



PRIME MINISTER

FOR MEDIA

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BUSINESSMEN'S BREAKFAST, MELBOURNE

I indicated last night that the choice before us all on 5 March was a very clear one and I would have thought the choice was also very clear for the business community of this city and right around Australia. I was talking last night of the initiatives that we have already put in place to respond to three things: the world recession hitting Australia after we had held it off longer than in any other country and secondly to the drought, and thirdly to one of the worst wages explosions that we have had, well the worst since Mr Hawke was President of the ACTU in 1973 and 1974. The one common thread in those two things is that he was President of the ACTU then and the wages explosion of the last two years was a direct expression of ACTU policy laid down in 1979 when he was there.

The main thrust of the Policy Speech was to provide expanded opportunities to young Australians. It is our intention in a number of key areas to establish youth projects which will provide additional opportunities and particularly, additional opportunities for young Australians who might not be getting much of a go under present Government programs. In addition to that, what I was saying last night was directed towards building up Australia's business strength for the future.

We know quite well that you cannot have a situation in which you rely on the exports of farming products and you rely on the exports of minerals and that is the end of it. There has to be a strong manufacturing, business and commercial sector in Australia and we have to have policies to make sure that it grows and is innovative and is not only able to get a better share of markets, but at the same time that it will go out and create new markets.

The decisions we made last July of greatly improving depreciation provisions were obviously designed to help. In the circumstances that have prevailed, that we are presently in, I don't think anyone expects a mad rush of new investments simply as a result of those measures even though they are a great improvement over what was there before. When the opportunity for new investment does come, those depreciation provisions are clearly going to bring forward decisions that otherwise might still have been deferred.

Of course the wage pause itself is an integral part of our total policy. As we went through the year we had introduced the Budget which was designed to encourage wage moderation because it greatly improved the position of Australian families by about \$18 a week in many typical cases. By the end of the year it was clear that that alone was not enough, that it was going to take too long to re-establish the competitive face of Australian industry and therefore a wage pause which all Australian Governments, including three Labor Governments are in agreement with.

One of the very odd things about the Labor Party in this election is that they are going forward on a campaign of bringing Australia together or reconciliation when they are the only odd man out, because all the governments, including three Labor Governments agree with the wage pause. The Federal Labor Party do not. The Federal Labor Party and particularly their Deputy Leader, Lionel Bowen deliberately encouraged disputes in the oil industry. The Shell refinery was shut and clearly if that situation had been allowed to develop, this State and Australia would have dried up of fuel and many tens of thousands of people would have had to be laid off as industries shut. The official position of the Federal Labor Party was that the strike was justified and only to be expected and that they supported it. I think that gives a pretty good indication of what would happen after March 5, if Labor happened to win, which of course they are not. There was a report in the Geelong Advertiser a few days ago which indicated that one of the electricians from the ETU had said they had a commitment to go quiet until 5 March, the implication then being that they would get what they want. That 8% of course would start a new wage round and it is just not on so far as Australia is concerned.

A number of the proposals that were put forward last night were obviously designed to assist small businesses in particular, a reduced rate of company tax, but the advance payment of 10% on the purchase of Australian produced goods from all Government purchasing. I think that would be improving the liquidity of Australian firms by about \$70 million. It is a one-off payment drawing forward of course, but it would have certainly improved the liquidity of Australian firms in a quite immediate way.

The proposal that I believe has considerable imagination attached to it is for an advanced technology corporation. Sometimes new proposals are developed, new products are developed in this country to a certain extent, then the control of the development goes somewhere else. I have been told computer firms, for lack of capital, have not been able to expand and maybe have gone out of business. I have been given specific cases of people with good products, being able to sell, but not being able to maintain Australian control and Australian development because of the financial structure and the shortage or risk of venture capital in Australia. Therefore, we are proposing that an advanced technology corporation be established. It won't be Government bureaucracy. It is proposed we establish guidelines and that there be a management board a bit like the Aussat board for the establishment of the satellite and we call tenders for the management of the corporation. Capital would be attracted to the

corporation by 100% tax deductibility for approved projects and the purpose of the corporation would be to bring innovators in touch, or give them advice in relation to markets, developments of new markets, the availability of finance, the capacity to gain finance and product development laboratories and to advise Government on progress that is made.

This is something new in Australia but it is designed to establish the circumstance where small businesses with good ideas will be able to attract the capital and the development facilities to see that their ideas are put into practice in Australia. It is a new venture. In a sense it is experimental so far as we are concerned. I think it is the kind of thing that is necessary. We have examined in detail what might be done to help further encourage high technology industries in Australia and we wanted to avoid the approach which said Government is going to select this industry or that industry or that product and some other product because if governments are going to make those choices, I am quite certain they will make those choices very badly indeed. Of course the approach that we are adopting in this particular matter leaves the initiative in the hands of the Australian entrepreneurs, in the hands of Australian private enterprise where in fact it ought to be.

We are also going to establish a special division of the Development Bank with initial additional capital of \$25 million to expand lending for small business. It is worth noting that since the charter of the bank was adjusted some time ago, the bank has lent about \$100 million for small business undertakings. That has not attracted a great deal of publicity, but the lending is obviously useful. We want to build upon that.

Industrial relations is something that clearly worries all Australians. We have determined on changes. Ian Macphie has come to the view that Federal industrial power is inadequate, that the Arbitration Commission ought to be given authority for the maintenance of its own awards and agreements. Some of you will remember that that was taken away from the Commission in a famous High Court case, I think it went to the Privy Council at the time, in the 1950s, a very long while ago. Now we want to redress that situation and reinforce the authority of the Commission. That does not have any implication for a more or less centralised system. It won't in any sense reduce or diminish the need for entrepreneurs or businesses to look after their own industrial relations to the maximum extent that they can, but if the Commission is to make awards or register agreements that have the force of law as effectively they now do, then it is a fairly widely held view that the Commission should also have authority to seeing that those awards and agreements are in fact maintained.

Our secret ballot legislation will be extended to the election of all union officials, not just some as is the case at the moment and also to enable the Commission, or if necessary the Government, to order in relation certain industries that secret ballots apply before any industrial action takes place.

The Labor Party in its official platform would seek to place unions above and beyond the reach of law. That is perfectly plain and not only to free them in relation to industrial matters, but also to recognise that they have a political role beyond industrial matters, which would be recognised by an Australian Labor Party in a way which I believe would give even more power to the trade union movement. I don't think that is acceptable in Australia.

If somebody wants to seek consensus with the trade union leadership, does anyone really believe that you can get to a sensible consensus with the Painters and Dockers, with the Halfpennys of this world, with the Carmichaels of this world or even with the Mr Gallaghers of this world. The kind of consensus that they would want with you is after they had run over you with a bulldozer. I don't really think that kind of approach is going to work with that kind of union leadership. It does not apply to all unions by any means, but to suggest that the unions can be set aside from the framework of law would be to suggest anarchy in its worst form.

The policy approach that we have adopted for this election is a prudent one. There is clearly some additional expenditure and in the areas that I have mentioned that are of importance to business, that is included. But at the same time, this is not the sort of election in which anyone can with responsibility go out and say we are going to spend \$2.75 billion over and above what is now being spent. By some slight of hand that is immediately turned into \$14 billion and I think it remarkable that the press accept that reduction just on the say so of the person making the comment. \$2.75 billion is \$2.75 billion in anyone's language. The actual figure would probably be significantly more than that but it is impossible to tell. After the Policy Speech it might be possible to do some work in relation to it, but that so-called economic document the other day was so vague that it is not really possible to test whether the \$2.75 billion is somewhere near accurate or whether it might be something the order of twice of that. One of the things that is clear is the policy of spend, spend again and spend again. That was the policy that Mr Whitlam adopted and I am told that Bob Hawke has the ambition to beat Mr Whitlam's biggest spending increase.

In one of his Budgets, Mr Whitlam lifted expenditure by 46% in one year. I am told that it is Mr Hawke's objective to have a bigger increase than Mr Whitlam because it is Mr Whitlam's record that he wants to beat. If it is Mr Whitlam's record that he wants to beat, I don't think there is much doubt what the people of Australia would have to say about that. It is worth noting that Mr Whitlam himself has been very frank, and very plain and I very believe thoroughly helpful in what he has been saying about this particular election. He says: "there is no doubt what the public thinks of me (that is Mr Whitlam) compared to Mr Fraser and the more the Labor Party campaign makes clear Labor will pick up where we left off, (that is where Mr Whitlam left off) the better we will do." I think if Whitlam goes on saying that Mr Hawke is going to pick up where Mr Whitlam left off, then our majority will be significantly larger after 5 March.

There is the old question of where money is going to come from for a policy of course or to fulfill a policy commitment and Paul Keating has given an instance of that. He says "We have massive savings locked up in the banking system which the Commonwealth could quite easily fund this sort of deficit, and get the Australian economy moving again." Savings locked up in the banking system, doing nothing - I don't know how many bankers there are here, but they will be overjoyed to hear that. All the depositors, people have their savings in the bank will be even more overjoyed to hear it and small businesses and people who have housing loans, they also I suppose will be overjoyed. There are only two ways that I could see and probably only one of them legal whereby they could get the funds: introduce some funny bonds which they were talking about in the policy speech, enormously lift interest rates on Government paper and make life very easy for the stockmarket as one or two people have indicated. Lifting interest rates massively could attract the funds of course, but at great penalty to small businesses and at great penalty to home builders, home buyers of all kinds, at great penalty to everyone with loans of a moving rate of interest.

That would be one way in which the Commonwealth could get a much larger share of funds which are there and which are mostly being used. Then, I suppose they could try the old Labor way of some sort of legal change, or some sort of change which would enable them to direct the banks as to where they lent and direct them in a very regulatory manner. Either way there would be a great many people hurt as a result right around the Australian community and the small businesses, home purchasers, financial markets would be under enormous disruption as a result of all of that.

It is worth noting, and I think it is a question that you need to ask, that whenever Mr Hawke has been pressed for details about the policy, he has tried to suggest that there is something wrong in asking for details. He said those miserable conservatives, they always get out their calculators. If somebody who wants to become Prime Minister is going to take a certain amount of money out of everyone's pocket, isn't it reasonable to ask how deep he wants to put his hand in your pockets? You cannot get away with just saying, "Just forget that, the details don't matter. All we want is billions and it will be a nice pleasant process." Really that approach just is not good enough.

The Labor Party has not yet unfolded what they are calling a prices and incomes policy and I believe it will be tinsel without much substance to it. They have been trying to get agreement with the union movement for the best part of a year. The launch date has been postponed on many, many occasions, simply because they have not been able to get agreement. Whatever comes out that can be examined at the time. Since this has in a very real sense become a central point to whatever policies they may or may not put forward, one would have thought that they have done some work about prices and incomes policies in other countries to see if they have worked or failed, but at least they would know the history of it all.

Four Corners did us a good turn some time ago by asking Mr Hawke questions about this in relation to Britain for example and he said in a way that was intended to silence the questioners, "Oh, no there have been no prices and incomes in Britain". Shirley Williams who was administering a prices and incomes policy for quite some time then had something to say on radio yesterday or the day before, making it perfectly plain that there was a strict policy applying to prices, applying to incomes and one which in fact had many penalties across the board or companies that broke the regime. She went on to point out that it had not done Britain any good because companies under that regime had to reduce investment and that had medium to long term damage to the economy inherent in it and in addition to that, she made it plain that the unions did not stick with it and it led to what they call their winter of discontent and massive disruption of a kind that even this country has not experienced.

Samuel Brittain was asked what advice he would give to any Australian who wanted to apply such a policy and he just tersely said "Forget it". The interesting point about this debate is that there was, and has been a comprehensive prices and incomes policy in Britain and Mr Hawke claimed to be in ignorance of it. Let's accept that claim, but being ignorance of it, surely it indicates very sloppy workmanship over something that is regarded as central to their policy. I suspect that most people here don't think much of that sort of policy anyway. But if a political party wants to advance it as something serious, then surely they have an obligation to have done their homework and not to dismiss facts and historical evidence as airily as Mr Hawke does.

There is one other point that I think is relevant in coming to judgements in this campaign. This is the first time in the history of Australia I think where people have been asked to vote for somebody who has got no Parliamentary record and therefore you cannot make a judgement about that. It is fair enough therefore, to look at the record of earlier times and see what in fact happened. I have pointed out on more than one occasion that the time lost through industrial disputes when Mr Hawke was President of the ACTU, was three to four times greater than in the previous eleven years under his predecessor and that is worth noting. The worst occasion was when Mr Hawke was President of the ACTU movement, President of the union movement and when Mr Whitlam was Prime Minister, when over six million man days were lost in one year and over the whole period, over 34 million man days were lost.

The Financial Review has in very sharp compass questioned the credentials of Hawke and I suppose you might say they are a little more objective than I am in some of these things, but I always think my politics is totally objective. The Financial Review said, "The very first thing that needs to be said about MR Hawke's decade at the head of the ACTU is that it has been a decade of barren failure". And it was Mr Whitlam who said, "I would think that any person who is the head or spokesman of a great political or industrial movement would be able to show something for ten years effort." Well there are if you like two impartial observers. One must ask whether that

is a reasonable credential for the most significant job that Australia has to offer. I believe it is not a credential and if people think that it is, they will be taking a risk with this country of a kind that they have never experienced in all their lives.

I know many of us are gamblers when we go to the races, but I don't think when it really gets down to it, that we are gamblers with the future of this country and with the future of our children. The Labor Party have the gall and the hide to come here asking Australians to put a mark on a bit of paper as a result of the biggest gamble ever. That is not a reasonable proposition.

Through the course of the last 12 months we have put many policies in place, policies to assist homebuyers through last year, policies to assist industry, in the Budget policies to assist Australian families in particular and make the request for wage restraint a reasonable one. Then the wage pause and since then we have announced the major new water resource program and every day is living reminder of the importance of that program to Australia as things stand at the moment with the current drought. We are also building for the future in improving road transport through the Bicentennial Road Program, lowering the cost of transport for industry and making it easier for all of us to get about this country and also last night I announced the Commonwealth support for some remaining rail standardisation projects which would link certain ports in Victoria and Queensland in particular to the standard gauge link and again designed to reduce the cost of transport.

I believe we are doing sensible, prudent things for the development of this country. I have said on a number of occasions recently that we cannot sit back and say there is nothing we can do in Australia until there is world recovery, until something moves in the United States because while commentators say all sort of things about when that might occur, it is not good enough for Australians to sit back and wait for other people. We have to do what we can on our own account and I believe that the Government has taken substantial and sensible decisions in relation to that over the last 12 months. I also believe that our policies were advanced quite considerably and sensibly in relation to business and small business last night.

Our slogan, "we are not waiting for the world" I think is an apt one, it is appropriate. I also believe it be very necessary in today's circumstances.