



PRIME MINISTER

AUSTRALIAN INSTITUTE OF INTERNATIONAL AFFAIRS - 26 AUGUST 1983
OPENING OF 50TH ANNIVERSARY CONFERENCE

"AN AUSTRALIAN VIEW OF THE WORLD"

IT WAS WITH GREAT PLEASURE THAT I ACCEPTED THE AUSTRALIAN INSTITUTE OF INTERNATIONAL AFFAIRS' INVITATION TO ADDRESS ITS 50TH ANNIVERSARY JUBILEE CONFERENCE.

AS AN INDEPENDENT, NON-POLITICAL ORGANIZATION DEDICATED TO PROMOTING INTEREST IN INTERNATIONAL AFFAIRS, THE INSTITUTE HAS OVER THE YEARS MADE A SIGNIFICANT CONTRIBUTION TO AUSTRALIAN PUBLIC AWARENESS AND UNDERSTANDING OF THE WORLD AROUND US.

THIS IS IMPORTANT.

FOREIGN POLICY SHOULD NOT BE THE EXCLUSIVE PRESERVE OF POLITICIANS AND BUREAUCRATS.

A SUCCESSFUL FOREIGN POLICY MUST BE GROUNDED IN WELL-INFORMED PUBLIC APPRECIATION OF THE ISSUES AND THEIR IMPLICATIONS.

A GOVERNMENT'S FOREIGN POLICY WILL ULTIMATELY STAND OR FALL ON THE EXTENT TO WHICH IT COMMANDS THE PUBLIC SUPPORT AND UNDERSTANDING OF ITS DOMESTIC CONSTITUENCY.

WHERE SUCH SUPPORT IS NOT FORTHCOMING EVEN VIGOROUSLY PURSUED POLICIES WILL COLLAPSE. UNITED STATES POLICY TOWARDS VIETNAM IN THE 1960'S WAS A CASE IN POINT.

THE INSTITUTE, PROVIDING AS IT DOES A FORUM AND A WIDE RANGE OF OPPORTUNITIES FOR THE DISSEMINATION OF INFORMATION AND THE FREE EXPRESSION OF VIEWS, IS PERFORMING AN INVALUABLE SERVICE.

I HAVE BEEN INVITED TODAY TO OFFER AN AUSTRALIAN VIEW OF THE WORLD. AN AUSTRALIAN VIEW MUST INEVITABLY BE SHAPED BY THE FACT THAT WE ARE A COUNTRY OF WESTERN TRADITIONS AND ALLIANCES PHYSICALLY LOCATED IN THE ASIA/PACIFIC REGION.

THE REGION HAS COME TO OCCUPY A CRUCIAL PLACE IN OUR PERCEPTIONS. ITS DYNAMISM HAS PRESENTED MAJOR ECONOMIC AND TRADING OPPORTUNITIES THAT HAVE UNDERPINNED AN HISTORICALLY MOMENTOUS REDIRECTION OF AUSTRALIAN TRADING INTERESTS. ITS CULTURAL VIGOUR AND THE INCREASINGLY ACTIVE POLITICAL DIALOGUE WE SHARE WITH COUNTRIES OF THE REGION HAVE STIMULATED CLOSE INVOLVEMENT BY MANY AUSTRALIANS WITH THE AREA. THIS HAS ALL BEEN ACCOMPANIED BY CLOSE AND CONTINUING ATTENTION BY MY GOVERNMENT TO THE PREOCCUPATIONS AND CONCERNS OF THE REGION.

THE CAMBODIAN ISSUE - A MAJOR THREAT TO REGIONAL PEACE AND STABILITY - STANDS OUT. IT HAS SEEN MY GOVERNMENT ACTIVELY EXPLORING WITH ALL THE PARTIES PRINCIPAL THE SCOPE FOR PROGRESS. WE HAVE DONE THIS AGAINST THE BACKGROUND OF AN ESPECIALLY CLOSE RELATIONSHIP WITH ASEAN COUNTRIES DEVELOPED OVER MANY YEARS. WE HAVE ALSO SOUGHT TO ENCOURAGE RESUMPTION BY VIETNAM OF ITS RIGHTFUL PLACE IN THE COMMUNITY OF NATIONS. AT THE SAME TIME A VIGOROUS AND MOST FRUITFUL DIALOGUE HAS BEEN ESTABLISHED WITH CHINA AND THE GROUND HAS BEEN LAID FOR A REVITALIZATION AND EXTENSION OF THE ABSOLUTELY VITAL RELATIONSHIP WE ENJOY WITH JAPAN.

THIS REGIONAL FOCUS DOES NOTHING TO GAINSAY THE FUNDAMENTAL IMPORTANCE AUSTRALIA ATTACHES TO ITS RELATIONS WITH THE UNITED STATES AND THE WESTERN ALLIANCE MORE GENERALLY. WE ARE AN ALIGNED NATION AND REGARD THIS FACT AS BEING BASIC TO OUR INTERNATIONAL APPROACH.

SINCE PRIME MINISTER JOHN CURTIN MOVED TO FORGE CLOSER LINKS WITH THE UNITED STATES WE HAVE SEEN THE RELATIONSHIP GROW INTO A MULTIFACETED, MATURE AND MUTUALLY BENEFICIAL PARTNERSHIP. THAT RELATIONSHIP IS NOW IN BETTER SHAPE THAN AT ANY OTHER TIME IN THE POST-WAR PERIOD. IT HAS BEEN STRENGTHENED BY A WILLINGNESS ON BOTH SIDES TO FACE UP TO ISSUES AND TO LOOK AGAIN AT THOSE ASPECTS OF THE RELATIONSHIP PREVIOUSLY TAKEN FOR GRANTED. THE UNDERSTANDINGS OF OUR TWO GOVERNMENTS, AND THAT OF NEW ZEALAND, IN REGARD TO ANZUS IS A CASE IN POINT. OUR RELATIONSHIP WITH THE UNITED STATES IS VITAL TO US; ITS VIGOUR MUST BE SUSTAINED.

AUSTRALIA DOES NOT SEEK AN EXAGGERATED ROLE FOR ITSELF IN EFFORTS TO ADDRESS THE MAJOR ISSUES BEDEVILLING WORLD ORDER. WE HAVE A REALISTIC APPRECIATION OF THE LIMITS TO OUR OWN INFLUENCE. BUT AS A COUNTRY INTIMATELY INVOLVED WITH THE ASIA/PACIFIC REGION, ENJOYING CLOSE RELATIONS WITH THE INDUSTRIALIZED COUNTRIES - ESPECIALLY JAPAN AND THE UNITED STATES - AND BEING A RECOGNISED PARTICIPANT IN MULTILATERAL INSTITUTIONS, WE CAN EXPECT ATTENTION TO OUR VIEWS.

THE CRITICALLY IMPORTANT TASK MY GOVERNMENT HAS SET ITSELF IS TO ESTABLISH A NATIONALLY CO-ORDINATED RELATIONSHIP BETWEEN OUR POLITICAL, DEFENCE, SECURITY AND TRADING OBJECTIVES WHILE APPRECIATING THAT AUSTRALIA'S DESTINY IS IRRETRIEVABLY ASSOCIATED WITH OUR REGION, THE FASTEST GROWING AREA OF THE WORLD ECONOMY. WE CANNOT DETERMINE THE PACE OR PATTERN OF ITS DEVELOPMENT. BUT WE ARE AIMING TO FASHION A RANGE OF RELEVANT POLICIES IN A WAY BEST CALCULATED TO ACHIEVE A FRUITFUL AND CONSTRUCTIVE RELATIONSHIP WITH THE COUNTRIES OF THIS REGION.

COPING WITH THE IMPLICATIONS OF THE INTERNATIONAL RECESSION AND CREATING THE CONDITIONS FOR PEACE AND STABILITY MUST RATE HIGH ON ANY INTERNATIONAL AGENDA. AUSTRALIA IS DOING WHAT IT CAN TO CONTRIBUTE TO INTERNATIONAL ECONOMIC RECOVERY THROUGH ITS OWN SOUNDLY BASED DOMESTIC POLICIES AND TO PROMOTE, TO THE EXTENT POSSIBLE, PROGRESS IN THE CRITICAL AREA OF ARMS CONTROL AND DISARMAMENT.

THE THREAT OF NUCLEAR WAR MERITS PARTICULAR ATTENTION. THIS IS ESPECIALLY THE CASE BECAUSE RELATIONS BETWEEN THE SUPERPOWERS HAVE DETERIORATED TO A POINT WHICH MUST CONCERN ALL OF US.

LOCALIZED CONFLICTS AND VIOLENCE ALSO CONTINUE UNABATED. NO REGION IS IMMUNE. THE MIDDLE EAST, CENTRAL AMERICA, SOUTHEAST ASIA, AFRICA ARE ALL WITNESS TO CONFLICTS WHICH NOT ONLY ARE EXTRAORDINARILY COSTLY IN TERMS OF LIVES LOST BUT ALSO FREQUENTLY CARRY THE RISK OF A BROADER CONFLAGRATION.

IT IS ESPECIALLY TRAGIC THAT IN MANY INSTANCES THESE CONFLICTS ARE TOTALLY FUTILE AND COULD OR SHOULD HAVE BEEN AVOIDED.

SOME OF THESE SITUATIONS REVEAL A FAILURE OF MULTILATERAL INSTITUTIONS TO ADDRESS EFFECTIVELY THE UNDERLYING PRESSURES AT WORK.

INDEED IT IS NECESSARY THAT EFFECTIVE STEPS BE TAKEN TO RESTORE THE CREDIBILITY AND EFFICIENCY OF THOSE INSTITUTIONS.

AUSTRALIA'S CANDIDATURE FOR THE UNITED NATION'S SECURITY COUNCIL IS A MEASURE OF OUR CONCERN. THE UNITED NATIONS CAN SUPPLY A MACHINERY WHEREBY COUNTRIES CAN PURSUE

THEIR NATIONAL INTERESTS, OR OPPOSE THE PURSUIT OF THE INTERESTS OF OTHERS, BY MEANS SHORT OF THE USE OF FORCE. ITS POTENTIAL SHOULD BE RECOGNISED AND EXPLOITED.

IN THIS WAY, IDEALLY, PRESSURE POINTS IN INTERNATIONAL RELATIONS CAN BE CONTAINED.

PROGRESS, HOWEVER, IS NOT LIKELY TO BE RAPID.

ACCOMMODATION OF CONFLICTING INTERESTS REQUIRES A SUBTLE AND REALISTIC APPRECIATION OF THE LIMITS TO PROGRESS. THIS IS ESPECIALLY THE CASE WHEN THE INTERESTS OF THE SUPER-POWERS ARE ENGAGED.

BUT COUNTRIES SUCH AS AUSTRALIA ALSO HAVE A RESPONSIBILITY.

MY GOVERNMENT WILL NOT SHIRK THIS RESPONSIBILITY.

WE NATURALLY WILL WORK TO PROTECT AND ADVANCE AUSTRALIAN INTERESTS.

AT THE SAME TIME WE SHALL, WITHIN THE RECOGNIZED CONSTRAINTS ON OUR OWN CAPABILITY AND INFLUENCE, BRING A DETERMINED APPROACH TO ESTABLISHING THE CONDITIONS FOR PEACE. OURS IS A SENSITIVE APPROACH RECOGNISING AT ONCE THE COMPLEXITY OF THE REAL WORLD BEYOND, AT THE SAME TIME AS

WORKING FOR CONSTRUCTIVE CHANGE. WE SHALL BE DOING WHAT WE CAN TO PROMOTE IMPROVEMENT IN THE CONDITION OF THOSE PEOPLE LESS FORTUNATELY PLACED THAN OURSELVES.

THIS IS MORE THAN A RHETORICAL COMMITMENT. THE PROBLEM OF DEVELOPMENT HAS A HUMAN FACE NONE OF US CAN IGNORE. THOSE AFFLICTED WITH THE SCOURGE OF POVERTY, HUNGER AND DISEASE MUST NOT BE NEGLECTED. WE SHALL CERTAINLY BE SUPPORTIVE. BUT IN PART THE SOLUTION LIES, AS MANY OF THE COUNTRIES OF OUR OWN REGION HAVE DEMONSTRATED, IN AN APPROPRIATE MIX OF DOMESTIC POLICIES BY THE GOVERNMENTS CONCERNED.

IN PRACTICE THIS WILL OFTEN MEAN COPING EFFECTIVELY WITH CHANGE. WITHIN THE ASIA/PACIFIC REGION THE PROCESS OF CHANGE IS OF QUITE STRIKING PROPORTIONS. RAPIDLY INCREASING PRODUCTIVITY, GROWING TECHNOLOGICAL CAPABILITY, AND BURGEONING NATIONALISM CHARACTERISE THE REGION AND PRESENT AUSTRALIA WITH UNPRECEDENTED CHALLENGES, RISKS AND OPPORTUNITIES.

AUSTRALIANS MUST ACCEPT THE INEVITABILITY OF THEIR OWN INVOLVEMENT WITH THE CHANGES TAKING PLACE WITHIN THE ASIA/PACIFIC REGION. HOW SUCCESSFULLY THEY POSITION THEMSELVES WILL DEPEND NOT ONLY ON HOW ACCURATELY THEY APPRECIATE THE DYNAMISM OF THE AREA, BUT ALSO ON THE EXTENT TO WHICH THEY RECOGNISE THE PARTICULARITIES OF EACH COUNTRY

OF THE REGION AND ADAPT THEIR APPROACH ACCORDINGLY. IMPORTANTLY THIS RECOGNITION SHOULD INCLUDE APPRECIATION OF THE IMPORTANT DIFFERENCES IN ATTITUDE AND EXPECTATION BETWEEN AUSTRALIA AND COUNTRIES OF THE REGION. THE CULTURAL TRADITIONS AND ECONOMIC INTERESTS AT WORK ARE EXTRAORDINARILY DIVERSE AND MUST BE FULLY TAKEN INTO ACCOUNT. IN SHORT AUSTRALIA CANNOT AFFORD TO REMAIN COCOONED FROM EVENTS AROUND US.

MOST OF THE GREAT ISSUES OF GLOBAL INTEREST - WHETHER THEY BE ECONOMIC GROWTH AND DEVELOPMENT, THE RECESSION, THE GAP BETWEEN RICH AND POOR, OR THREATS TO PEACE, FIND A REFLECTION IN THIS AREA. I SHOULD LIKE TO PAY PARTICULAR ATTENTION TO THIS REGIONAL ASPECT AS ITS IMPLICATIONS ARE OFTEN ONLY VAGUELY APPRECIATED.

THOSE IMPLICATIONS ARE OFTEN COMPELLINGLY DIRECT - NOT ONLY FOR OTHERS IN OUR AREA, BUT EVEN FOR AUSTRALIA ITSELF.

ADVERSE DEVELOPMENTS IN THE INTERNATIONAL ECONOMIC ENVIRONMENT HAVE CONTRIBUTED IN PART TO THE ACUTE ECONOMIC DIFFICULTIES WE ARE NOW TRYING TO OVERCOME IN AUSTRALIA.

WE ARE CONFIDENT THAT THE COMBINATION OF OUR OWN EXPANSIONARY FISCAL POLICIES, OUR EFFORTS TO LOWER UNEMPLOYMENT AND CURB INFLATIONARY PRESSURES AND THE

REDISCOVERY THAT AUSTRALIANS ARE PREPARED TO WORK TOGETHER FOR COMMON PURPOSES HAS LAID THE BASIS FOR AUSTRALIAN ECONOMIC RECOVERY.

MY GOVERNMENT AIMS TO WIDEN, STRENGTHEN AND SUSTAIN THAT RECOVERY.

FOR OUR NEAR NEIGHBOURS THE DAMAGE WROUGHT BY THE RECESSION HAS BEEN PARTICULARLY GREAT.

BOTH PAPUA NEW GUINEA AND INDONESIA - WHICH HAVE HAD GENERALLY GOOD RECORDS OF ECONOMIC STABILITY OVER THE PAST DECADE - HAVE BEEN FORCED INTO MASSIVE DOMESTIC ADJUSTMENT PROGRAMS BY THE CONTRACTION IN WORLD TRADE AND LOW COMMODITY PRICES OF THE PAST FEW YEARS.

A STRONG EXPANSION IN WORLD TRADE AS PART OF THE PROCESS OF INTERNATIONAL ECONOMIC RECOVERY IS CRUCIAL TO THEIR FUTURE PROSPECTS.

THE ISLAND STATES OF THE PACIFIC HAVE ALSO BEEN BADLY HURT BY THE RECESSION. AUSTRALIA IS PLAYING ITS FULL PART AS A SOURCE OF THE FINANCIAL AID THAT IS NECESSARY FOR THE DEVELOPMENT AND POLITICAL STABILITY OF THOSE NATIONS.

THE COMPLEXITY AND INTIMACY OF AUSTRALIA'S INVOLVEMENT WITH THOSE COUNTRIES WILL FIND A CLEAR

REFLECTION IN THE WORK OF THE FORTHCOMING SOUTH PACIFIC FORUM.

MORE FUNDAMENTALLY THE RECESSION HAS HIGHLIGHTED HOW CRITICAL HAVE BECOME THE LINKAGES BETWEEN TRADE, DEBT, INTEREST RATES AND THE STABILITY OF THE WORLD FINANCIAL SYSTEM. SUCH LINKAGES MUST BE RECOGNISED AND ADDRESSED. IT IS NO LONGER APPROPRIATE TO DEAL WITH SUCH ISSUES IN A PIECEMEAL FASHION. THE "ADHOCERY" OF THE PAST HAS BEEN SHOWN TO BE ENTIRELY INADEQUATE AND INAPPROPRIATE. IN ITS PLACE A MORE CERTAIN ECONOMIC ENVIRONMENT MUST BE BUILT. THE MACRO-ECONOMIC POLICIES OF THE MAJOR INDUSTRIAL COUNTRIES ARE CRUCIAL IF MOMENTUM IS TO BE ESTABLISHED FOR GLOBAL RECOVERY, BETTER EXPORT PROSPECTS, LESS PROTECTION AND MORE CAPACITY TO SERVICE DEBT. CAREFULLY CO-ORDINATED, WELL-CONSIDERED STRATEGIES MUST BE PUT IN PLACE.

THE COMPARATIVE ECONOMIC PERFORMANCE OF SEVERAL OF THE COUNTRIES IN THE REGION HAS BEEN IMPRESSIVE. THE MANNER IN WHICH THEY HAVE ADJUSTED TO THE REQUIREMENTS OF MAINTAINING A COMPETITIVE EDGE IN A TIGHT AND UNFORGIVING MARKET PLACE HAS LESSONS FOR US ALL. WHILE MISTAKES HAVE BEEN MADE, THE SPEED WITH WHICH MANY OF OUR NEIGHBOURS HAVE ALTERED INDUSTRIAL STRUCTURES IN LINE WITH CHANGING COMPARATIVE ADVANTAGE HAS BEEN STRIKING. MORE ADVANCED INDUSTRIAL DEVELOPMENT, GROUNDED IN AN INCREASINGLY SOPHISTICATED TECHNOLOGICAL BASE, IS APPARENT IN THE DYNAMIC

GROWTH PATTERNS OF VERY MANY COUNTRIES OF THIS AREA. THE ADAPTATION OF EDUCATION PROGRAMS TO THE REQUIREMENTS OF DEVELOPMENT HAS BEEN ESPECIALLY IMPRESSIVE.

AUSTRALIANS MUST RECOGNISE WHAT IS HAPPENING AND ACCEPT THAT WE EITHER KEEP UP OR LOSE OUT. KEEPING UP WILL INVOLVE, INTER ALIA, ACCEPTANCE OF PLANNED STRUCTURAL CHANGE AT HOME. THIS IS FEASIBLE IN A DEMOCRATIC AND, STILL, SUBSTANTIALLY EGALITARIAN SOCIETY LIKE AUSTRALIA ONLY IF THE COMMUNITY IS CONFIDENT THAT THE FRUITS OF ECONOMIC GROWTH, AND THE BURDENS OF ADJUSTMENT, ARE BEING SHARED EQUITABLY.

FOR AUSTRALIA THERE IS ALSO THE SOBERING REALIZATION THAT OUR OWN FUTURE IS NOW MORE DEPENDENT ON OUR NEIGHBOURING DEVELOPING COUNTRIES THAN THEIRS WILL BE ON US. THIS SHOULD NOT FRIGHTEN US; BUT IT SHOULD GIVE US CAUSE TO THINK. COMPLACENCY CERTAINLY SHOULD HAVE NO PLACE. RAPID GROWTH WITHIN THE REGION WILL PRESENT CONSIDERABLE OPPORTUNITIES FOR AUSTRALIAN EXPORTERS. THE RAPID RISE IN ASIAN LIVING STANDARDS SHOULD SEE SHARP GROWTH IN POTENTIAL DEMAND FOR MANY AUSTRALIAN PRIMARY PRODUCTS. AUSTRALIA'S LEVEL OF TECHNOLOGY IS IDEALLY SUITED TO CONTEMPORARY ASIAN NEEDS. OPPORTUNITIES FOR THE PROVISION OF AUSTRALIAN SERVICES AND SKILLS ARE CONSIDERABLE. WE MUST HOWEVER BE PREPARED TO WORK AND WORK HARD TO MAINTAIN A COMPETITIVE EDGE. WE MUST TAKE SERIOUSLY THE TASK OF EXPLORING THE

POSSIBILITIES OF CLOSER ECONOMIC PARTNERSHIP WITH THE REGION. A SIMPLE STARTING POINT MIGHT BE TO ASK OURSELVES WHETHER WE ARE MARSHALLING OUR RESOURCES - BOTH HUMAN AND MATERIAL - EFFECTIVELY ENOUGH TO ENSURE WE ARE NOT LEFT BEHIND?

THIS POINT CAN BE MADE NOT ONLY IN RESPECT OF OUR ECONOMIC AND TRADING RELATIONS WITH SEVERAL OF THE DEVELOPING COUNTRIES OF THE REGION BUT ALSO WITH REGARD TO OUR BIGGEST AND MOST IMPORTANT TRADING PARTNER - JAPAN.

THE FUNDAMENTAL IMPORTANCE OF THE ECONOMIC RELATIONSHIP BETWEEN AUSTRALIA AND JAPAN HAS BEEN RECOGNISED BY BOTH SIDES FOR MANY YEARS. CONSTANT REITERATION OF THIS RECOGNITION HAS, HOWEVER, TENDED TO OBSCURE FOR ALL BUT THE MOST ASTUTE OBSERVERS THE FACT THAT SUBSTANTIAL STRUCTURAL CHANGES HAVE BEEN AT WORK. A VIRTUAL TRANSFORMATION OF THE ECONOMIC BASIS OF THE RELATIONSHIP HAS OCCURRED. FEW HAVE RECOGNISED IT. EVEN FEWER HAVE PLANNED FOR IT. A REVITALIZATION IS NOW NEEDED.

THE BALANCE OF TRADE SURPLUS WHICH WORKED IN OUR FAVOUR FOR SOME DECADES HAS BEEN SLASHED IN HALF IN THE LAST HALF DECADE. JAPAN'S RAPID ECONOMIC GROWTH, THOUGH STILL HIGH BY INDUSTRIALIZED COUNTRY STANDARDS, HAS DECLINED. JAPAN HAS HAD TO REASSESS ITS ENERGY AND INDUSTRY POLICIES AND PUT IN PLACE MAJOR PROGRAMS OF STRUCTURAL ADJUSTMENT IN

THE FACE OF A LOSS OF COMPETITIVENESS OF ENERGY-INTENSIVE INDUSTRIES. WITH THIS, THE GROWTH IN THE MARKET FOR RAW MATERIALS IN JAPAN - THE MAINSTAY OF THE RECENT AUSTRALIAN/JAPAN TRADE - HAS SLOWED AND CAN ONLY BE EXPECTED TO GROW AT MORE MODERATE RATES DURING THE REMAINDER OF THE EIGHTIES.

FROM 1970 TO 1981 AUSTRALIA'S EXPORTS AS A PERCENTAGE OF TOTAL JAPANESE IMPORTS FELL FROM 8 PER CENT TO MARGINALLY OVER 5 PER CENT. THIS DROP IN AUSTRALIA'S SHARE OF THE JAPANESE IMPORT MARKET REFLECTS THE MAGNITUDE OF THE CHANGES THAT HAVE TAKEN PLACE AND THE SCALE OF ADJUSTMENT NOW REQUIRED ON BOTH SIDES. AUSTRALIA'S EXPORTS TO JAPAN OF ENERGY FUELS AND INDUSTRIAL RAW MATERIALS WILL REMAIN IMPORTANT TO JAPAN AND LARGE IN ABSOLUTE TERMS. BUT THE PROSPECTS FOR FUTURE GROWTH ARE LESS THAN WAS THE CASE IN THE PAST, AND WILL DEPEND IMPORTANTLY ON A SUSTAINED RECOVERY IN THE INTERNATIONAL ECONOMY.

A MATTER OF RECENT AND PARTICULAR CONCERN TO AUSTRALIA HAS BEEN THE PRESSURE APPLIED BY SOME OF JAPAN'S MAJOR TRADING PARTNERS TO HAVE HER SWITCH HER BUYING PATTERN AT THE EXPENSE OF COUNTRIES SUCH AS AUSTRALIA. ATTEMPTS BY THE MAJORS TO NEGOTIATE SPECIAL DEALS WITH JAPAN THAT DISADVANTAGE US AS AN EFFICIENT, LOW-COST SUPPLIER SHOULD NOT BE ALLOWED TO CAUSE NEW PROBLEMS. THERE MUST BE NO CORROSION OF OUR COLLECTIVE INTERESTS AND RESPONSIBILITIES.

SHOULD JAPAN SUCCUMB TO SUCH PRESSURE THE IMPLICATIONS FOR AUSTRALIA'S BEEF, STEELMAKING, RAW MATERIAL AND ENERGY EXPORTS WOULD BE EXTREMELY SERIOUS. ASSURANCES BOTH MR BOWEN AND MR HAYDEN RECEIVED IN TOKYO THAT JAPAN WOULD TAKE ACCOUNT OF AUSTRALIA'S INTERESTS AND CONCERNS WERE WELCOME, AS ALSO WAS THE ASSURANCE THAT AUSTRALIA'S TRADING INTERESTS WOULD NOT BE IMPAIRED AS A RESULT OF PRESSURES ON JAPAN FROM THE U.S., THE E.C. AND OTHER COUNTRIES. MY GOVERNMENT ATTACHES IMPORTANCE TO THESE ASSURANCES AND WILL BE WORKING TO SEE THAT THEY ARE PUT INTO EFFECT.

WHAT IS NEEDED NOW TO DEVELOP THE AUSTRALIAN TRADING RELATIONSHIP WITH JAPAN IS HARD WORK, RESOURCEFULNESS AND IMAGINATION. WE CAN BUILD ON THE HABITS OF CO-OPERATION BUILT UP WITH JAPAN OVER MANY YEARS. BUT EXPECTATIONS MUST BE MORE REALISTIC AND MOTIVATED BY THE LONGER-TERM VIEW. WE MUST BROADEN OUR TRADE INTERESTS IN JAPAN BY ACTIVELY SEEKING OUT TRADE OPPORTUNITIES IN THOSE SECTORS OF THE JAPANESE ECONOMY WHICH ARE GROWING FAST.

THE RECENT AGREEMENT ACHIEVED BY MR BOWEN WITH JAPANESE MINISTERS TO ESTABLISH A DIALOGUE BETWEEN AUSTRALIA AND JAPAN TO EXAMINE CONCRETE WAYS OF ASSISTING AUSTRALIAN MANUFACTURERS AND OTHER EXPORTERS TO IDENTIFY MARKET OPPORTUNITIES AND TO PENETRATE THE JAPANESE MARKET IS A USEFUL AND VALUABLE DEVELOPMENT. THIS NOW NEEDS TO BE BACKED UP BY A HARD-NOSED, SELF-RELIANT APPROACH THAT COMBINES

MAXIMUM BACKING FROM THE INSTITUTIONAL SUPPORTS THAT ARE AVAILABLE WITH A MEASURE OF COMPETENCE AND PERSISTENCE NOT ALWAYS APPARENT PREVIOUSLY. THE COMPLACENCY OF THE PAST, ENGENDERED AS IT MAY HAVE BEEN BY THE EXTENT AND DEPTH OF THE JAPANESE RELATIONSHIP, MUST NOW GIVE WAY TO A CONSTRUCTIVE EXPLORATION OF WAYS OF CARRYING THE RELATIONSHIP FORWARD.

THE BASIS OF AUSTRALIA'S RELATIONSHIP WITH JAPAN IS, AS FOREIGN MINISTER ABE RECENTLY PUT IT TO MR HAYDEN, "FIRM AND UNSHAKEABLE'. TOGETHER WE SHARE A BASIC COMMITMENT TO THE STRATEGIC INTERESTS OF THE INDUSTRIAL DEMOCRACIES. BOTH OUR COUNTRIES VALUE THE STABILITY OF THE ASIA/PACIFIC REGION AS A WHOLE AND MY GOVERNMENT HAS WELCOMED JAPAN'S WILLINGNESS TO PLAY AN INCREASINGLY ACTIVE ROLE IN THE POLITICAL AND ECONOMIC AFFAIRS OF THE REGION. ITS EFFECTIVE CONTRIBUTION TO WESTERN STRATEGIC INTERESTS WITHIN THE FRAMEWORK OF THE JAPAN - UNITED STATES TREATY OF MUTUAL SECURITY AND CO-OPERATION HAS BEEN APPRECIATED.

THE MATTER OF JAPAN'S BASIC DEFENCE POSTURE, AND PRESSURES ON HER FOR A DRAMATIC ACCELERATION OF HER DEFENCE SPENDING ARE RELEVANT IN THIS REGARD. IN THE FINAL ANALYSIS WHAT JAPAN DOES IS A MATTER FOR HER TO DECIDE TAKING FULL ACCOUNT OF ITS OWN DOMESTIC CONSTRAINTS AND REGIONAL SENSIVITIES. I AM CONFIDENT THE JAPANESE LEADERSHIP RECOGNISES AND UNDERSTANDS THIS LATTER CONCERN.

AUSTRALIA FOR ITS PART WILL CONTINUE TO ENCOURAGE JAPAN'S WILLINGNESS TO MAKE A NON-MILITARY CONTRIBUTION TO REGIONAL SECURITY. JAPAN'S ACTIVE POLITICAL AND DIPLOMATIC ROLE AIMED AT RESOLVING REGIONAL CONFLICTS AND PRESERVING STABILITY IS ESPECIALLY VALUABLE.

IT WILL BE APPARENT THAT AUSTRALIA'S RELATIONSHIP WITH JAPAN IS AT ONCE COMPLEX AND FAR FROM STATIC. THE STRENGTH AND SIGNIFICANCE OF AUSTRALIA'S RELATIONSHIP WITH JAPAN IN THE WESTERN PACIFIC SHOULD NEVER BE UNDERESTIMATED. BUT NOTHING IN THE RELATIONSHIP CAN OR SHOULD BE TAKEN FOR GRANTED. THE ACHIEVEMENTS OF THE PAST CARRY NO GUARANTEE OF BEING SUSTAINED "IN PERPETUITY".

CONSTANT ATTENTION MUST CONTINUE TO BE GIVEN TO THE FUNDAMENTALS IF OUR MUTUAL INTERESTS ARE TO BE FURTHERED.

THE SAME IS TRUE, IN A QUITE DIFFERENT CONTEXT, OF AUSTRALIA'S RELATIONS WITH CHINA.

THERE HAS BEEN REMARKABLE GROWTH IN AUSTRALIA'S LINKS WITH CHINA AND IN CHINA'S CONTACTS WITH THE INTERNATIONAL COMMUNITY. FOR MY OWN PART I WAS ESPECIALLY PLEASED EARLIER THIS YEAR TO HAVE HAD THE OPPORTUNITY TO HAVE ADDRESSED THE INTERNATIONAL LABOUR ORGANIZATION AT THE SESSION WHERE CHINA ASSUMED HER RIGHTFUL PLACE IN THAT AUGUST BODY.

THE OPPORTUNITIES OPENING UP AS CHINA HAS DEVELOPED ECONOMIC POLICIES FACILITATING TRADE AND COMMERCIAL ACTIVITY HAVE BEEN CONSIDERABLE. INDEED WHAT IS HAPPENING IN CHINA TODAY IS CRUCIALLY IMPORTANT TO THE WORLD AT LARGE. I DOUBT THE MOMENTOUS CHARACTER OF THE CHANGES TAKING PLACE THERE IS AS FULLY APPRECIATED AS IT SHOULD BE.

CHINA HAS MADE A DRASTIC CHANGE IN THE RURAL SECTOR; THEY HAVE GIVEN THE PEASANTS THE OPPORTUNITY OF PRIVATE ACCUMULATION. AND THIS HAS HAD A DRAMATIC IMPACT ON PRODUCTION LEVELS. MORE IMPORTANTLY THE WHOLE CONCEPT IS BEING INTRODUCED INTO SECONDARY INDUSTRY AND INTO THE CITIES. IT HAS BEEN DONE IN A QUITE FUNDAMENTAL WAY. THE CONCEPT OF PRODUCTION TARGETS ARE BEING DISPLACED NOW BY PROFIT TARGETS, AND IF ENTERPRISES ARE NOT PROFITABLE THEY EITHER GO OUT OF BUSINESS OR THEY ARE TAKEN OVER BY ENTERPRISES WHICH ARE PROFITABLE. ASSOCIATED WITH THIS IS A TOTAL CHANGE TAKING PLACE IN THE BASES OF REMUNERATION - HORIZONTALLY AND VERTICALLY. HORIZONTALLY NOW THERE IS NOT EQUALITY OF REMUNERATION, INSTEAD THERE IS REWARD ACCORDING TO OUTPUT. VERTICALLY THERE IS A MUCH WIDER DISPERSION OF REWARDS ACCORDING TO SKILLS AND RESPONSIBILITY.

AN ABSOLUTELY FUNDAMENTAL CHANGE NOT MERELY IN ECONOMIC MANAGEMENT PRACTISES BUT IN THE PHILOSOPHY OF CHINA IS THEREFORE TAKING PLACE.

IT IS VERY IMPORTANT, THEREFORE THAT AUSTRALIA HAVE A STRONG AND CONSTRUCTIVE RELATIONSHIP WITH CHINA. MORE AND MORE THE CHINESE SYSTEM AND ITS PHILOSOPHY IS BECOMING COMPATIBLE WITH OUR SORTS OF VALUES. IT IS NOT GOING TO BECOME A DEMOCRACY IN OUR SENSE, BUT IN TERMS OF ITS CONCEPTS, AND PRACTISES IT IS GOING TO BE MUCH MORE COMPATIBLE WITH THE WAY WE GO ABOUT THINGS.

PREMIER ZHAO ZIYANG'S AUSTRALIAN VISIT EARLIER THIS YEAR CERTAINLY SHARPENED MY GOVERNMENT'S APPRECIATION OF THE POTENTIAL IN THIS SITUATION. PREMIER ZHAO FOR HIS PART TOOK AWAY, I KNOW, A KEEN APPRECIATION OF THE DYNAMIC SKILLS AND PROSPECTS OF THIS COUNTRY. HE HAS SINCE WRITTEN EXTENDING ME AN INVITATION TO VISIT CHINA. I HOPE BEFORE MUCH LONGER TO TAKE UP THIS INVITATION SO AS TO ACQUAINT MYSELF AT FIRST HAND WITH THE NEW CHINA.

AUSTRALIA AND CHINA HAVE BOTH GAINED FROM THE FACT THAT RELATIONS TO DATE HAVE BEEN BUILT ON THE BASIS OF RESPECT FOR AND UNDERSTANDING OF EACH OTHER'S INDEPENDENCE AND SOVEREIGNTY.

THERE ARE DIFFERENCES BETWEEN US AND THEY MUST BE NARROWED. CAMBODIA IS A CASE IN POINT.

AUSTRALIA IS TRYING TO ESTABLISH COMMON GROUND IN THE SEARCH FOR A NEGOTIATED SETTLEMENT OF THE CAMBODIAN

SITUATION. POWERFUL, OFTEN DIFFERENT AND CONFLICTING INTERESTS ARE INVOLVED. BUT AS A COUNTRY WHICH COUNTS AMONG ITS CLOSE FRIENDS THE UNITED STATES, ASEAN AND CHINA, AND AS A COUNTRY ACCEPTED BY VIETNAM AS GENUINELY COMMITTED TO BRINGING PEACE TO THE REGION, AUSTRALIA IS UNIQUELY WELL PLACED TO IDENTIFY A BASIS FOR THE NECESSARY DIALOGUE - HOPEFULLY WITH SOME SORT OF USEFUL RESULT.

THIS IS WHAT YOU MIGHT EXPECT OF A COUNTRY WITH A RIGHTFUL ROLE TO PLAY IN THE ASIA-PACIFIC REGION.

I BELIEVE OUR ROLE IS NOT ONLY RECOGNISED BUT RESPECTED.

SOME PROGRESS IS BEING MADE - ALBEIT PAINSTAKINGLY SLOWLY. IF NOTHING ELSE THE SITUATION HAS BEEN LOOSENED UP A BIT AND SIGNS OF FLEXIBILITY - NOT PREVIOUSLY APPARENT - ARE BEGINNING TO EMERGE. THIS HAS JUSTIFIED THE EFFORT TO DATE AND SUGGESTS WE ARE ON THE RIGHT TRACK.

WE MUST, HOWEVER, BE WARY OF THE TRAP OF EXPECTING DRAMATIC RESULTS.

ALL HERE TODAY WOULD AGREE THAT ACQUIESCENCE IN THE STATUS QUO IN KAMPUCHEA WOULD BE INTOLERABLE - VIETNAMESE TROOPS MUST BE WITHDRAWN FROM KAMPUCHEA AND THE PEOPLE OF THAT COUNTRY GIVEN THE OPPORTUNITY FREELY TO DECIDE THEIR OWN FUTURE.

THERE IS NOW A VARIETY OF APPROACHES SUGGESTED AS A MEANS OF SECURING THESE OBJECTIVES. THE BASIS FOR THE DIFFERENCES BETWEEN THESE APPROACHES IS UNDERSTANDABLE. THE RECENT ASEAN FOREIGN MINISTERS' COMMUNIQUE HAS PROVIDED SOME BASIS FOR OPTIMISM THAT THESE DIFFERENCES CAN, IF NOT RECONCILED, AT LEAST BE NARROWED. WE SHALL CERTAINLY KEEP UP OUR EFFORT AIMED AT HELPING TO MOVE THINGS FORWARD.

THE SITUATION IS NO EASIER IN ANOTHER AREA TO WHICH MY GOVERNMENT HAS ATTACHED PARTICULAR PRIORITY - ARMS CONTROL AND DISARMAMENT.

THE NUCLEAR ARMS RACE MUST BE BROUGHT UNDER THE CONTROL OF EFFECTIVE AGREEMENTS. WE OWE THIS TO OURSELVES AND TO FUTURE GENERATIONS.

ACCORDINGLY WE HAVE MOVED RAPIDLY TO ESTABLISH OUR INTEREST IN AND SUPPORT FOR BILATERAL AND MULTILATERAL NEGOTIATIONS FOR GLOBAL AND REGIONAL DISARMAMENT ARRANGEMENTS.

WE ARE WORKING ESPECIALLY HARD FOR THE REVITALIZATION OF THE INTERNATIONAL NON-PROLIFERATION REGIME AND FOR THE CREATION OF AN INTERNATIONAL CLIMATE WHICH COULD LEAD TO AGREEMENT ON A COMPREHENSIVE AND FULLY VERIFIABLE BAN ON NUCLEAR TESTING.

WE SIMPLY CANNOT AFFORD TO STAND-BY WHILE ISSUES OF SUCH CRUCIAL MOMENT TO THE FUTURE OF MANKIND BECOME SOURCES OF CONFRONTATION RATHER THAN A BASIS FOR CO-OPERATION. EVERY EFFORT MUST BE MADE TO BUILD CONFIDENCE AS A BASIC PREREQUISITE TO PROGRESS IN THIS CRUCIAL AREA.

WHILE THE ULTIMATE RESPONSIBILITY AND INITIATIVE IN THIS AREA RESTS WITH THE SUPER-POWERS, WE FOR OUR PART HAVE DELIBERATELY SOUGHT TO PUT INTO PLACE A COMPREHENSIVE RANGE OF ACTIONS AIMED AT ADDRESSING IN AS IMMEDIATE AND AS EFFECTIVE A WAY AS POSSIBLE THOSE AREAS WHERE AUSTRALIAN INTERESTS ARE DIRECTLY ENGAGED OR AUSTRALIAN ACTION STANDS SOME PROSPECT OF SUCCESS.

THESE MEASURES HAVE INCLUDED:

- DEVELOPING IN A MANNER CONSISTENT WITH OUR ANZUS TREATY COMMITMENTS, THE CONCEPT OF A NUCLEAR FREE ZONE IN THE SOUTH PACIFIC. I EXPECT THIS MATTER TO FIGURE PROMINENTLY IN THE DELIBERATIONS OF THE SOUTH PACIFIC FORUM NEXT WEEK.
- VIGOROUS CONDEMNATION OF CONTINUED UNDERGROUND TESTING OF NUCLEAR WEAPONS BY FRANCE IN THE SOUTH PACIFIC.
- CONTINUED PRESSURE FOR NEGOTIATION OF AN EFFECTIVE COMPREHENSIVE NUCLEAR TEST BAN TREATY.

- STRENUOUS EFFORTS, IN CO-OPERATION WITH OTHERS, TO DEVELOP A TREATY TO OUTLAW ALL FORMS OF CHEMICAL AND BIOLOGICAL WARFARE

- APPOINTMENT OF AN AMBASSADOR FOR DISARMAMENT

THESE MEASURES OF THEMSELVES ARE NOT LIKELY TO PRODUCE A RADICAL TRANSFORMATION IN THE CURRENT GLOBAL SITUATION. BUT THEY DO REPRESENT A SERIOUS COMMITMENT BY THE AUSTRALIAN GOVERNMENT TO WORKING FOR A MEANINGFUL DETENTE AND EFFECTIVE MEASURES OF ARMS CONTROL.

THEY SHOULD ALSO CONTRIBUTE TO A QUALITATIVE IMPROVEMENT IN CONDITIONS WITHIN OUR OWN REGION WHERE, QUITE LEGITIMATELY, WE AND OUR REGIONAL PARTNERS CAN EXPECT OTHERS TO RESPECT OUR CONCERNS.

WE ARE CONSCIOUS THAT THERE IS A STRONG UNDERCURRENT OF PUBLIC SENTIMENT ON THESE ISSUES. NOT ONLY IN AUSTRALIA BUT IN EUROPE AND THE UNITED STATES THERE IS GROWING PUBLIC AWARENESS OF THE RISKS INVOLVED IN THE CURRENT SITUATION. IT IS UNFORTUNATE THAT SUCH PUBLIC CONCERN DOES NOT ALSO HAVE AN OPPORTUNITY TO FIND EXPRESSION IN THE SOVIET UNION. FOR OUR PART, A DIALOGUE BETWEEN THE GOVERNMENT AND INTERESTED GROUPS IN AUSTRALIA ON HOW BEST TO PURSUE THE SEARCH FOR PEACE AND STABILITY THROUGH ARMS CONTROL AND DISARMAMENT IS SOMETHING I LOOK FORWARD TO AND ENCOURAGE.

MR CHAIRMAN,

INEQUALITY, OPPRESSION AND CONFLICT CONTINUE TO RESTRICT THE DEVELOPMENT OF MANKIND AND CAUSE HUMAN SUFFERING.

HENCE THE NEED MY GOVERNMENT FEELS TO WORK TO ERADICATE SOURCES OF INJUSTICE, TO REVERSE THE TREND TOWARDS MILITARISM IN INTERNATIONAL AFFAIRS AND TO PROMOTE HARMONY AND MUTUAL TRUST BETWEEN STATES.

EMBARKING ON THIS COURSE DOES NOT IMPLY ANY RADICAL REDIRECTION IN AUSTRALIA'S APPROACH TO THE WORLD. INDEED AS I HAVE NOTED BEFORE A HIGH DEGREE OF CONTINUITY, CONSISTENCY AND CONSENSUS CHARACTERIZE AUSTRALIAN FOREIGN POLICY.

WHAT IS APPARENT IS THAT THE WORLD IS NOT STANDING STILL.

AUSTRALIA'S RELATIONS WITH MOST COUNTRIES ARE IN GOOD SHAPE. NEVERTHELESS THERE ARE ALWAYS ISSUES AND SITUATIONS ARISING WHICH OFFER THE PROSPECT OF DEVELOPING MOST OF THOSE RELATIONS IN MUTUALLY HARMONIOUS AND BENEFICIAL DIRECTIONS. ESTABLISHED FRIENDSHIPS CAN BE REINFORCED AND NEW LINKS FORGED.

SIMILARLY THE BIG GLOBAL ISSUES OF THE DAY WILL NOT AND SHOULD NOT BE ALLOWED TO PASS US BY. WE WANT TO DEAL WITH THE WORLD AS IT REALLY IS, NOT AS WE MIGHT PREFER OR WANT IT TO BE.

WE SHALL NOT SHIRK OUR RESPONSIBILITIES. WE WILL, WHERE APPROPRIATE, SEEK TO REGISTER AS EFFECTIVELY AS WE ARE ABLE AUSTRALIAN VIEWS AND CONCERNS.

WE ARE WORKING BOTH DELIBERATELY AND SELF-CONFIDENTLY TO ESTABLISH A RESPECTED AUSTRALIAN IDENTITY IN THE INTERNATIONAL ARENA.

THE PRESSURES TO REACT TO CHANGE WILL AT TIMES BE CONSIDERABLE. BUT THE OPPORTUNITIES PRESENTED WILL OFTEN ALSO HOLD OUT THE PROSPECT OF CONSIDERABLE BENEFITS TO AUSTRALIAN INTERESTS. THE CHALLENGE IS TO RESPOND APPROPRIATELY.

IN THIS SENSE CHANGE IS NOT SOMETHING TO BE FEARED. INDEED CHANGE....PROGRESS IS SOMETHING OFTEN WORTH WORKING FOR - IF NOT FOR ITS OWN SAKE, AT LEAST FOR THE BENEFITS IT WILL OFTEN BRING. SUPPORT FOR CHANGE MAY INDEED BE A MORAL IMPERATIVE. WHERE IT IS, WE MUST BE PREPARED TO STAND UP AND BE COUNTED. THIS MAY SOMETIMES BE THE ONLY WAY TO DRAW ATTENTION TO AND HOPEFULLY ACHIEVE REDRESS FOR SITUATIONS OF INJUSTICE.

ULTIMATELY, HOWEVER, PROGRESS HINGES ON NATIONS BEING PREPARED TO WORK TOGETHER. FOR ITS PART MY GOVERNMENT IS PREPARED TO GET OUT AND GRAPPLE WITH THE ISSUES, TO BRING A SENSITIVE AND FLEXIBLE APPROACH TO BEAR. WE ARE A REALISTIC AND CONSTRUCTIVE PEOPLE, AND I BELIEVE AUSTRALIA CAN MAKE A USEFUL CONTRIBUTION. THE STATE OF THE WORLD AND ESPECIALLY THE CIRCUMSTANCES OF OUR OWN REGION, DEMAND IT.