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PRIME MINISTER

FOR MEDIA

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ADDRESS TO THE INAUGURAL MEETING OF THE POLICY ASSEMBLY OF THE VICTORIAN DIVISION OF THE LIBERAL PARTY

I feel strongly the responsibility you have put upon me by inviting me to this Inaugural Meeting of the Policy Assembly. I believe that this Assembly can make a valuable contribution to the Liberal Party as a source of policy ideas and proposals and as a significant Liberal voice on topical issues.

Our Party has always been determined to provide effective opportunities for its members to express their views on policy - and to have those views heard. The resolutions of this Assembly will be regarded with great attention by the Parliamentary Parties at both Federal and State levels.

From my own point of view the closest consultation with the organisation - and the detailed and candid communication which is a product of that closeness - are absolutely invaluable. With a State election on the horizon, it is more important than ever that there be close consultation between the State and Federal Parliamentary Parties and the Party organisation.

The recently established tripartite meetings involving the organisation, Lindsay Thompson and myself, together with other Ministers are extremely valuable, and provide a practical basis for on-going consultation. I am very happy to say that these meetings arose out of initiatives taken by some members of the former State Executive.

I believe that a willingness to consult, both formally and informally, is a great strength of the Liberal Party - for provided that the consultative process is linked with adequate decision-making procedures, wide consultation must improve the quality of policy.

What I would like to discuss with you tonight is the formation of policy and what I see as some key policy issues for Australia in the eighties and beyond.

We must never forget that the future of Australia lies very much in the hands of the Liberal Party. We are the only party with a national outlook, representing all sections of the Australian community, all regions, all States; and I am sure I speak for all Liberal Parliamentarians when I re-emphasise something that I first said on being elected to Parliament in 1955, namely that while I am elected by Liberal voters, I always have and always will seek to represent every member of the community.

In addition, ours is the only Party with a realistic and practical philosophy, whose basic values and principles are those of most Australians.

The responsibility falls on us - as a Party - to determine the objectives we will pursue and the actions by which they can be achieved. On the wisdom of those decisions will depend not merely the living standards and opportunities of millions of Australians, not merely the capacity of Australia to play a humanitarian and constructive role in the wider world, but the future of the Australian way of life, including our own security and that of our children. It is in this perspective that the real work of this Policy Assembly must be viewed.

The Liberal Party owes much of its success to its belief that the single most important objective of policy is to support the worth, the dignity and the freedom of individual people. Our belief that people should have the freedom to make their own decisions and live their own lives, and our belief that Government has an active role to play in protecting people's freedom and enlarging their opportunities, are both based on our recognition that the individual person must be our primary concern. After all, the life of a nation is nothing apart from the lives of its people for it is the way that Australians live their lives which makes Australia the nation that it is.

Our concern for people is expressed very obviously in our support for individual rights through the Ombudsman, the Administrative Appeals Tribunal, the Industrial Relations Bureau, and the Human Rights Commission Legislation; it is expressed in our support for Aboriginal policies based on the principle of self-management rather than State paternalism; it is expressed in the support we give to culture and the arts, as well as in educational systems designed to meet the needs and aspirations of all Australians; it is expressed in our income security programmes, which provide basic security to all Australians who need assistance, while overwhelmingly leaving to beneficiaries themselves the choice of how the benefits are to be spent; it is expressed in our rejection of laissez faire attitudes, and in the large body of legislation, both State and Federal, designed to protect people against powerful institutions and organisations; and it is expressed in our concern for the protection of the environment, which arises very much from the recognition that a polluted and degraded land diminishes the lives of us all.

Again, in foreign affairs, it is the Liberal Party which is providing leadership in demonstrating that our concern for the individual cannot stop at Australia's shores. Let there be no mistake - the reputation we establish for Australia, with the developing countries in particular, will have a significant impact indeed on the kind of future that we secure for our children.

We live in a world in which about 100 aspiring new countries, many of them desperately poor, and with hardly any resources of their own, have come into existence in just a few decades. We live in a world in which the incomes of more than 800 million people are less than \$200 per year. Most of these people have little hope of improving their own position or of achieving basic health and living conditions which we take for granted.

I believe there is a growing recognition that in terms of our own values there is an unanswerable moral and humanitarian case - as well as a case based on enlightened self interest - for doing more to help the poorest people of the world. Our recognition of the inherent worth of every person is also the basis of Australia's opposition to the vile and repugnant practice of apartheid, a policy based on the assumption that someone who is black is worth less than someone who is white.

What policy could violate Liberal principles more fundamentally? As Sir Robert Menzies said in the 1950's, it is a policy doomed to failure but our own feelings about the brutality of this policy and the history of white and black people in Africa, surely commit us to doing everything in our power to bring this policy to an end.

In formulating policy, one thing which we in the Liberal Party recognise very clearly, and it distinguishes us decisively from Labor, is the vitality of freedom in advancing people's dignity and self-respect. Freedom is in fact a practical necessity if we are to achieve a stable and progressive society. Freedom permits change, and thus prevents the build-up of the kinds of frustrations and tensions which are now manifest in Poland, and which are never far from the surface in Socialist countries.

When we think of freedom, we often tend to think first of political freedom as if it could exist almost in isolation. But without the freedom to spend one's own income and choose what to buy, without the freedom to make a living or set up a business, political freedom can become illusory.

A substantive measure of freedom of choice in education is equally essential to an adaptive and responsible educational system, and the same is true in health, in transport, in communications. That is why the positive role for Government which we champion is one which leads to expansion of opportunities and choices, not one which cements monopolies, whether public or private.

While freedom provides a basis for positive policies, it also imposes a healthy discipline on Governments. Our commitment to freedom means that Governments must think twice before undertaking new programmes which can only be paid for through higher taxes - unless costs can be cut in other areas.

Liberal Governments must often face up to difficult questions of priorities. Labor Governments can attempt to evade issues of priorities, because they do not recognise the costs of ever bigger Government, costs which are paid for not only in money, but in a loss of freedom, a loss of flexibility, and a loss of the adaptiveness which freedom brings.

One of the very great achievements of the last six years has been the way in which the Federal Cabinet has faced questions of priorities again and again and has sustained its policy of expenditure restraint, making possible the broadly based economic resurgence now taking place. I doubt if any Government in the world has kept up such restraint over such a long period, pulling back Government expenditure as a proportion of G.D.P. while maintaining the kind of defence and social security commitments - in many cases indexed - which the Government believes it should support.

It might seem easier to forget the need to make choices and live with the comfortable illusions of former years that Government can spend more of people's earnings each year, believing there is always an option in which more political support is waiting to be bought with a new spending programme. But the inevitable costs of living by these illusions are higher unemployment, reduced economic growth, higher taxes and inflation. A Government which refused to do what must be done to avoid these costs - which refused to face up to the need to decide where its real priorities lie - would inevitably betray its trust.

Without question, inflation remains our number one enemy because it destroys jobs and family well being in the one breath. If inflation got out of hand, we would find it almost impossible to maintain our projected growth rates or sustain improvements in employment, and the difficulties of continuing to rein back Government expenditure would be vastly compounded. The gains we have made have been won hard, and as a party we will forget the lessons of the seventies at our peril.

Let me mention industrial relations as another major area where our commitment to the individual and freedom provides both a perspective and a discipline on policy. We must never forget that industrial relations are relations between people, so their quality depends fundamentally on people's dealings with each other, on relationships between people in the workplace - especially the relations between employers and employees.

Industrial relations can be affected by the framework established by institutions and laws - but are not ultimately determined by Governments or Government actions. If industrial relations are in fact determined first and foremost by the quality of relations between people then the fundamental responsibility for achieving good industrial relations must rest with employers and employees themselves, acting of course within the legal framework. Here, as in other spheres of life, the other side of freedom is the recognition that responsibility lies squarely on the shoulders of those who are free.

At the level of relationships between Government and both union leadership and employer organisations, a major emphasis must again be on consultation and co-operative relationships. So much can be achieved, and so much more easily, when there is a common understanding of problems and agreement to act based on that understanding. The consultation between the Government and the trade union movement that has been developing in recent months is a good example. Regular meetings between Ministers and the A.C.T.U. are now taking place - and it was as a result of extensive consultation during the recent Transport Workers dispute that the dispute was brought to an end.

Arising out of that dispute the Government and the trade union movement have agreed to consult immediately a major dispute looks like getting out of hand. I make these points to emphasise that it is possible as well as desirable to establish relationships of consultation and co-operation with reasonable people who are concerned with the impact of their actions on other members of society. Obviously, however, the Government must govern, or it will betray its trust. Equally obviously, the trade union movement is diverse, and some union officials are more concerned with their own power than with consultation or co-operation.

It is all too obvious that in some circumstances there is no easy or pleasant option - and that sometimes the reasonable option will not be acceptable to the disputants. In such circumstances, the responsibility of Government to protect society means that strong action, including the use of legal weapons, may be necessary. What alternative did Lindsay Thompson have a couple of weeks ago in Victoria, what alternative did the Commonwealth have at that time, but to invoke strong powers? Anything less would have been ineffective.

The Government's overriding responsibility to look after the interests of the community as a whole means not only that no single group should get its way on everything, but also that militant groups may need to be restrained. Thus it is plain that a balanced approach to industrial relations is part of the Liberal commitment to the individual and freedom.

What is true for industrial relations is true for other fields of policy as well. In wage fixing for example, we obviously seek procedures and institutions for which there is basic agreement, and which will produce basically acceptable results to the community as a whole. Prior to the events of the past few weeks, the Commonwealth had in fact moved to establish a major inquiry into wage fixing in Australia.

Our commitment to freedom and the value of the individual implies the need for a system which requires all parties to take account of common interests and seek a co-operative approach; to accept their obligations to the community through restraints on the one hand, and the satisfactory production of goods and services on the other; and to recognise that a growing economy is the overriding interest of us all, and especially of future generations.

The common interests of employers and employees must be emphasised so that nobody can forget that if wages are driven up beyond the capacity of companies to pay, or if companies cannot sell their goods, then fewer jobs must be the inevitable consequence.

We are obviously going to be looking for a system in which industrial militancy does not pay, a system in which the benefits from national production are fairly shared, so that wage earners, investors and the needy all benefit, both financially and with new opportunities, from economic growth. These are principles which should be incorporated in a wage-fixing system.

Let me refer to one other field of policy, that of tariffs and protection. A concern for the individual and for freedom obviously gives rise to a number of issues about protection, and one of these issues relates to the fairness of our dealings with developing countries. Australia's position in this connection needs to be viewed in perspective. For while we have substantial levels of protection in some areas - a fact that we do not conceal, as some other countries do - access to Australian markets, especially the access of developing countries, is both relatively high and increasing. In fact, Australia's overall imports from the ASEAN countries grew at an annual average rate of 38% between 1972-73 and 1979-80.

In textiles and clothing, imports meet 30% of Australia's requirements, and of those imports 70% come from developing countries, especially the ASEAN nations. By comparison, these imports have only a 10% share of the market in North America and a 10-15% share in Europe, with developing countries providing about two-thirds of those imports in both cases. In fact, even allowing for differences in population, on the latest figures available to me Australia's per capita imports of textiles and clothing from developing countries were almost 20% greater than those of the U.S.A., 30% greater than Europe's, and over 100% greater than Japan's.

For motor vehicles, about 25% of our market is met by imports - despite our level of protection - compared with imports of 15% of the market in the U.S.A., and 8% in Europe - and both of those markets are seeking or have obtained voluntary export restraints by Japan.

The challenge for Liberals is to devise a balanced policy which recognises the importance of reducing protection as an expression of our fundamental concern for the individual and for freedom, and which also recognises that dramatic and unanticipated reductions in protection would inflict a level of damage on individuals and firms which would be inconsistent with the ideals of Liberalism itself. The Government has already taken decisions for a number of industries which achieve such a balance. Some twenty categories of manufactured products - washing machines and refrigerators, books, iron and steel products, and ships to name a few - are having their tariff or bounty rates reduced over a period of years as a result of decisions taken by the Government.

In the area of textiles, clothing and footwear, we have announced a seven year programme in which all market growth plus 1% of domestic production each year will be opened up to import competition.

The Government will be acting to eliminate protection to Australian industry through preference in Government purchasing, except in respect of certain defence-strategic industries, and we will shortly be announcing the terms of a reference to the I.A.C. on general reductions in protection.

Our decisions in relation to protection and Government purchasing must obviously be viewed partly in the context of our overall economic strategy, of our basic concern about inflation, of encouraging Australians to do the things that Australians do best. We may not have gone as far or as fast as some would have wanted. But a gradual approach is obviously required for it takes time to sort out the problems that exist in these areas, time to work through to effective resolutions, time to achieve the kind of balance that we seek.

No Liberal Government would want to contemplate decisions, which, without any time for adjustment, would have a significant impact on major sources of employment opportunities in major cities and country towns: for example, Warrnambool, Bendigo and Wollongong in the case of textile, clothing and footwear; or Geelong, Ballarat, and Albury-Wodonga in the case of motor vehicles, which is the next I.A.C. report for us to consider. Nor would we want to contemplate decisions which would have a similar kind of impact on the value of capital investments made by firms and their shareholders under existing policy arrangements.

There are obviously substantial problems in this whole area, problems which the Government recognises are particularly significant in Victoria, but we must obviously proceed in a practical and balanced way, taking account of the interests as well as the legitimate expectations of everyone involved.

In all areas of policy formation, the Liberal approach is obviously to seek agreement as far as agreement is possible, to find the course of action that benefits everybody and harms nobody wherever that is possible. BUT we must recognise that policy issues exist on which the search for agreement is illusory, on which the demands of different groups or individuals cannot be reconciled. Then Governments have to make decisions, and cannot avoid them.

If any Government always seeks the soft path, then its people will suffer. There is no way to avoid the fact that more money to some means less for others, that a law to protect some may restrict others, that tariffs or quotas benefit some business, but increase the costs of others. Governments must accept realities, must face the fact that tough decisions sometimes have to be made and followed through.

The paramount point in policy decisions must always be that sound principles and balance should be applied so that the well-being of people in our community is increased and advanced. I know that this Policy Assembly will be seeking to make a significant contribution to policy debate, and I am confident that in your deliberations you will have the courage and vision to face up to the real issues, to work your way through them, and to do so in ways which will strengthen the Liberal Party and thus give increasing reality to the way of life which we seek for all Australians.

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