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PRIME MINISTER

FOR MEDIA

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ADDRESS TO THE SOUTH AUSTRALIAN STATE COUNCIL

I want to talk to you today about the Australia that we know and love, about our aims for the advancement and development of this country, about the kind of lead that Australia needs and that only the Liberal Party can provide.

I want to address these themes because I believe that Australians need a clear perspective of where we are going as a society, and an equally clear view of the vast difference between the Liberal vision of the future and the Labor alternative. We must not overlook or let anyone forget that Labor is the Party of republican socialism, for socialism and republicanism were both explicitly espoused by the Labor Party at its biennial Federal Council Meeting this year. So Labor is the Party which would cut us off from our history and our heritage as well as from our hopes and aspirations because Australians have always abhorred socialism and they will resist socialism whether Labor tries to introduce it openly or by stealth.

The Liberal approach is vastly different for it favours the way of freedom, it seeks to build up our achievements and make the most of our history. Liberalism takes the view that people should have the incentive to succeed in achieving goals which they set for themselves and which they seek to pursue on their own account.

Let me say something first about the fruits of the Liberal approach in terms of the kind of society we have in Australia, because it is easy for us to overlook how far we have come in the last few years, and easy to under-rate the real quality and significance of the Australian achievement in world terms. Australia in the 1980's is one of the most vibrant and vital countries in the world in a cultural sense, one of the most harmonious, free and stable countries in a political sense. It is one of the best managed and luckiest countries in an economic sense. It is one of the most concerned and energetic countries in humanitarian terms, one of the most realistic, responsible and farsighted countries in the part it plays in international affairs, and it is one of the most self-confident and friendly countries in terms of the way in which other people view us.

These are not just my perceptions of Australia in 1981. They represent the considered views, expressed in unambiguous terms, of visitor after visitor, especially during the recent Commonwealth Heads of Government Meeting. I said at the time of that Meeting that the world spotlight would be turned on Australia and there can be little doubt that the world was impressed. And I believe that what impressed people above all was the way of life that we have built up in this country.

Let me mention some of the comments that our visitors volunteered about Australia. Pierre Trudeau spoke of Australia as "self-possessed and confident about the future and.... believing in the future of mankind". He also said that "with its tremendous economic potential, with its exciting technological and natural resources, with its intense and vibrant culture, Australia seems to be very much part of the definition and formulation of the twentieth century as it's meant to be".

Robert Mugabe spoke of "the positive and tireless role Australians have played in world affairs and the outward policy which Australia has shown consistently, especially towards the third world".

Kenneth Kaunda of Zambia said that before he came to know the present Australian Government, he "personally did not know what Australia was, except as a country where there was indifference to suffering people of the rest of the world", and he went on to say that we had brought the countries of the Commonwealth to "an Australia with which we are very proud to be associated".

Sir Julius Chan spoke warmly of the "fabled Australian hospitality".

And Sir Dennis Hamilton, a British member of the Commonwealth Press Union, said that the thing he had been struck by, going round Australia, was "the sense of self-confidence of people at every possible level, self-confidence in themselves that they can tackle any of the immense problems remaining here, and if more problems come in the world they will help with those too". And he continued that Australian self-confidence "is a bit of a refresher and encouragement for some of us who have come from some of the old countries".

Comments like these are representative and typical of what people were saying, and there are endless true stories about the impression that Australian friendliness and kindness made on our visitors. One Namibian journalist was so moved when a stranger came across to him during dinner and gave him a bottle of Australian wine that he said he would take the wine back home as a symbolic gift from all Australians to his own people. Hundreds of the visitors received similar generosity from friendly Australians, and as a result, hundreds of people went back to their own countries ambassadors for Australia.

We have known for years that Australia is the best country in the world and the superiority of the Australian way of life is even more obvious when you visit most overseas countries today. Neither is there anything new about the friendliness and generosity of Australians. But in terms of the political history of the 1970's there is something very satisfying and significant about the comments on our self-confidence, our vitality and our good management, because in 1975, under the Labor Government, such perceptions of Australian society would have been utterly impossible.

And while I am on the subject of the dynamism of Australia today, I want to lay the ghost of a view which has had currency with some people because it is sometimes thought that the vitality and vibrancy of Australian society and culture as we now know it, which contrasts so sharply with the image of a less exciting society in earlier decades, might have received its impetus from the Whitlam Government. In fact, the trendy cultural blossoming which took place in the early seventies had turned completely sour by 1975 because we all know what a sense of hopelessness and despondency had come to grip the whole of Australia by that year.

1975 was in fact the only year since 1946 when more people left Australia than came in and what an indictment it is of the effects of Labor policies that within three years of Labor coming to office, more people were leaving this country than were entering it.

The vitality which we see in Australian society and culture today is vastly different in its nature and its inspiration. It is more diverse in its expression, more open to a variety of influences, more alive to all the currents which are flowing through Australian life. There is a related point to make about the quality of Australian life in the eighties by contrast with the early seventies because while we live in times of great change, most Australians now feel more secure and confident than a few years ago about our basic values of freedom, initiative, diversity and responsibility. The very real doubts of earlier years, and the uncertainty which gripped the minds of many people about whether these values could be sustained have now largely disappeared.

The value of diversity is being more widely experienced with every new expression of the multicultural character of our society, and more widely welcomed as people recognise that the apparent dullness of Australian society in earlier times was largely a product of sameness. While people now have a far better understanding of the contribution that a diversity of lifestyles makes to a free and open society there is also, I believe, a deeper appreciation of the basic institutions of Australian society, especially the family and a greater awareness that these institutions are important to the achievement of progress as well as stability.

This brings me to the matter of our aims for the advancement and development of Australia. In economic terms, Liberal Governments consistently seek to establish the conditions for expanding employment and increasing prosperity for the whole community. Without economic growth, these objectives are impossible to achieve, and economic growth is fundamentally dependent on the private sector having the room and the incentive to expand. Australia has cause to be proud of its economic achievements in recent years. Nearly 300,000 new private sector jobs were created in the two years to September. The unemployment rate throughout this year, on a month by month basis, has been the lowest for four years. And there is no doubt whatever that the unemployment position would be a great deal better than it is except for the needless degree of industrial unrest which has occurred and the absurd wage claims that are being made.

Let me add that I am encouraged by the recent improvement in the employment position in this state because the turnaround to a positive increase in employment of over 14,000 in the year to September puts a far better light on a situation that has obviously been a matter of great concern.

I have no doubt that a great deal of the credit for what is now happening is due to the policies of the present State Government under the leadership of the Premier, David Tonkin. It is two years since David Tonkin turned the tables on Labor in this State. And it is a matter not only for congratulation but for heartfelt satisfaction that the South Australian Liberal Government is getting the runs on the board in this area and that a number of other developments are getting under way in this State because it often takes years for sound policies to bear fruit because of the long lead times that are involved.

We would be deluding ourselves in Australia if we thought we could remain unaffected by the world economic situation, but we have established an underlying strength in the Australian economy as evidenced by a number of important indicators. Inflation is continuing below the OECD average, despite the greater difficulties which we have in controlling it in a situation in which our economy is growing while others are static or even shrinking.

Confidence in the Australian economy is obvious in the widespread investment in the mining and manufacturing industries that is now taking place. The latest figures show that retail sales were up by almost 14% in the year to September and the latest survey indicates that the expectations for private investment in 1981-82 are 32% higher than at the same time last year.

It is also worth underlining the benefits which the whole community received from the 4% growth which was achieved last year in the non-farm sector of the economy because this growth was translated into a corresponding increase in average weekly earnings which was reflected in an aggregate increase in real disposable household income of \$2.7 billion after tax. I want to say two things about this increase. One is that our policies are aimed precisely at making possible such improvements in the standards of living of Australia's families.

Let me add to this a general comment about people's attitudes to Budgets because while the living standards of some people in the community need to be directly protected through the Budget, most Australians should be looking to a healthy economy for real improvements in their living standards. People should be looking to Budgets as instruments in creating the conditions in which they will be able to make real gains through their own activities and as a result of doing things for themselves and everyone needs to be aware that Budget handouts can never match the real gains and increases in living standards that come from a healthy economy.

The second point to make about last year's \$2.7 billion increase in the after-tax real disposable incomes of Australian families is that increases in incomes must reflect real improvements in productivity, otherwise they will be short-lived and will undermine the capacity of the economy to grow in the future.

I don't need to say to Liberals that economic success of the kind Australia has achieved does not come about by chance. Good economic management is a discipline which calls for deliberate and determined policies. And by the same token, sustained economic success and prosperity will continue to depend upon constant attention by the Government to economic management. Obviously no Government policy can be a substitute for the drive of individual initiative and private enterprise. But through our sound and responsible economic policy Australia has been in the forefront in attacking the basic causes of the economic downturn which plagues so much of the industrialized world, and our consistent approach has been based on the view that sustained prosperity requires lower inflation, less Government spending, less bureaucracy, lower taxes, and a private sector which can compete efficiently in world markets.

We have stuck to the task with urgency and purpose and a landmark in this year's Budget is the virtual elimination of the deficit. If we had persisted with deficit financing at the 1975 Hayden Budget rate of almost 5% of GDP this year's deficit would be almost \$7.5 billion. We have always rejected deficit financing because it encourages expectations that are unreal, it forces our children to pay for yesterday's Government spending, and with the deficit virtually eliminated in this year's Budget, we will obviously have an enhanced potential for tax cuts.

The Government has got rid of the massive Labor deficit partly by an honest approach to taxation and partly by rigorous restraint on its own spending. We have worked at the problem from both ends. But expenditure restraint has been the major ingredient of our approach to making room for the private sector growth on which the future prosperity of Australia so fundamentally depends.

In 1975-76, the Commonwealth Government spent over 30 cents of every dollar that Australia produced. In 1981-82, the Commonwealth Government will be spending 2½ cents less than in 1975-76 of every dollar produced in Australia. This reduction, which would be nearly 3 cents but the extra payday which comes at twelve

year intervals, means that the Government will be spending \$3.7 billion less than if the 1975-76 proportion had, in fact, continued.

If Australia's economy can keep growing, and if at the same time real growth in Budget outlays can be held down, the consequences, especially in terms of an enhanced potential for income tax reductions, and of further reductions in the cents of each dollar spent by governments, must be obvious to everyone. The Government's steady progress in reducing its expenditure requirements has resulted from a resolute and consistent commitment to the cause of restraint and more limited Government.

In economic management, we need consistency of approach and at the same time flexibility in the use of policy instruments. Our aim must be to maintain and build upon Australia's economic achievements since the time of federation, while at the same time increasing our international competitiveness. By achieving a proper balance, we can and we will increase prosperity and at the same time avoid hardship. We have stressed the need for a strong and growing economy because it is a pre-condition for the achievement of so many of our wider aims and objectives, and fundamental in this wider connection is our determination to increase the range and availability of opportunities for all Australians to build for themselves the way of life which they seek, in a secure and stable environment.

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Governments have a critical role in this process of increasing people's opportunities to build their own lives, not only through maintaining the conditions of freedom and prosperity for all, not only through creating the opportunities that people want and need but also through giving practical encouragement and assistance to enable people to grasp the opportunities they have.

Governments must not exaggerate their role in helping people to build their own lives because it is too easy to diminish the incentive for people to use their own initiative in building their own lives. But governments can give a very significant lead to the community through their commitment to the promotion of a way of life that is more than just a matter of dollars and cents and the kind of leadership that is required to achieve this while maintaining the stability, the security, and the prosperity which are essential components of it, can only be provided by the Liberal Party.

The future of Australia depends fundamentally on leadership from the Liberal Party because basic liberal values are the values of the vast majority of Australians, because our philosophy of concern and respect for the individual means that we are dedicated to the well-being of every member and every part of society, because our understanding of economic issues means that our party and our party alone will implement the policies Australia needs, and because Liberalism provided the most realistic view of the motivations of people and the workings of institutions.

The Liberal Party is the only party which will accept the obligation to govern in the interests of everyone, of every person and every family throughout Australia, not just the people who vote for us or give us their support, not just the people in ideological sympathy with us.

By contrast, Labor can never submerge the inherently sectional and divisive interests within the Labor Party itself, so no Labor government will ever accept the discipline of governing in the interests of all. The Labor leadership always has to fall in behind those who control the votes in Caucus and in the party councils, and, as a result of this, the kind of twisting and turning which has been so evident in Labor's performance on the Sinai issue is never far below the surface in Labor's policy making.

I want to look closely at this particular performance because it is symptomatic of Labor's incapacity to provide leadership and of its unfitness to government. Both Mr Hayden and Mr Hawke are united in their opposition to Australian participation in the peace force but their reasons are totally different, equally wrong, and completely unbelievable.

Mr Hayden says that the Begin Government is the greatest threat to world peace. But how could the Prime Minister of Israel possibly be the greatest threat to world peace. It is Russian guns, and Russian divisions, which represent that, and it is the Soviet Union, not Israel, which has continually obstructed the peace process in the Middle East. So Mr Hayden's position is an absurdity, although he did at least try to cast it in terms of global politics.

Mr Hawke, the great proponent of Israel, did not seek to do that. He said he came to his view because of the opinion polls. But to suggest that Mr Hawke would be driven away from the actions needed to support the cause of peace by mere opinion polls is to take too little account of what Mr Hawke is all about. I can, to use his language, irrefutably prove it was not the opinion polls that made Mr Hawke's mind up for him because at the time Mr Hawke seconded and supported the Caucus motion opposing participation in the peace force on 27 May, no opinion polls had been taken by any of the major polling organisations - not by Morgan, not by McNair-Anderson, not by A.N.O.P., not by the Age Poll.

So Mr Hawke still needs to tell us the real reasons for his opposition to Australian participation. In fact, of course, we know the reason, because we know the tactics of the Socialist Left. The Left Wing of the Labor Party has always been adept at capturing and breaking their opponents by making them actively support resolutions they know to be wrong.

Mr Hayden and Mr Hawke, in coming by their conflicting routes and from their conflicting starting points to their common view in relation to Australian participation have surely been influenced by the interests of the Socialist Left, not by the interests of Australia.

The case is in fact a classic example of a sectional interest interfering with the formulation of Labor policy on a national issue. How can there be any faith, any consistency, in the foreign policy or leadership of a party one of whose leaders says he believes that Mr Begin is the greatest threat to world peace, and another of whom says he believes that it is proper to follow the opinion polls in formulating policy on an issue where it is plainly the responsibility of leadership to make a decision, to take a stand, and to carry that view to the people to seek their support.

The Government has acted responsibly, it has made the right decision for Australia, and its decision will be respected because of the way it was made, and because its objective is the pursuit of peace. We must never forget that Labor can never provide the kind of firm and responsible leadership which Liberals rightly believe in and which the people of Australia rightly require of their government.

The importance and difficulty of the tasks ahead of us must not be under-estimated. We live in uncertain times, not only in terms of world peace and stability, but also in terms of maintaining impetus and progress in Australia itself. But we are on the right track - we shall not stray from that track - and on that basis we can be optimistic about the future. Let me just say in conclusion that I am delighted to have this opportunity to be at this State Council meeting and I look forward to hearing some of your discussions on the motions before this meeting and to meeting a lot of Liberals through the day and at the dinner this evening.