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PRIME MINISTER

FOR MEDIA

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ADDRESS TO COMMONWEALTH CLUB LUNCHEON
ADELAIDE

1981 will be a year in which North-South issues feature very prominently both in international affairs generally and in Australia's foreign policy in particular. By North-South issues, I refer to the search for solutions to those grave human problems which affect the less developed countries. Decisions taken during its course - or the failure to take them - may have far-reaching consequences for the rest of this century and beyond.

An important round of global negotiations between developing and developed countries is scheduled to take place this year. In addition, a summit meeting arising from the recommendations of the Brandt Report is contemplated. And as far as Australia is concerned, the fact that we shall be hosting the Commonwealth Heads of Government Meeting in September focusses our attention sharply on North-South issues. This meeting will be the largest international conference ever held in Australia and the overwhelming majority of the Heads of Government attending will be from Third World countries.

In recent years the Commonwealth has demonstrated that it has the capacity to make a constructive contribution to the resolution of North-South economic and political problems. The London Conference of 1977 resulted in an initiative on the Common Fund which was important in creating movement at a time when others were holding back. It also produced the Gleneagles Declaration on sport and apartheid.

The Lusaka Conference of 1979 played a decisive role in solving the seemingly intractable problem of Zimbabwe. On Australia's initiative, it also gave rise to study by a Commonwealth group of experts of factors inhibiting structural change and sustained improvement in economic growth and that group has since produced a valuable report. In addition, Commonwealth leaders played a prominent part in convening, and as participants in, the successful Runaway Bay meeting on global economic issues held in Jamaica in 1978.

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These forthcoming events on the diplomatic calendar are important in their own right. But beyond that, they are important because they bring our attention to bear sharply on the basic, enduring problems of the Third World, problems which are already very grave and which if neglected will reach crisis proportions.

It is one of the great merits of the Brandt Report - one that transcends some reservations about particular parts and aspects of it - that it restates these problems eloquently and compellingly. Abraham Lincoln once said that a house divided against itself cannot stand. He said that in the context of the division and travail of a great country. But it is now surely applicable to relations between the developed and developing countries of the world - that, after all, is what that much used word "interdependence" means.

The problems of North-South relations must be understood and tackled in this spirit. Not in a routine, business-as-usual mood. Not on the assumption that the smart thing to do is to leave them on the back-burner for as long as possible and play for time. And not in a polemical or confrontationalist spirit. But with vision and a sense of urgency; with the acknowledgement that time is a wasting asset; with an awareness that ultimately our fates are linked; and with a recognition that failure will have disastrous consequences, not only for those who would suffer materially and physically as a result, but for all those who have a stake in peace and world order.

Australia has such a stake. And because we too have a colonial history; because we live in close proximity to Third World countries, because our economy depends largely on the export of commodities and the import of capital and technology, we are almost uniquely placed from among developed countries to appreciate the concerns of the Third World. It is against this background that I want to set out my thinking on North-South issues.

I will start by referring back to a speech I prepared for presentation in this city last November and which was delivered by Senator Chaney on my behalf. In it I sought to spell out the Government's understanding of Liberal philosophy and its practical application to the business of Government. I stressed the Government's fundamental commitment to a free and open society, to limiting the role and power of the State, to the private enterprise economic system. The Government is committed to these objectives because of its belief that policies based on them will do most to improve the lives of ordinary people.

I also stressed the need - for a Government which values the individual - to maintain a framework of continuity in a period of rapid change; and to ensure that in liberating forces of change those who suffer as a result are given protection and help to adjust to new circumstances. What is economically most desirable has to be weighed in the balance against broader values and in some instances has to give way to them.

The true art of government in a free country like ours consists of finding the path to economic prosperity which expresses humane and compassionate respect for individual people, which reconciles innovation with continuity and order.

The Government's position on North-South issues is entirely consistent with all of this. We believe, that is, that just as a basically liberal, market oriented economic system is best domestically, so it also best serves the interests of the international community. But we also believe that such a system works best - indeed can only work - when people have the certainty that their personal interests and security are protected and when there are accepted standards of co-operation and fair dealing. Our approach to North-South issues has reflected and will continue to reflect the importance of this belief.

There are clearly two categories of issues involved in the North-South dialogue: those urgent practical problems - health, food, education, technical assistance - to which any developed country which has the will can make a contribution; and, secondly, the large structural and systemic issues raised by the Third World proposal for a new international economic order and by other proponents of far-reaching changes.

In the nature of things Australia's effort is concentrated on the first issues, for it is with respect to them that we have most to offer. It is only the major industrial countries which have the means - the capital, the technology, the managerial skills, the markets and the political power - to enable substantial progress to be made on the second. This is recognised by the special position they occupy in managing the international economy.

But if the major industrial countries have the means, do they have the motivation? Why should they concern themselves with the needs of the developing countries? Some would answer these questions in humanitarian terms and it is morally legitimate to do so. When we contemplate the terrible suffering and degradation which are a routine part of life in many Third World countries and when we bear in mind the professed values of Western societies, the humanitarian case is unanswerable. Having said that, however, realism requires the recognition that Governments rarely make major, sustained policy commitments on humanitarian grounds alone, that they exist primarily to look after the interests of their own countries.

Again, some, both in the West itself and in the Third World, argue the case in terms of an alleged historical guilt for the plight of Third World countries. The West, it is said, should make amends for past exploitation. I do not believe this is a productive argument. For one thing, the record of relations between the West and what is now the Third World is much more complex, various and debatable than it suggests.

But even leaving aside the difficult question of the merits of the case, it is true, as one Third World economist has recently observed, that making a group of countries feel guilty is hardly a brilliant strategy for soliciting its co-operation. It is more likely to induce resentment and acrimony, and in fact it has done so in recent years.

I suggest that a much sounder basis on which to approach the Governments of the major industrialised countries is provided by enlightened self-interest. These Governments should work energetically to solve the problems of North-South relations because if they do they will benefit and if they do not their interests will suffer very seriously; that is where the most compelling motivation is to be found.

To underline the mutuality of interests involved it is necessary only to point out that Third World countries take about one-quarter of Western exports - and in the case of the United States and Japan, they take a considerably higher proportion. This represents hundreds of thousands of jobs in the developed industrial countries.

During the past decade the fact that a number of Third World countries, including several in our region, maintained levels of growth far above the world average, prevented the recession in the developed countries from being more severe than it was. Economic self-interest requires a recognition of the link between the under-utilised capital of the North and the growing market potential of the South, of the shifting comparative advantage between North and South in labour-intensive industries, and of the connection between achieving a satisfactory international energy regime and progress in other areas of the North-South dialogue.

Overridingly, it requires the recognition of the need for the co-operation with the 120 countries which constitute the Third World - countries which account for over 70% of the world's population - if the existing economic order is to remain substantially in being. That co-operation will only be forthcoming if it is clearly apparent that the benefits of that order are mutual - that they apply to the have-nots as well as the haves, to those who are on their way as well as to those who have arrived. Reform and flexibility which serve this purpose are not the enemies of that order, they are among the conditions for its survival.

It is proper that we should take account of the serious economic problems currently confronting the world economy as a consequence of unchecked inflation. We should be aware of the budgetary and monetary restraints these impose on developed and developing countries alike. But we must not allow these problems to force us to adopt short-sighted defensive policies which would add a crushing weight to the considerable burdens the developing countries already bear - especially the oil importing countries, which are expected to face deficits of \$80 billion in 1981.

If we were to act in ways which would severely set back the development of these countries or deny them the rewards for success when they achieve it - which is what resorting to protectionist devices against the exports of newly industrialising countries does - the result would inevitably be a turning away from the open, liberal trading framework we are seeking to maintain.

Even more severe than the problems of those countries which have started on the road of industrialisation and trade are the problems of the very poor countries. It is essential that these problems do not remain as abstractions but are visualised in real human terms. These are, for example, the problems of poor farmers in much of Africa and the sub-continent who try to till hard, arid soil with wooden ploughs. Quite simply, until they are provided with steel ploughs - or better still with tractors - and assistance to irrigate and fertilise their land, they are doomed to an unending cycle of poverty, to bare subsistence even in "good" years.

There are tens of millions of people who are so doomed, and as long as they are, not only do they continue to suffer but the world economy is impoverished. Is there not, then, a compelling mutual interest in breaking that cycle, in converting what are now clients into consumers and customers? But it is not simply a matter of economic interest.

Political self-interest also requires preventing the intensification of an adversary relationship between the developed Western countries and the Third World. As recent experience in Iran has shown, if the atmosphere deteriorates sufficiently, economic rationality becomes subordinate to political passion and a general turning away from Western allies, Western institutions and Western connections is likely to result. Again, strategic self-interest requires avoiding situations of chaos, breakdown and violence which invite exploitation by the Soviet Union and its clients or which create regional conflicts inimical to international peace and stability.

East-West rivalry and North-South issues do not exist independently of each other; they are already enmeshed and if conditions in the Third World are allowed to deteriorate further, the risk of super power conflict there will be greatly increased. That risk will be particularly acute during the next few years when the military advantage of the Soviet Union will be at its greatest.

The appalling record of the Soviet Union and the other Eastern European countries as economic aid givers to the Third World combined with their extremely impressive record as suppliers of arms, is the clearest indication that they see their interests as lying in the promotion and exploitation of instability and violence.

In dealing with North-South issues economic considerations have a key role but as part of a broader perspective. The Government has always recognised this.

At no time has the Government approached the North-South dialogue solely in terms of economic rationality and without paying careful regard to political and social factors. Arising as they do from profound and multiple changes in the international community - demographic, cultural, social, political, technological as well as economic ones - those issues are not amenable to solution simply by the application of economic rationality. They require to be tackled at the highest level, with a breadth of vision commensurate with the profundity of structural changes involved and the issues at stake.

In recognising the critical nature of the problems and the fact that the important initiatives are needed from the major developed countries, I am not suggesting that the latter must accept all the rhetoric and demands of the developing countries at their face value. On the contrary, I think it is clear that the sooner the language of demands and accusations on the one side, and the habit of lecturing and prevarication on the other, give way to discourse based on a real recognition of mutual interest, the better it will be.

While initiatives from developed countries are essential, developing countries need to make sure, as many have, that their domestic, political and economic arrangements are so organised that they can take advantage of any opportunities that offer. There is a mutuality of obligation and responsibility as well as of interest.

It must also be recognised that the case for international reform and adjustments will be greatly strengthened and the climate for them greatly improved if more Third World countries adopt policies which stimulate growth and development and permit increased participation in world trade. In this respect the countries of our own region and the other newly industrialising countries have given a magnificent example of the transformation that can be achieved in a short period of time - in some cases with very little in the way of natural resources.

I have said that serious progress on the central North-South issues depends on the willingness of the major industrial powers to give a lead. I have made it clear that I think they should give such a lead. But I also wish to make it clear that Australia does not intend to wait passively for them to do so. The fact that we can have comparatively little effect on the progress of the main issues is no reason for neglecting to do what is within our means. The Australian Government has already demonstrated its positive attitude.

Nearly three years ago, I announced the setting up of a high level committee to conduct a comprehensive enquiry into Australia's relations with the Third World. To the best of my knowledge, Australia is the first Western country to take this step.

Basing its findings firmly on a perception of Australia's national interests, conceived in a long-term enlightened way, that committee advocated that Australia should play a constructive role on North-South issues, that it should seek to facilitate compromise and co-operation and to ensure that Third World views receive fair and reasoned consideration in the councils of the developed countries. It advocated that Australia should be resourceful, innovative and positive in seeking practicable ways of satisfying Third World needs. It argued that Australia should formulate its policies in terms of its own needs and perspectives and should not assume that we must always follow the prevailing Western line towards the Third World. And it maintained that developed countries should respond in good time to the moderate elements in the Third World rather than wait until its mood became radical and extreme.

The Government has acted and will continue to act in terms of these guidelines. In practical terms, Australia has already been working in the resourceful, innovative and positive way recommended by the committee to further the interests of the Third World. We have done so particularly - though certainly not exclusively - within the contexts of the Commonwealth and the region, with our initiative to create a Regional Commonwealth Heads of Government Meeting combining the two. This has already resulted in projects designed to stimulate the industrial development of small island states, regional energy co-operation, industrial co-operation and agricultural research and development.

The Brandt Report provides a timely reminder that there is more that can be done by a country like Australia. For while most attention has been focussed on that report's recommendation of a massive transfer of resources and controversial suggestions as to how this might be brought about, it has much to say of great value about other issues, including agricultural research and food production, the protection of the environment, energy, health and education. Many of these are areas in which Australia has experience and resources which are relevant to the problems of developing countries.

It is the strength of the Brandt Report that it attempts to take discussion out of the framework of polemical trench-warfare which has characterised much of the North-South discussion in the 1970s and to relate it to the whole human condition as the end of this century approaches, to man's relations with his environment, his resources and his institutions. In doing so, it makes inescapably clear that he can only grapple effectively with his problems in a context of international collaboration.

In the application of such an approach the Government sees opportunities. The Government is ready to put its weight behind initiatives which can lead to productive results and we have initiated a major review for the purpose of identifying areas in which significant further progress can be made and in which Australia can play a distinctive role.

One such area, that of agricultural research and food production, is clearly critical for developing countries. It is an area in which Australia, because of its geography and agricultural history - one-third of Australia is tropical - has much to offer. Indeed, in recent years we have contributed significantly in pasture research and cattle breeding to neighbouring countries in the South Pacific and South-East Asia through our Overseas Aid Programme.

Australia has considerable scientific and research expertise which can be used to deal with problems of great concern to developing countries. We will be considering ways of mobilising this valuable resource so that we can make the greatest contribution of which we are capable to improving the lives of people in the developing world.

There is one particular area which I want to refer to because it is subject to much misunderstanding and misinformation; that is the area of protectionism, or more specifically the access of Third World countries to Australian markets. It is sometimes argued that Australia's commitment to a market-oriented system and to the improving of North-South relations are somehow invalidated by the protection it affords to some of its manufacturing industries. This is simply not true and the facts refute it. Australia does protect some of its industries, as most other countries - developed and developing - do. But the figures relating to Australian imports from neighbouring Third World countries clearly show that the level and scope of that protection does not deny them the opportunity to develop markets in Australia and to do so at a rapid rate.

ASEAN exports to Australia in recent years have grown at the rate of about 35% per annum. The developing countries' share of total Australian imports rose by nearly 50% between 1972/73 and 1978/79. In the same period imports of manufactured goods from developing countries to Australia increased by more than 400%. On a per capita basis, the USA is the only developed country which imports more manufactured products from developing countries than does Australia, and no country imports as much as we do of textiles, clothing and footwear.

In respect of these three categories of manufactures, not only does Australia already import quantities from developing countries which are relatively high in per capita terms, but we have recently taken decisions which will increase those quantities. Those decisions will open up all growth in the Australian market to import competition and, beyond that, provide for a gradual but progressive additional liberalisation of access opportunities.

A new system of developing country preferences is also to be introduced which will give developing countries a significant advantage in increasing their share of the Australian market. Australia's new policy for these products compares more than favourably with those pursued by other developed countries.

These facts and figures make a nonsense of the image of Australia as a country dug in behind protectionist ramparts and indifferent to the needs of its Third World neighbours. There is absolutely no reason for us to be on the defensive on this issue. If, even in the fact of these facts, some persist in this view, there is another argument to consider.

In the matter of market access the description of Australia as a middle power assumes a second meaning: we are not "middle" simply in terms of power ranking but in the sense that we are subject to pressure from both sides. The developing countries subject us to pressure for more access, the developed countries subject us to pressure by simultaneously denying access for our agricultural products to their markets and threatening our other traditional markets for those products. These two pressures are not unconnected, they cannot be considered in isolation from each other. The extent to which we can respond to the first is influenced by the kind of response we get to our requests for an easing of the second pressure.

What a medium sized country - especially one with a domestic market of only 14 million - can do alone in this situation is very limited. Protectionism is an international problem which must be tackled internationally. I would hope that regional Third World countries will appreciate the common interest they and we have in this respect.

In concluding, I will reiterate the main themes in what I have said. The Australian Government shares fully the Brandt Report's view that the problems involved in North-South relations are grave and that there is an urgent need to come to terms with them. We believe that these problems cannot be understood or solved in purely economic terms; that their political and strategic dimensions are of the utmost importance; that in terms of vision and courage their solution requires statesmanship of a high order. We believe that if real progress is to be made with the large structural problems which confront the Third World, there must be initiatives from the major industrial countries. We believe that it is very much in the interests of those countries, as well as of the developing countries, that they take such an initiative. "Interdependence" implies such a mutuality of interests. We believe that middle level countries such as Australia can make significant direct contributions to alleviate - indeed to solve - some immediate practical problems. Such contributions should not be under-estimated. Technical assistance and education, for example, have enduring value. Australia is keeping a close watch on its position on North-South issues and looking for practical, immediate ways it can enhance its contribution by unilateral action.

And, lastly, we believe that all countries must not wait on events but must contribute what they can to create momentum and a climate of mutual confidence and hope.

The Australian Government will certainly act in this spirit during this important year in North-South relations and in the affairs of the Commonwealth.

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