



## PRIME MINISTER

FOR MEDIA

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### 1982 AUSTRALIAN LIBERAL STUDENTS' FEDERATION CONFERENCE

It is a great pleasure to be with you to open the 1982 annual conference of the ALSF. You have a broad agenda ranging, as I understand, from airfares to education policy, from student unionism to foreign policy and defence issues and I am sure you will have a productive conference.

It is well known that the ALSF accommodates a variety of views within its membership. That is the essence of Liberalism, just as it is of the essence of the university ideal. But the ALSF also has another great strength, its commitment to standing up for what it believes in and its determination to work effectively and persistently to achieve its priorities.

One of the great causes for which the ALSF has fought and for which it continues to fight is voluntary student unionism. You have fought for the right of students to choose freely whether or not they wish to belong to a union. Whether or not they wish to pay student union fees without fearing that their student status will be threatened.

In this campaign, especially in relation to eliminating the diversion of compulsory fees for socio-political activities you have the full support of the Federal Government.

The Government has implemented a number of measures designed to guarantee voluntary student unionism in the Australian Capital Territory and I hope the time will come when your continuing campaign will be successful throughout Australia.

Voluntary student unionism is obviously a vital part of freedom in education, so is that freedom of expression which the ALSF has championed on tertiary campuses throughout Australia.

Freedom in the widest sense is the cornerstone of the ALSF. Indeed, it is the overriding priority and objective which binds together all Liberals. Freedom is the great ideal which positions us on the political spectrum. It is the basis of our rejection of the conformity and oppressive levelling of socialism and the reason for our commitment to a society which encourages individuals to pursue their own goals and aspirations to the fullest extent of their ability.

We also need to remember that influences which threaten prosperity are in the end threats to freedom itself. I know the ALSP does not take freedom for granted, that you realise it must be worked for and defended. But too many people do take freedom easily, they accept it, they take advantage of its benefits, and the prosperity which it has created in Australia without realising that it creates responsibilities, and that it cannot exist without being defended.

As Liberals, we obviously have freedom as our central ideal. But we should remember that freedom also provides a basis for practical policies, and for our analysis of what the real issues are.

I want to talk today about the real issues for Australia as we look down the months and the years ahead. For in spite of our comparative prosperity, in spite of the comparative stability and security which we enjoy in Australia, there are real and fundamental threats abroad in the world to the values and the way of life which we enjoy and which we believe in.

In concrete terms, those threats are essentially strategic and economic. To cope with them, Western societies need resolve and imagination to build up effective responses and practical policies.

I want to talk about the strategic and then the economic problems which the world is facing although the two are very much intertwined. I also want to look at what we have done and need to do in Australia and to emphasise the contribution we should seek to make in the international environment.

It would be disastrous for Australians to forget or overlook that while we are an independent country we are affected by what happens in other countries, in the world economy, and in the strategic balance.

At the present time, the world strategic and political situation gives rise to many causes for concern. The overriding strategic reality is that Soviet military power is greater than it has ever been, both in a comparative and an absolute sense. The Soviet stance continues to be essentially provocative and the reality of Soviet policy is evident in the occupation of Afghanistan, behind the forces for repression in Poland, through Soviet backing for the Vietnamese occupation of Kampuchea, and directly and indirectly in central America, in Africa and in parts of the Middle East.

Can anyone deny that a firm response to Soviet actions is now a most pressing priority? Can anybody now deny the weight of the Australian Government's consistent argument since we came to power in the mid 1970's that the advantages of detente seemed to flow one way towards the Soviet Union?

There is now great and widespread concern among Western governments about the situation and growing concern about the state of the Western Alliance.

President Reagan's sustained determination to revive Western power has given heart to all those people who have been aware of what was happening, but obviously the United States cannot carry the whole burden.

Indeed, it is not just a matter for the United States and Europe, the whole world has vital interests at stake. Australia's interests are obviously involved in the whole question of world peace and security and I want to make a comment here on the priority which the Government has consistently given to defence expenditure.

There are always different views about which particular expenditures should come first in the defence area, always arguments about which priorities are the greatest. We have seen some of these arguments in recent times in relation to the purchase of a new aircraft carrier and bringing forward the new Orion aircraft.

But in the midst of those arguments, we must not lose sight of the fact that the Government has given defence spending the high priority it needs. We emphasised defence when others were downgrading it. We are continuing to increase defence expenditure, it is up almost 20% this year and Australia is experiencing the benefits.

Coming back to the international strategic situation, I believe that what is needed now among Western nations is an accurate perception of what the Soviet Union's actions are all about, because that perception must provide the basis of an adequate overall Western response to the situation that has now developed.

There are many questions we need to ask ourselves in the West. In the early post-war years there would have been fairly general understanding and agreement on the nature of the Soviet Union's intentions. That agreement led to the formation of NATO and the continuation of the Western Alliance.

Is there still the same understanding of the nature and purposes of the Soviet Union? Are the differences that sometimes appear in the Alliance caused by different perceptions now of the Soviet threat? Is there the capacity to achieve agreement about the way we should conduct our relations with the Soviet Union? Is the West making itself a hostage to fortune by building dependence on Soviet markets and on Soviet strategic supplies?

And these questions come on top of the economic difficulties in the Western industrialised democracies which threaten the cohesion and purpose of Western countries.

In Europe next month, there will be two vital summits which provide an opportunity to address these questions and difficulties.

The Heads of Government of NATO countries will be meeting in Bonn to discuss the issues facing the Western Alliance. This meeting is potentially of enormous significance. It will be searching for a strategy for the 1980's, and it is certainly the hope of the Australian government that this meeting will lead to a renewal and strengthening of the Alliance.

The Bonn summit meeting will follow the Versailles economic summit, at which the Heads of Government of the United Kingdom, France, West Germany, Italy, Japan, Canada and the United States together with the Presidents of the Commission and the Council of the European Communities will discuss the economic problems faced by the West and policies to overcome them, energy problems faced by the West beyond the present downturn in world prices, the dialogue between developed and developing countries and problems and strategies in economic relations between the Western countries and the Soviet bloc.

World economic conditions and their implications for the stability of the Western democracies are serious indeed. It is estimated that last calendar year the value of world exports fell for the first time in over twenty years. The average rate growth of GDP in the industrialised countries of the West was only a little over 1% and real GDP actually fell in the final quarter of the year in the United States, West Germany and even Japan.

Predictions of recovery from recession are repeatedly made, and repeatedly fail to materialise. Already this year, the United States economy which produces over one third of the output of the member countries of the OECD has experienced a further fall in its real GDP in the first quarter and its unemployment rate has reached almost 9½% of its labour force which means that over 10 million Americans are out of work.

This pattern of recession and rising unemployment is being repeated throughout the Western industrialised countries and it is predicted that total unemployment in the OECD countries will reach 30 million during this year.

It is true that inflation rates have been falling rapidly in Europe and North America; that some workers have accepted cuts in real wages to help protect their employment prospects and oil prices have been declining.

But while these trends provide reason for some optimism about future prospects for recovery, the persistence of real interest rates at historically high levels continues to discourage the investment which is so essential to building a sustained economic recovery.

The costs of these conditions in terms of unfulfilled expectations, in terms of unemployment and associated suffering are high indeed, and the potential for even higher costs as confidence in the ability of governments to cope is undermined cannot be ignored.

In some cases the reactions of governments has been to try to defend themselves and their people not by facing up to the need for firm policy settings, not by accepting and facilitating the structural adjustment that is needed to accommodate changed economic conditions, but rather by seeking to increase and extend protectionism.

For example, the European Community has intensified its already massive protection of its agricultural producers and has introduced a system of subsidies for exports of its agricultural produce to third markets. There is an increasing, and intensely disturbing trend towards bilateral trade agreements cutting across the forces of multilateral competition in trade that have been the basis of world growth and world prosperity for most of the post-war period.

It is true, of course, as our recent experience in Australia has made clear that economic interdependence can impose costs on countries when world economic conditions are difficult. But if the experience of the years of depression which preceded World War II has taught us anything, it is surely that the costs of isolationism are far more severe.

Throughout the 1950's and the 1960's, the new economic order established in the aftermath of World War II, the liberal system of trade and payments, sustained unprecedented growth of trade and prosperity.

Following the experiences of the 1970's, the world today is a very different place and it is vital to the interests of us all that the Heads of Government meeting at the Versailles Economic Summit face up to that fact and seek a clearer understanding of why it is so different, and what must be done to put the Western countries back on a path that will generate renewed growth and renewed prosperity.

As with the NATO meeting at Bonn, Australia is not directly represented at the Versailles meeting, but our interests are very much involved.

Our economy, our workforce, is small by comparison to those of the major countries involved in the Versailles Summit. We currently produce a little under 2% of total GDP in the OECD countries taken together. There are millions more people unemployed in the United States today than there are members of the total labour force in Australia and we rely on trade with the major economies to keep us growing, to underpin the prosperity of all Australians.

Nonetheless, as we have shown in recent years with the right policies we can succeed against world trends. Indeed in 1981 our growth rate of 5% was about 4 times the estimated average growth rate for the OECD as a whole.

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We have shown that our interdependence with the rest of the world has not prevented us from taking independent action to promote the living standards of Australians, and keep building Australia up.

Let me add that we have succeeded in this endeavour without pursuing the path of increasing protectionism. Indeed in the process we have taken decisions to gradually lower protection throughout Australian industry.

The importance of keeping on building Australia up by continuing to bear down on inflation, by maintaining a responsible approach to our budgets, by continuing appropriately firm monetary policies, cannot be overstated.

For it is growth that is the primary source of increased living standards for Australia's families. It is growth that provides the resources to enable us to effectively care for the needy in our society, and to help other less fortunate peoples of the world to escape from the vicious circle of poverty so many of them face and it is growth that gives us the capacity to effectively defend ourselves, and play a wider role in promoting peace and freedom in the international community.

As a result of the policies that the Commonwealth Government has pursued since the end of 1975, not only do we now have one of the strongest economies among the Western industrialised nations today, but we also are one of the few net exporters of energy in a world which, following the rise of OPEC, badly needs diversified sources and forms of energy.

The importance of our energy resources not only provides an incentive for other countries to be aware of the impact of their policies on us but it also serves as one example of the fact that Australia does have a real contribution to make in relation to issues and problems of world concern.

There are obvious limits to what a nation of 15 million can do, but we have a role and a responsibility, as a concerned and outward-looking nation, to do what we can.

I believe that a country like ours sometimes has the capacity to highlight the concerns and interests of smaller and less powerful nations and thus contribute to a more balanced perspective overall.

We have also demonstrated our capacity to take initiatives designed to encourage or enable others to act in pursuit of important objectives. Our decision on the Sinai, for example, was a catalyst in encouraging other countries to join the peacekeeping force, and our CHOGM initiative to set up a study group to examine obstacles to negotiations in the North-South dialogue which arise from the negotiating process itself is a further important example.

Not only does Australia have something to contribute, we also have responsibilities to secure Australia's own well-being and interests.

In the conjunction of strategic and economic circumstances which I have been discussing in this speech, I believe it is vitally important for Australians to be aware of what is at issue, and how the events may affect us.

It is also important for us to realise that while Australia will not be attending either of the June summits, our interests are involved.

Against that background, the discussions that I shall be having next week with President Reagan, with Pierre Trudeau and with Prime Minister Suzuki are obviously timely, and they will provide a valuable opportunity to bring forward our concerns and perspectives.

We live in a troubled and uncertain world. If ever anyone needed an example of that, look at the Falklands.

As Liberals, as a Party and a federation determined to defend the values of freedom and democracy, we have tremendous responsibilities, and tremendously challenging tasks.

We need the courage to stand up for what we know to be right. We need the will to match our ideals with effective action and we need the dedication to stick with far-sighted policies.

Provided we do that, there is much that we can achieve, and we can be confident of our ability to surmount the problems and build the kind of future that we want.