



PRIME MINISTER

FOR MEDIA

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ADDRESS TO NATIONAL COUNTRY PARTY CONFERENCE

The partnership between our parties over the last five years has been a very close and a very constructive one for Australia. The transformation of this country over this time has been quite remarkable.

Five years ago nobody tried very much. They had been taught that there was no need to put effort into what they were doing. People had come to believe, or had been told and promised, that Governments would and could provide anything, no matter what they themselves did to earn it.

The pursuit of excellence, the encouragement of initiative; of enterprise and of investment was just put aside in those years.

In the time since, we have seen a remarkable recovery right across the broad spectrum of Australia. The great rural industries of this country have had two reasonable years, and this year also looks as if it is opening well. It is not often that we have wool and sheep and sugar, beef and wheat, and other rural industries, all doing reasonably well at the one time. That means a great deal not only for farmers and pastoralists but obviously for all of those in country towns and for the industries that service the rural economy.

We have often underestimated in the past the extent to which depression in the rural sector drags down the rest of this country. If farmers have no income, and if they stop spending, it has an immediate impact in their own communities and an immediate impact on the major industries that are significant suppliers for the rural sector. When rural Australia is doing well that has an impact on industries and on the great cities. It gives us all

more optimism and faith in the future.

Because of a number of things which have occurred - in trade we have been able to re-establish a much more secure access to many markets overseas, inflation is under control to a much greater extent than it was in those earlier times, we have introduced special policies designed to enable farmers and pastoralists to rebuild their assets and, to repair their farms and establish financial reserves once again - because of all this, people are looking to the future with the kind of confidence that was absent from Australia for so long.

This is the case not only in rural Australia. Our manufacturing industries are doing very much better than they have for many many years. The volume of manufactured exports was up about 30 per cent last year, with consequences for employment and for the well being of the total economy. The mining industry is moving forward strongly in many states. I would not mind if every Australian went for a holiday overseas between now and the next election - so long as they were back here by voting day - because if people saw what was happening in the United States, Canada, the United Kingdom and in a number of countries in Europe and then returned to this country, they would have a feeling of pride in what Australia is achieving, and a feeling of confidence in the prospects for the 1980s.

I do not know any other country that can look to the 1980s with the kind of confidence that is now coming to be widely shared throughout Australia. Our inflation rate is much less than many of our significant trading partners, and I believe we can keep it that way. In the United States and the United Kingdom there have been very severe and great economic difficulties, and there the growth of trade and the growth of output is minimal.

The United Kingdom's economy will probably shrink over this year and perhaps over the next year.

Against that kind of background overseas, the performance in Australia is, in comparative returns, even better than we might otherwise believe it to be. In a world where there has been high inflation and where there have been energy shortages and rising prices for oil, the world economy has not been growing all that much, while Australia is moving ahead quite strongly. That is because we have been able to bring together some basic natural assets; the strength of our own industries, a better run economy as we believe, great mining resources and abundant reserves of a number of different forms of energy. By these means we have been able to attract more investment and hence more activity to this country, providing the basis for a confidence that people in Australia have but which is not fully shared in a number of other countries at the present time.

Over the next few months, there are two points about the Labor Party that we need to have understood right throughout the Australian community. The first is the extent of their move to the left over the last years, and it is very significant indeed. You will remember in the past how Mr. Whitlam took on the Victorian Socialist Left, how he was reported to have vanquished the Socialist Left - well the Socialist Left in Victoria is not only well and prospering but it is moving pretty vigorously out into other States, in the selection of candidates and the dominance that they have in the Party and the kind of policies that are being pursued. When Mr. Hawke accused Mr. Hayden of a 'gutless sell-out to the Left' at the Adelaide Conference of the Labor Party last year, Mr. Hartley then revealed what had happened. Mr. Hayden had accepted the economic advice of the AMWSU instead of Mr. Hawke's advice. We know that that particular union is far to the Left in the political spectrum. It was quite plain that they had come to dominate Mr. Hayden's economic thinking in the kind of policies that he wanted to pursue.

There was a momentary breach in that alliance a couple of weeks ago when Mr. Hayden believed that he ought to act responsibly. I commended him for attacking the campaign for a 35 hour week. But he was immediately repudiated by his own Caucus. I understand Mr. Hawke has been saying that Mr. Hayden will have to change his views. In fact in the Parliament they voted for a different kind

of approach and all in all I expect that that will be the last burst of responsibility we will see from Mr. Hayden for a while.

The movement to the Left, the intervention in Queensland, the nature of the candidates selected in Victoria, the lack of a realistic economic policy, must be matters for concern, and matters that will concern the electors of Australia later this year.

We remember that the expenditure of previous Labor years resulted in a very high inflation. Well so far, in just four areas of expenditure; in employment, in health, in housing and in welfare the ALP have committed themselves to an additional \$1,800 million of expenditure each year. Now that is four ministries out of about 26 or 27.

When other potential ministers make their demands for additional expenditure, how much extra money would they then be spending, if they ever had an opportunity again. Throwing money at problems is still very much part of their makeup. It shows that they have learned nothing from previous occasions.

So the two things that I believe that we need to have understood are the movement to the Left and their essential irresponsibility in the management of the financial affairs of this country. I believe on those two grounds the people of Australia would reject the Australian Labor Party.

If there were any doubt about it, they have said one or two things about taxation. In December last year Mr. Hayden reminded us that his revenue raising programmes were somewhat more radical than had been outlined up to 1972 by Mr. Whitlam. He said that he had committed his organisation to a capital gains tax, a resource rental tax, a levy on domestic oil producers - which Mr. Keating has said would collect more than our levy - a number of initiatives in the tax area and other measures of that nature. He left it to his spokesman on economic affairs to define other measures. Mr. Willis said it was wrong that we did not have some form of tax on capital, be it death duties, a capital gains tax,

a wealth tax or perhaps some kind of combination of those, or all three. Let nobody say they have not been warned, because in those policy statements we have been told very plainly what the tax future would be under any future Labor Government.

But we do not rely on the negatives. It is the positive things that this Government has done - what we can achieve for Australia in the years ahead - that are important. When we look at events overseas, we will find that it is even more important that the Coalition stays very firmly and strongly in power in charge of Australia's affairs.

The world is going through a difficult time. You will remember how after all the difficulties of the Cold War and the involvement in Korea, the Berlin Wall, the Cuban missile crisis, the third rape of Czechoslovakia in thirty years in 1968, people began to think and hope that surely there was a better way. The concept of detente, the idea of lessening of tensions between the super powers was born. As a result of that it was determined that East and West would live together in a friendly and a happier atmosphere. And the Western world, Europe and the United States - if they did not believe it, at least they pretended that they believed it. The United States started to reduce her defence expenditures. Europe became less wary. Everyone was less concerned at what was happening outside of Europe. They ignored some of what the Soviets were then doing. They ignored the fact that Mr. Brezhnev said after the concept of detente was born: 'that it doesn't in the slightest abolish, nor can it abolish or alter the laws of the class struggle.' He made it perfectly plain that by subversion, by the provision of arms, and as we have seen more recently, by the outright use of their own military forces in Afghanistan, they are determined if they can to extend their sway and their dominance over more peoples in this world.

Since detente was born there have been problems in Angola, Ethiopia, the Yemen and Vietnam, where, either directly or indirectly the Soviets have propagated war and conflict, discord and difficulty. And of course most recently of all Afghanistan. There is one healthy thing - one only - that has come out of Afghanistan, and

that is that the Soviets are being seen for what they are, much more plainly than for many many years. In many cases the blinkers have come off and people understand the nature of the Soviet Union and the nature of the Soviet threat more clearly than might have been the case for 10 or even for 20 years. If that is so and if as a result people are going to pursue more realistic policies, well then that at least is healthy. We are going to be in for a long period where the United States and the major countries of Europe are going to have to show a strength and a determination, going to have to rebuild their own defences and capacities, not just for this year or for next, but over quite a long period. Because I have not the slightest doubt that there is only one thing which the Soviet Union respects and that is strength and determination in preventing their dominance over more and more countries spreading.

As a result of the invasion of Afghanistan they have already achieved very significant strategic advantages. They have the capacity now to use airfields in Afghanistan, extending their tactical air power over much larger areas of the Middle East and of the oil producing states - strategic air power over again a much larger area than was possible before. There are other advantages for them as well - for example, being able to move more easily against Pakistan if they wish, or to take advantage of difficulties in Iran. These are very real dangers, and it will be only the determination of the United States and the determination of other countries in Europe that will prevent those dangers from becoming more real.

Against that background of all of our history and with all of our involvement in the past in support of allies and in the defence of the kind of freedom and liberty which is vital to our way of life, it is all the more important that we stand with our friends, with our allies, with the United States, with the United Kingdom, with France and with Germany, because they are the main determinants of what can happen; because they are the countries which in reality have the power.

That is one of the significant reasons why this Government has pursued over recent months the kind of policies it has pursued in response to that invasion of Afghanistan, in support of the United States and of major countries in Europe. It is a tragedy for Australia that all Mr. Hayden can do, in his desire to criticise this Government, is to imply that everything that President Carter is doing, is done for domestic political reasons, almost as though he had engineered the Soviets into Afghanistan for domestic political reasons in the United States. The proposition of course, is one of total absurdity.

Australia could have expected more of the Australian Labor Party in matters as important, in matters as vital to the future and security of this country. The fact that they have not behaved in a responsible way in relation to these issues will mean they will be judged more harshly when the time comes.

There is one other thing that I would like to say. I have said it before, and it remains very true. As Prime Minister you need people who support you, people whom you can consult, very often on the most sensitive and delicate matters which never touch the light of day. You need people who can carry at times some of the burden and some of the difficulty. I have said it before and I say it again: nobody could have a better lieutenant than Doug Anthony, as Deputy Prime Minister, than I have. Over a long period he has helped to lighten the load with the benefit of his own experience and judgment in many matters, he has certainly contributed enormously to the strength and to the unity of the Coalition. And Doug is also supported by people like Peter Nixon and Ralph Hunt who are respected right throughout all political parties, by all Liberals, as well as by their own.