



PRIME MINISTER

FOR MEDIA

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ADDRESS TO VICTORIAN STATE COUNCIL

This is a time of real challenge and opportunity for the Liberal Party. With Labor in power in Victoria, our campaign to win back Government must start at once and the anti-Labor swing of nearly 8% in Keilor shows that people are dissatisfied with the Cain Government after only 100 days in office.

A strong Liberal Party organisation is vital in ridding Victoria of socialist government in this State, and winning the next Federal election.

Our responsibilities as Liberals are great, for ours is the only nationwide Party which represents all sections of the Community, all regions and all states. We are the Party which expresses the hopes and values of Australians. Ours is the only Party, therefore, which can unite the nation behind it.

The ALP is not even united within itself. Nearly half of the Parliamentary Labor Party rejected Mr Hayden as leader, and over half of Labor rank and file voters want a different leader. Mr Hayden owes his re-election to the Left and his narrow victory guarantees that the Socialist Left will retain its hold over him.

Mr Hawke still wants to lead the ALP and he cannot avoid the suggestion that his ambition would best be fulfilled by Labor losing the next election. His lack of confidence in his leader is plain. Before the leadership ballot Mr Hawke said he could not tell whether Labor could win with Mr Hayden, but after the ballot he said they could. He went on to say he would not challenge Mr Hayden before the next election, but that "it will be a new ball game" afterwards, and a day later he added "I have never said there was no chance with Bill." What a vote of confidence in the leader, what a distraction from the real issues facing Australia.

Today I would like to talk about the kind of Australia we are trying to build, about how the Liberal Party's belief in the individual and in private enterprise give direction to our policies, especially in economic life. About our commitment to the well-being of all Australians and about how those beliefs contrast with Labor's divisive and unworkable socialism.

I shall start with the economy, because economic success is so fundamental to all our other aims, and then say something about defence and foreign policy, our commitment to multiculturalism, and our concerns with legal reforms.

Our fundamental economic objective has always been to secure and increase the prosperity of Australian families, and enable people to follow their own wants and needs through free choice in the market place without undue interference from government.

Over the last few years a Liberal Government was able to create an economic framework which has enabled all sections of the community to benefit. Our policies have been remarkably successful and have given our economy a great underlying strength: 375,000 jobs were created in the three years to the end of 1981, we had a high economic growth rate by international standards, real disposable income grew considerably, and our inflation rate has been lower than the average for industrial countries.

But as a major trading nation, we could not remain unaffected by recession overseas and that recession, which is far worse than anyone anticipated, is now hitting Australia hard.

Alcoa's decision to stop work on the Portland smelter is a stark and grave reminder of how seriously we are affected. In the last two years aluminium prices have fallen from \$1410 to \$1072 in constant dollar terms. So have the prices of most other commodities which Australia produces for the world. But at the same time, there have been excessive wage settlements of between 15% and 20% taking into account the shorter working week, compared with settlements of only 5% or 6% in some countries overseas, and this has helped push our inflation rate above the OECD average. We have been hit by high international interest rates, which have forced our rates up too, and falling or stagnant growing in six of the seven major industrialised countries has reduced the growth in volume of world trade to a virtual standstill, and last year the value of world trade actually fell for the first time in over 20 years.

As a result, in Australia profits have been squeezed, cash flow has virtually dried up, high interest rates have made borrowing to carry on investment almost prohibitively expensive, our economic growth has fallen and our unemployment rate has increased.

In the face of this situation, we need to take constructive action. We must do everything we can to minimise the impact of the world recession on Australia. We must also act to ensure that the Australian economy is in a position to take advantage of the world recovery when it comes.

The Government is acting with positive policies to meet these objectives, and Australians must work together to overcome difficulties and take Australia ahead. The Government's industry policies announced last Monday were a major new initiative, and they have been widely supported. They will encourage investment in all industries by providing more generous depreciation provisions, and will help industry maintain and win new export markets, by strengthening the Export Market Development Grant Scheme. And, in maintaining existing levels of protection, the Government has rejected the I.A.C.'s proposal that there be a unilateral cut in tariffs because the economic and social consequences of such a cut by Australia alone would be unacceptable in the current economic climate. These policies will enable industry to become more competitive, and provide a firm basis for long-term planning. They will help our industries weather the world recession with minimum damage, and be in a position to take advantage of the world recovery when it finally comes.

Australia stands to benefit enormously from a revival of world trade, and to achieve this end, the Government recently proposed to the international community that there should be a freeze on increased protectionist measures, that export subsidy and incentive schemes should be phased out, and that work should begin on a steady reduction in levels of protection. Obviously no country could adopt these proposals alone, and Australia would not adopt them alone. Nor would they be in conflict with our recent decisions on industry which reject unilateral, not multilateral cuts in protection. Multilateral reductions would provide a real impetus for regenerating world growth and reducing inflation. Our trade proposals have received widespread support. They will be considered at the G.A.T.T. Ministerial Meeting and I hope that there would be a willingness among countries to act upon them, as a practical way of achieving the breakthrough that is so vital for the whole world.

A further major initiative taken by the Government this year is our housing package which has been designed to provide help to home owners and home buyers where help is most needed. At a time of great difficulty because of high costs and high interest rates, this package provides a tax rebate to house owners of up to \$700 a year, a new and more generous home assistance scheme, and increased availability of housing finance. This package has the potential to help nearly half a million Australian families in owning their own homes.

These positive Government initiatives are all directed towards increasing the well-being and prosperity of Australians. They will help to build Australia up. They take account of the needs of people, and they have the aim of promoting a strong private enterprise system. That is not a goal shared by the Labor Party. Where in the Labor Party Platform is there a reference to the need to ensure that people are rewarded for risks, for investment and hard work. There isn't one. Mr Cain's vicious 39 cents in the dollar probate tax and gift duty is a clear example of the Socialist philosophy of pulling down the achievements of individuals and families and it will damage private enterprise enormously. Many people with a home, some superannuation and even a small business would go above the limit of \$200,000. Anyone wanting to start a business will go to another State if they can't leave it to their children. Why would retired people stay in Victoria when it is the only State with this Tax. They will sell up and go north. People will leave. Mr Ristrom of the Taxpayers Association has said that Mr Cain's probate means he has to get out of Victoria, and there will be many stories like the one in Thursday's Herald of an engineering firm moving to Queensland, leaving only an empty factory behind. And as even more people leave this State to avoid probate there will be empty houses in the suburbs of Melbourne, the value of people's houses will fall right across the State, the building industry will suffer, and there will be less jobs. This policy will compound the economic problems which this state has already, and Mr Cain is refusing to face up to these facts, because he has shown he is frightened of an impartial report on the effects of probate in Victoria. He should not go ahead with it.

As Alcoa's decision on the Portland Smelter has shown, things are hard enough already without it. But none of Labor's economic policies address the real issues in a constructive way. At a time when most people think income taxes are too high, Labor wants to reduce indirect taxes, which would inevitably mean more income tax under Labor, and at the same time they want to push the higher tax rates still higher. They are committed to a capital gains tax by stealth, and a resources tax whose details will only be worked out if they get into Government. This would remove the incentive which is so important in a free economy and would penalise individuals for the kind of enterprise and success which is essential if the nation's economy is to thrive.

Wherever Labor has run an economy it has made a mess. Labor's economic policies failed in Tasmania. In N.S.W., Wran's publicity machine is no longer able to cover up his Government's incompetence. In Canberra three years of Labor Government did untold damage to the national economy. And in South Australia, Mr Tonkin is doing all he can to rebuild the economy after ten years of Labor Government.

Whenever Labor has had a chance they have failed. Labor's economic policies would do nothing to minimise the impact of the recession, nothing to control inflation, nothing to make us more competitive, nothing to encourage investment and build Australia up.

Labor's industrial policies would also damage our ability to achieve economic success by placing unions above the law through immunity from the Trade Practices Act and creating an imbalance in the negotiating strength between unions and employers by favouring unions.

I mentioned earlier that it is vital for Australians to understand the benefits of working together. By recognising our common interests, by rejecting sectionalism and the inevitability of conflict, we will successfully overcome many of our current difficulties as a nation, and will ensure we are competitive. A few weeks ago, the Tripartite Conference between the Commonwealth, the C.A.I, and the A.C.T.U. showed that a measure of agreement can be reached on Australia's economic difficulties between all parties. It is encouraging that a Tripartite Working Party was established at the Conference which will try to put together a common statement on the economy to put to the Wages Conference in August.

Progress has been made to resolve the problems of the coal industry, especially the problems at ports, which have been plagued by strikes. The Commonwealth, Queensland and New South Wales Governments are now consulting on how to improve the industry. It is too serious a problem to start apportioning blame for those problems. Instead, it is vital we sit down together and find solutions. Recently, a Task Force with representatives of

the A.C.T.U., the seagoing maritime unions and the Australian shipowners signed a proposal based on the Crawford Report designed to improve industrial relations procedures in the shipping industry and to allow Australian ships to compete on similar terms with flag carriers of Australia's major trading partners. This Report is an example of what can be achieved when governments, unions and management are willing to co-operate, and it is now being considered by the Government.

There are some signs that wage demands are beginning to moderate as unions realise that extravagant wage claims supported by industrial action are not in the interests of their members, and are not in the interests of the Australian community. The National Wage Case decision last May not to grant a general wage increase was a recognition by the Arbitration Commission that further wage rises will undermine our economy. Mr Dolan has been reported as recognising the need for a more moderate approach to wage claims if jobs are to be retained. The Government is determined to build upon these developments in working together. For in conjunction with our positive economic policies, they are vital to our economic success.

But the commitment of Liberals to freedom extends beyond the economy, and I turn now to some of our other goals and objectives. To preserve our free society we have to show a commitment to defend it from aggression, from those who want to destroy the philosophy of freedom and replace it with totalitarianism. That is why the Government has committed \$6 billion to defence expenditure - money which will buy us new fighter aircraft, new reconnaissance aircraft, new weapons systems, new naval ships, and new naval and airforce bases. It is also why we remain committed to the ANZUS Alliance, an Alliance with countries which share our commitment to the freedom of the individual and to our way of life.

Labor has the greatest reserve about that commitment, particularly in this State. The Victorian A.L.P. supported a resolution to make Australia part of the non-aligned movement. Non-aligned with whom - with Cuba? And that policy would mean tearing up the ANZUS Treaty.

Mr Cain has shown his colours plainly through his earlier equivocation on providing services to the OMRGA base, and through his continued opposition, repeated less than two weeks ago, to visits to Victorian ports by nuclear ships. Mr Cain has said that he does not want to interfere with our defence and foreign affairs responsibilities, but in persisting with his opposition, Mr Cain denies his words with his actions. That is why I asked for an assurance that he would give instructions to Victorian port authorities to provide appropriate services and facilities for visits by U.S. naval ships to Victorian ports, and Mr Cain has not given any such guarantee. Why is Mr Cain so unwilling to what he ought and welcome the ships of allied navies into our ports? There has been harmony about more than 500 visits to Australian ports by ships of the American, British and French navies over the last 10 years, but the difference with Mr Cain is that he and his Party do not want ANZUS, and being of the Socialist Left that is not surprising.

Mr Hayden's position is barely different from Mr Cain's. Mr Hayden wants to be able to veto American messages sent through the North-West Cape facility. How can we co-operate with our ally and maintain an alliance if we demand a veto on messages sent by the United States. It shows a lack of genuine commitment to ANZUS, and therefore to the defence of our liberty and our territorial integrity. As Liberals, we want Australia to be strong to defend itself, and we also seek a strong and cohesive Australian society.

Tomorrow I will be announcing the Government's response to the evaluation of the Galbally programmes, and as a result of this response, the impetus of the profound commitment to multiculturalism in Australia will be maintained and strengthened. Australia leads the world in so many ways in having achieved a diverse yet united society, and our children will benefit enormously from the very great changes which have taken place in the character of Australian society by contrast with earlier times.

I should also like to comment on some initiatives being taken by the Government in the field of law reform. There is growing public awareness of, and concern at, difficulties facing Australian law enforcement bodies in dealing with organised or white collar crime and official corruption. Criminals have become more sophisticated and much crime transcends State and national boundaries. The Commonwealth Government has taken steps in response to such developments, including upgrading the Australian Federal Police and establish ad hoc Royal Commissions and the Government is considering proposals for a National Crimes Commission. The proposals will require careful development, and the Commonwealth is seeking the co-operation of the States and the Territories in doing this. In relation to this whole question, the Government has a concern to strike a balance between the powers necessary for effective law enforcement and protection of rights of individuals. The Criminal Investigation Bill 1981, now before the Parliament, is relevant here. This Bill will codify and clarify the rights and duties of citizens and the Australian Federal Police in the process of criminal investigation of offences against the laws of the Commonwealth and the A.C.T. The Bill resolves real doubts that presently exist in relation to these important matters. In these ways, we are providing practical mechanisms to give effect to basic Liberal values.

Finally, I should like to say something about our faith in Australia and Australia's institutions - about the Liberal Party's commitment to Australia's institutions and symbols and Labor's rejection of them. At its recent National Conference, Labor decided to dump our flag, which means so much to Australians as a symbol of our national identity. At last year's Conference it decided to get rid of the monarchy and turn Australia into a republic. It also wants to tear up our Constitution and write a new one by 1988 and it wants to undermine the States and our federal system.

Labor wants to drag into the centre of national controversy things which are peripheral - things which are divisive. Australians want continuity, we want institutions and symbols which reflect our national character so that people can identify with them as a source of stability in our national life. For Victorians, as for all Australians, the choices before us are clear. On the one hand there is a Socialist path of Mr Cain and Mr Hayden. They offer State control of industry and business, and a winding down of private enterprise; union control of economic policy, a weakening of our commitment to our alliances and to defence; and the destruction of many of our national symbols and institutions. On the other hand there is our Liberal path of freedom, of pride in Australia and respect for our institutions; economic policies based on the initiatives of individuals and the need to maximise economic efficiency; a commitment to alliances with other freedom-loving peoples against totalitarianism and a far-sighted concern for our needs as individuals and as a community. That is the choice between socialism and Liberalism and the sort of society which our children and grandchildren will inherit.

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