on legal aid and family law, and we are moving to a fully cooperative Commonwealth-State approach on environmental protection. This cooperation embodies the spirit of the new Federalism we promised when we came to power. As Liberals we know that ever-increasing centralised power at Canberra may make life easier for the Commonwealth bureaucracy - but too often at the cost of the individual many thousands of miles away in Perth or Kalgoorlie.

The prosperity of Western Australia, or the whole of Australia, depends upon trade, upon markets overseas. Sir Charles Court has tirelessly sought markets overseas to advance the great mining industries of this State. The Commonwealth Government is seeking to promote a new export consciousness throughout all Australian industry.

We are providing new and significant export incentives and tax concessions and have undertaken a major campaign to expand world markets and Australia's access to them.

We have pursued this course in the knowledge that Australia, more than many nations, depends on international trade. A substantially higher rate of growth in world markets would greatly speed up the rate of our own recovery, and the rate at which new jobs can be created in Australia.

In my recent discussions in Japan, the United States and Europe, I have been adding Australia's weight to those who want to get the world economy moving again - a movement which can only come about if we expand world trade and halt the spread of unreasonable protectionism.

We have been working for a positive and wide-ranging agreement at the Geneva Multilateral Trade Negotiations - the MTN. Doug Anthony and Vic Garland have spent the last fortnight there directly arguing Australia's case. We have insisted that the MTN must be balanced and include agriculture as well as industrial products.

President Carter shares these views, and in a recent letter to me he said - about the MTN:

"I will not consider these negotiations a success unless they lead us toward a significant liberalisation of world trade in agricultural products." These negotiations have just passed a critical phase - they will be resumed in the European autumn.

Meanwhile, the Bonn Summit beginning tomorrow will review the situation and major participants - especially the EEC will have to re-appraise their negotiating mandates. Australia - supported strongly by the USA - has clearly established a position whereby the MTN must provide additional access for agriculture, and a code of behaviour on export subsidies on agricultural products. In particular - both in the MTN itself and on a bilateral level - we have been pressing the European Community to reduce its trade barriers.

We have stated our position without equivocation and I believe we have had some success on this front. The justice of Australia's case is being increasingly recognised by a growing body of world opinion.

In July, The Economist reported that the case for a change to the EEC's approach has "been most powerfully put by the United States; most justly by countries such as Australia and New Zealand".

Just last week, the British Foreign Secretary, Dr. Owen, told a meeting in Brussels that the EEC was "highly protectionist .. particularly of course in agriculture". He said of the EEC: "We are causing very considerable distortions in the world agricultural industries because of protectionist policies".

"Some people are now beginning to feel the full force of it because Australia, New Zealand and the United States are campaigning ..."

The British Prime Minister, Mr Callaghan, said in June that: "The Community's Common Agricultural Policy, for example, needs major reform .. it is like the cuckoo - depriving the consumer of access to cheaper goods, gobbling up an unfair proportion of the Community's budget and starving a number of more worthwhile fledglings in the Community's nest".

The EEC will find it even more costly to ignore the fairness and economic good sense of Australia's case. No less than 75 percent of the total EEC budget goes on agriculture - yet agriculture produces only 5 percent of their GDP. The cost of the EEC agricultural support and subsidy budget is now in excess of \$8 billion - about \$60 for each EEC taxpayer - who as a consumer is also burdened with having to pay double to treble world prices for his foodstuffs.

The problem for Australia is not only one of lack of access. There is also the staggering magnitude of new and growing EEC agricultural export subsidies. In 1978, EEC export subsidies on items which compete with Australian agricultural products in overseas will total about \$4 billion.

In beef, 150,000 tonnes are to be dumped with export subsidies of \$1,000 per tonne; butter - 500,000 tonnes - subsidies of \$2,000 per tonne; wheat and flour - \$1 billion in subsidies; sugar - 3 million tonnes with \$800 million in subsidies. These subsidies range from double to treble the world price of these commodities. These massive subsidised exports have made major inroads into Australia's markets in Asia, the Middle East and South America. Where once we supplied the whole of the market - such as flour to Sri Lanka - we have been wiped out. Is it any wonder some of our primary industries are in difficulty when a bottomless purse provided by 260 million people is used to subsidise producers, driving us out of markets by destroying commercial trading.

I cannot understand people who say we should accept the EEC's policies on these matters. I cannot understand the Australian Labor Party counsels of despair except that it is a party to which despair is second nature. They attack the Government for trying to get a fair go for Australia. They would have us meekly accept not only exclusion from the world's largest, richest market, but also massive dumping of surpluses on our other markets - markets important for the well-being of many of our industries. That is not the path your Government will take. We have no intention of abandoning Australia's national interest in this or any other area.

At the same time we have not allowed our commitment to getting a fair go for Australia in the EEC to blunt the momentum of our movement into other markets. We have consistently encouraged Australian exporters and given particular attention to the growing markets in the Middle East and South East Asia and our trade with new markets has been expanding rapidly in recent years.

In 1976-77 our exports to ASEAN countries were \$772 million - a 100 percent increase over 1972-73. In 1976-77 our exports to South Korea were \$191 million - an increase of 260 percent over 1972-73. Our exports to Iran in 1976-77 were \$150 million - an increase of 480 percent over 1972-73.

We are committed to sustaining our thrust into available markets and our initiatives include new export incentive arrangements, strengthening the Trade Commissioner service, the Australia/ASEAN Industrial Cooperation Conference, the Commonwealth Regional Consultative Group on Trade, the ASEAN/Australia Consultative Committee, and we are establishing the Overseas Projects Corporation.

We will continue to expand our trade into those markets available to us - and keep fighting to get into markets that are closed to us.

I have found an increasing willingness by most nations to adopt a more flexible and practical approach to the demands of expanding world trade. There is universal concern to see that present sluggish world growth rates are improved. The ongoing Multilateral Trade Negotiations and the impetus to them from the Bonn Summit Conference will be of enormous importance to the trading world for the rest of this century. The nations gathered together have the power to take the world forward to establish a new, improved trading system, which will expand markets and employment around the world.

If nations lack the wit, the will, the determination to move forward they run the risk of moving backward to the tragic beggar-thy-neighbour policies of the 1930's .

Indeed, present European attempts to allow selection and discriminatory measures against imports underscore the real gravity of that danger. Whatever the outcome at Geneva, because of the domestic economic position of many of the world's major economies, the international trading scene is likely to remain difficult, not just for months but for years.

At this moment, the most important thing that we can do for Australia is to put our economy to rights, to correct the grave imbalances of the Labor years. We have made considerable progress, but much remains to be done. Together we can make further progress, by using to the full our natural resources, and our own capacities -- our skill, dedication and inventiveness. We need to strengthen our great industries, our productive and competitive sinews.

We need to offer stability and predictability in decision making, and above all we need to utilise the capacity and potential as yet untapped in our nation. If we do so we will be better able to withstand whatever stresses developments in international trade impose on our nation. We will be better able to take advantage of whatever opportunities are available.

Make no mistake, we have an opportunity to make Australia an example to the world -- an example of how dedication and a determination to overcome economic problems can enhance the life of our people -- to join that narrow band of countries where decisions are taken because they are right, not because they are thought to be politically popular.

Such government is only possible where there is a respect by the Government for the people, and where the Government has earned the respect of the people.

Our purpose is to create an Australia in which every Australian shares in a great national pride. Working together in support of our common objectives.

The opportunities are great -- the possibilities exciting.