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# PRIME MINISTER

FOR MEDIA

FRIDAY, 15 JANUARY, 1982

## ADDRESS TO THE NATIONAL YOUNG LIBERAL CONVENTION, SYDNEY

I am pleased to have the opportunity to address this Young Liberal Convention, because as members of the only nationwide Party committed to the well-being of all Australians, Liberals share a profound responsibility for Australia's future.

I have no doubt that a great future lies ahead for Australia, a great economic future and a great future as a vibrant, concerned and diverse society in which there is freedom and opportunity for all. Australia is now known around the world as a stable yet exciting country, and I want to dwell for a moment on the transformation in Australian life which has occurred over the last 30 years under Liberal Governments because the early 1950's are outside the memory of most Young Liberals.

Australian life as it was when the first Liberal Government came to office in 1949 would be almost totally unrecognizable to us today. At that time, cars were the exception rather than the rule for most families. Fridges were only starting to replace Coolgardie safes or ice chests. Washing machines were only starting to replace coppers. Home heating as we know it was virtually unknown. Most of Australia's households had no telephone. There was no television, cassettes were unheard of, long playing records were just coming onto the market. At that time, air travel was a novelty, and the Gold Coast as we know it simply did not exist.

Since the early fifties our GDP has more than trebled in real terms, average weekly earnings have more than doubled in real terms and to give just one indication of the level of industrial development which has taken place, power generation is about seven times what it was in 1954.

Over the same period, the great rail standardisation programmes have been carried through, and while people often grumble about the roads today, the length of sealed roads has more than quadrupled, to almost quarter of a million kilometres. Despite our small population we have put a modern communications network into a continent as large as the United States, and with the satellite, television and other communications will become available to all Australians.

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Over the same 30 year period Australian society itself has developed enormously, again under successive Liberal Governments in terms of artistic achievement, of educational opportunity, and of cultural diversity.

The genesis of many vital Government programmes in education and the arts is to be found in Liberal initiatives of the 1950's and 1960's, such as the Murray Report on Universities, the formation of the Australian Elizabethan Theatre Trust and the inception of the Film and Television School. There are five times as many students at Australian universities today as there were at the start of the 1950's, and at that time, despite massive migration programmes, the idea of multiculturalism had not been thought of. Again, none of us would find it easy to contemplate an Australia without the Australian Opera or Ballet, or without the burgeoning film industry which is already recognised worldwide. And it is worth remembering that it was under a Liberal Government that the decision was made in 1953 to build up the national collection which will be housed in the National Gallery in Canberra which will open this year.

With a population of just over 8 million in 1949, which has now grown to almost 15 million, we have established a pattern of achievement which provides a strong foundation for continuing progress and reform. Virtually all the changes have occurred over these years. Changes which have uplifted people's horizons and transformed our way of life have taken place under Liberal Governments.

These are the great legacy of the Liberal Party to Australia. They would not have happened without the Liberal Party, and they are the guarantee that we can provide the kind of government Australia needs in the future.

I am proud that the present Liberal Government, strongly supported by the branches and other sections of the Liberal organisation, has carried on the traditions of progressive Liberalism established by the earlier Liberal Governments. Indeed, I believe that the Government's record over the last six years equals that of any comparable period, despite the massive problems which we have had to deal with.

This Government's achievements have been wide ranging and profound, not only in terms of economic recovery and social welfare initiatives, not only in terms of the realisation of multicultural Australia, not only in terms such as health care and self-management initiatives for Aborigines, not only in terms of an historical and visionary exercise such as the Review of Commonwealth Functions, but in terms of progressive legal reforms, including the Commonwealth Ombudsman, the National Companies and Securities Commission, the Human Rights Commission, and our freedom of information legislation; in terms of environmental measures, including the protection of the Barrier Reef and progressive declarations of the Marine Park, the prohibition of sand mining on Fraser Island and the banning of whaling in Australian waters; and in terms of employment and youth affairs, including the apprenticeship, training and transition schemes, the recent campaign to encourage more young women to enter apprenticeships, the establishment of the National Youth Advisory Group, and the significant start that has been made in appointing young people to advisory bodies.

In looking at the changes and reforms which have taken place under successive Liberal Governments, we need to be aware that these things do not happen by chance, but as a result of the steady and determined pursuit of Liberal policies. It is important as we look to the future that we remember the old saying that "progress is not a law of nature".

Our vision for the future must be built upon our pride in Australia and its achievements. It must grow out of our determination to improve the Australian way of life, and it must draw upon those fundamental Liberal values which are shared by the great majority of Australians. I want to list some of these values, because they highlight our profound differences from the sectional, socialist approach of the Labor Party.

Liberals believe that people are the best judges of their own wants. The Socialists believe that they know what is good for others. Liberals believe that the incentives created within a competitive market economy are essential to prosperity and meeting consumer needs. The Socialists believe in Government direction. Liberals believe economic freedom is vital to political freedom and democracy. The Socialists want Government direction and control. Liberals believe that Governments must work to promote interests of all Australians. The Socialists concentrate on the interests of their own supporters and the pursuit of abstract theories. Liberals believe that all Australians must accept their responsibilities to each other. The Socialists want to leave all the problems to a centralised Government in Canberra. These values are at the heart of our philosophy and I would like to say something about three policy areas which are vital to them: the importance of economic management in developing Australia's resources and creating the opportunities and living standards people want; the importance of providing adequately for the disadvantaged, the needy, and the people who need help to help themselves; and the importance of safeguarding our national security through sound defence and foreign policies and the promotion of international peace and prosperity.

In relation to economic management and development, there is no doubt whatever that our position is the envy of many other countries, because we pioneered and stuck to policy approaches which are increasingly widely recognised as appropriate in the 1980's. Economic recovery is a long haul, and we are still paying the penalties for Labor's mismanagement. But our policies, particularly our unremitting fight against inflation, have borne impressive fruit in the last two or three years. Over 400,000 new jobs have been created in the last three years. In the two years to the last September Quarter, the annual income of a person on average weekly earnings increased in real terms by over \$700, and in 1980-81, the real disposable incomes of Australian families increased by almost \$3 billion after tax. And when we consider as well as these increases in real incomes we have been able to increase spending on welfare by over 30% in real terms since 1975/76, we get a clear measure of the benefits of the growth that has occurred under this Government, and an overwhelming rebuttal of the talk we hear of deepening poverty, and of Australians being worse off.

By establishing confidence in the economic future of Australia, Liberal policies have also vastly strengthened business investment in Australia. In 1981, for example, record amounts of over \$1½ billion were to be spent on petroleum exploration and development - almost 10 times greater than the comparable figure of \$145 million in 1975. There was a 21% real increase overall in business investment in 1980-81, the strongest growth for 30 years, and a further substantial real increase in investment is expected this year. This is providing great underlying strength in the economy. A sure basis is being laid for long term benefits for all Australians and we must never forget that there can be no other basis apart from investment for sustained increases in living standards. Nor should we overlook the stark contrast between Australia's economic performance and that of our major trading partners in North America and Europe.

While our economy is growing, their economies have had little or no growth. While our economy has generated record levels of business investment, their economies have experienced stagnant or declining investment. Australia's unemployment rate, while still too high at 6.2% in December, has been significantly below 6% through most of 1981.

We can see how much better we are doing than other countries by putting this against the most recent rates of over 8% in Canada and the United States, and over 11% in the United Kingdom, and the OECD predicts a worsening of all these overseas rates during 1982.

By any standards, the Australian economy has done well, but let there be no misunderstanding about why it has done well. Australia has done well because we have faced the economic challenges of our times with the right policies. When we think of the situation of many overseas economies, we must not say to ourselves "it can't happen here". If we relaxed our efforts, or if Australia was subjected to Labor's misguided economic policies, we too would be suffering the disaster of substantially higher unemployment rates, stagnant investment and economic recession. Let me add that sound economic management is not just a matter of getting the right policies in place and watching them bear fruit: it is a continuing process of facing new circumstances, anticipating new challenges, and adapting to them.

One of the most significant of the challenges we currently face is to keep development and growth going in Australia while the world economy remains depressed. A clear indication of the impact of poor world economic conditions is reflected in the state of our balance of payments. Because of our strong growth of real incomes, and the demands created by resource development, our import bill has been rising significantly, but because of depressed world trade and falling commodity prices our export earnings have been falling. This has restricted the cash flow to exporters which is an important source of funds for investment in new developments. Inevitably, faced with poor current earnings and the high cost of borrowing additional funds, some projects have been deferred or delayed, but most development projects are going ahead providing a sign of confidence in Australia's prospects, providing benefits now to the whole economy, and building strength for the future.

While to the superficial observer there may appear to be signs of a weakening of the economy, the reality is not that there is weakness in the Australian economy, but rather weakness in the world economy, and when the world up-turn comes - as inevitably it will - we will be well-placed to take advantage of it.

The Government is aware that people are concerned by talk of weakness in the balance of payments, or of projected development being deferred, but there is a quite unnecessary tendency to speak and think in extremes, and nothing illustrates this better than some current talk of "boom or gloom". Do people really believe that the Government has been unaware of changing circumstances, of what is happening overseas, and of its implications for the balance of payments and the Australian economy - that having restored confidence, incentive and profitability in Australia we would not have been monitoring and anticipating threats to those achievements?

While the Government cannot totally insulate the Australian economy from the effects of overseas trends, or make long range predictions of every twist and turn in events, we can and have already shaped our policies in response to the challenges that overseas conditions pose, as any careful analyst of the Budget papers, or observer of our exchange rate management, would clearly see. But the challenges to our continued growth are not limited to conditions overseas, for strikes and wage demands are also posing real threats. It is one of our objectives that wage earners should share the benefits of economic growth, and I have already referred to the real increases in wages that have been occurring. But people are fed up with the kind of strikes and unreasonable wage demands which have been all too common in the past year, which have damaged our international competitiveness, have threatened investment, and have destroyed job prospects for many young people. There are limits to the impact which Governments can have through changes in the law, because industrial relations are relations between people. And management and unions as well as Governments have a vital role in the establishment of a better industrial climate in this country, and such an outcome, with the objective of dramatically reducing the number of strikes, is necessary to the continued strength of the Australian economy.

At the Government's next meeting with the ACTU, later this month, this important objective will be a major item for discussion. The ACTU is obviously concerned about the well-being of Australians and Australian families, and as part of the process of securing improved living standards this country badly needs some rational debate on the issue of how the benefits of economic growth should be shared.

If the economy grows at 3% a year, and if inflation is to be contained, then the benefits that are available to be shared are plain to see, and there are massive limitations to the wage increases that can occur.

Obviously the unions, along with the government and the community, would want some of the benefits to go into improved wages. Most people would want some of the benefits to go into improved welfare provisions, and I believe that the unions understand the need for some of the benefits to go into improved profits, which are essential to fund the developments on which future growth depends. If a rational debate on these issues can occur and if as a result there can be a better grasp throughout the community of what is involved, then we will have an opportunity to develop greater unity of purpose as a nation in the resolution of the issues themselves.

A further requirement of continuing strength in the Australian economy - a requirement essential to the control of inflation, to the maintenance of incentive and profitability, and to the growth of real incomes - is the sustained restraint of government spending.

Our record of holding the annual average real growth of budget outlays to just over 1% per annum since 1975-76 stands in stark contrast to real growth rates of spending of over 2% in the U.K., nearly 3% in West Germany, over 4% in the USA, and about 10% in Japan over the same period - and the real growth over over 10% p.a. in government spending in Australia in the Labor years.

As a result both of the restraint on spending we have exercised and of the renewed confidence and economic activity that our policies have generated, we have reduced Commonwealth spending as proportion of GDP by 2½ cents in every dollar since 1975/76 over a period in which most industrialised countries have seen the Government's share of GDP continue to grow.

We must not forget that renewed big government and massive budget deficits would present an enormous threat to the Australian economy, and neither must we forget that the big government, big spending, big taxation party in Australia is the Labor Party.

Mr Hayden was once incautious enough to admit that he is a "high tax man". He continues to support the introduction of entirely new kinds of taxes. He has expressed his commitment "to seeing a larger public sector", and under its existing promises alone, Labor would establish over 50 new government bodies

It is simply a myth to suppose that Mr Hayden knows about good economic management - and we should not forget that his so-called "restrained" 1975 budget contained a real increase in budget outlays approaching 6% or that his estimated deficit of \$2.8 billion would have run out to an actual deficit of well over \$4 billion except for the spending cuts which we introduced on coming to office, and which still left that Hayden Budget with a deficit of \$3.6 billion.

Nor should we forget that by 1983, well over a million voters will be too young to remember the disastrous economic mismanagement under the Labor Government and we share the responsibility to make sure that the threat which the Labor Party poses to Australia's economic well-being does not become a reality.

Liberal Governments emphasise good economic management because a prosperous economy is the precondition of so many of our other objectives and this leads to the question of our ability to provide adequately for disadvantaged and needy people.

There are obviously many hard decisions to be made about priorities in the social welfare area and many difficult lines to be drawn.

But the Liberal Party's record of effective concern to provide care and attention for the needy and disadvantaged is unparalleled in Australia's history, and we all know that the often-heard claim that Liberals do not care is an absurd fabrication. The people who make this claim are not only historically wrong - they fail to grasp the fundamental philosophical concern of Liberalism with the individual well-being of every Australian.

This Liberal concern has received consistent and balanced practical expression over decades through budgetary and other initiatives and obviously that process will continue in the years ahead.

1981 saw the initiation of the new health scheme under which there is provision for free health care for about three million Australians, and with the tax rebate for health insurance, a growing number of people have been taking out health insurance.

As a result of the 50% family allowance increase for third and subsequent children, more than half a million Australian families, many of them the most needy, are now better off.

The Government is proud of the progress that has been achieved across a wide front of social welfare concerns, including a 39% real increase since 1975/76 in assistance to disabled and handicapped persons, and also including the automatic indexation of pensions, a Liberal initiative which provides essential security to those people, especially women, who depend on their pensions.

Any society which cares about individuals and their well-being will inevitably face on-going challenges in relation to social welfare, and one major challenge which lies ahead for Australia arises from the increasingly ageing composition of our population.

Australians are generous in their concern to provide well for aged and needy people and there is need for on-going discussion about which needs are the greatest and which priorities are the highest.

But economic growth is quite obviously the decisive pre-condition of our being able to provide the highest desirable level of social welfare benefits and it is indeed largely because the Liberal Party has always recognised this simple truth that Liberal governments have been able to do so much to improve social welfare arrangements in Australia.

In considering the prospects and challenges which lie ahead for Australia as a nation another area which obviously must concern us is the international environment.

I believe that the community is increasingly recognising the value and appropriateness of our defence policy and our foreign policy which work together as the two arms of our approach to national security. We have embarked on a long-term programme to strengthen our defence forces and we have also strengthened our relations with our free world partners. As a middle level power, Australia's role is obviously a limited one but I believe that as a result of sustained pursuit of some central attitudes and policies, and as a result of our willingness to play what part we can, as expressed for example in the terms of our decision to participate in the Sinai Peacekeeping Force, Australia's reputation has been enhanced as a country with a capacity to make a contribution to discussions on issues of world concern.

The kind of reputation we have been achieving as a concerned and constructive country does not come easily, but through the steady, balanced pursuit of sound policies we shall continue to build up that reputation.

There are obviously many challenges on the world scene extending beyond issues of stability and world peace, and including the promotion of human rights and the strengthening of the spirit of liberty, independence and democracy.

Australia is actively involved in discussions of such issues by various world bodies, but one of the most important challenges today is that of world poverty, and the need for dialogue between the developed and developing countries. Australia has put its weight behind moves to revitalise this dialogue, and to give it the urgency and priority which it deserves because its significance for the kind of world in which we and our children will live cannot be exaggerated.

I believe that Australians increasingly want this challenge to be faced; that they want it to receive continuing emphasis as a matter of government policy and it will certainly continue to receive priority in terms of the government's concerns.

Like so many of the great challenges in politics, it is not the kind of issue that can be solved today or tomorrow; not the kind of issue which will ever be dealt with in a final way. But it is an issue on which every incremental gain is worth striving for and which will call for continuing efforts from all of us. In this respect, it is like most of the great challenges of politics.

There will always be challenges to meet, both long and short term, in terms of economic progress, in terms of adequate care for those in need, in terms of building the kind of world we want, in terms of pursuing our Liberal objectives of freedom, security and opportunity for all.

Young Liberals have a very real contribution to make in meeting the challenges of the future, and it is no accident that the Young Liberal Movement is strongly represented at the highest levels of the Liberal Party organisation.



This representation recognises the value of the Young Liberal input in discussions of our philosophy and policies. It recognises the importance of the young Liberal Movement as a source of strength in Party membership, and in carrying the Liberal message to young people especially. And it is worth noting that the level of Young Liberal representation at our Federal Council is twelve times higher than the corresponding level in the Labor Party.

I would like to say how much I have valued the close consultation I have had with Young Liberals, especially Saul Eslake and Mark Birrell, throughout 1981, and how much I am looking forward to a continuation of that close association with your new Executive. Provided that we work together as one party for the advancement of Australia, I believe that continuing success for the Liberal Party and continuing achievement by Australia are secure.

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