



PRIME MINISTER

SPEECH BY PRIME MINISTER MR HAWKE AT SINGAPORE/AUSTRALIA
BUSINESS COUNCIL BREAKFAST, 13 FEBRUARY, 1984

MR CHAIRMAN, LADIES AND GENTLEMEN,

I WAS VERY PLEASED TO ACCEPT YOUR INVITATION TO JOIN YOU HERE TODAY DURING THIS MY FIRST VISIT TO SINGAPORE AS AUSTRALIA'S PRIME MINISTER. I AM, HOWEVER, NO STRANGER TO SINGAPORE. LIKE MANY BEFORE ME I HAVE BEEN DEEPLY IMPRESSED BY SINGAPORE'S RECORD OF ACHIEVEMENT.

LEE KUAN YEW'S SINGAPORE DEMONSTRATES ALL THE QUALITIES OF A ROBUST, INDEPENDENT SOCIETY. HERE THERE IS A STRONG ENTREPRENEURIAL TRADITION GROUNDED IN A WELL-DEVELOPED WORK ETHIC. HERE THERE IS ALSO A DYNAMIC AND SUCCESSFUL ECONOMIC MANAGEMENT WHICH, THROUGH THE PRIORITY IT HAS GIVEN TO EDUCATION, LEARNING AND SKILLS ACQUISITION, HAS ESTABLISHED A PARTICULAR CAPACITY TO ADAPT IN THE FACE OF CHANGING CIRCUMSTANCES.

SINGAPORE'S SUCCESS STEMS DIRECTLY FROM ITS ANTICIPATING THE DIRECTIONS OF ECONOMIC CHANGE AND DEVELOPING AND ADAPTING STRATEGIES TO MEET THEM. SINGAPORE, IN SHORT, HAS SECURED ALL THE ADVANTAGES OF A FLEXIBLE, FAR-SIGHTED APPROACH TO DEVELOPMENT.

IN DOING SO IT HAS MADE ITSELF INTO AN IMPORTANT FOCUS OF ECONOMIC ACTIVITY WITHIN THE REGION.

THIS GIVES SINGAPORE A PARTICULAR IMPORTANCE TO AUSTRALIA AND IS REFLECTED IN THE HEAVY CONCENTRATION OF AUSTRALIAN COMMERCIAL AND BANKING INTERESTS IN THIS COUNTRY. IT ALSO HELPS EXPLAIN WHY A VERY

SIGNIFICANT PART OF AUSTRALIA'S TOTAL TRADE WITH ASEAN IS WITH SINGAPORE.

ACCORDINGLY MY GOVERNMENT'S INTEREST IN SEEING AUSTRALIA'S ECONOMIC DEVELOPMENT ENMESHED MORE CLOSELY WITH THAT OF THE ASIA/PACIFIC REGION FINDS A PARTICULAR POINT HERE IN SINGAPORE.

HERE AS MUCH AS ANYWHERE WE SEE A DEDICATED INTEREST ON THE PART OF BOTH AUSTRALIANS AND SINGAPOREAN IN MAXIMISING THE BENEFITS TO BE DERIVED FROM THE PROGRESSIVE DEVELOPMENT OF CLOSER ECONOMIC RELATIONS BETWEEN OUR TWO COUNTRIES.

ANY ASSESSMENT OF THE POTENTIAL OF THIS INVOLVEMENT WITH EACH OTHER, MUST BEGIN WITH AN APPRECIATION OF CONTEMPORARY ECONOMIC CONDITIONS AND LONG-TERM PROSPECTS IN OUR TWO COUNTRIES. LET ME CONCENTRATE MY IMMEDIATE REMARKS ON THE AUSTRALIAN SITUATION.

MY GOVERNMENT, ON COMING TO OFFICE IN MARCH LAST YEAR, HAD TO DEAL WITH A SHARP, DEEP RECESSION: EMPLOYMENT HAD DECLINED DISASTROUSLY AND UNEMPLOYMENT RISEN., INFLATION STOOD AT TWICE THE RATE OF MOST MAJOR OECD COUNTRIES.

WE GAVE TOP PRIORITY TO TURNING THIS SITUATION AROUND - AND IN VERY CONSIDERABLE MEASURE HAVE SUCCEEDED.

BY THE SEPTEMBER QUARTER LAST YEAR, HELPED BY THE BREAKING OF THE DROUGHT, SIGNS OF A STRONG RECOVERY WERE EMERGING.

REAL GROWTH IN THAT QUARTER WAS OVER 4 PER CENT.

A WIDE RANGE OF INDICATORS, SUCH AS IN HOUSING AND THE RETAIL TRADE FOR EXAMPLE, POINT TO STRONG GROWTH SINCE THEN.

BETWEEN APRIL AND THE END OF JANUARY THIS YEAR JOBS EXPANDED BY OVER 2 PER CENT (BY 134,000 NEW JOBS) AND SEASONALLY ADJUSTED UNEMPLOYMENT FELL FROM 10.3 PER CENT TO 9.5 PER CENT. THESE FIGURES I MIGHT NOTE INCLUDE DISAPPOINTING RESULTS FOR JANUARY BUT ARE NEVERTHELESS STILL VERY MUCH STRONGER THAN WAS ANTICIPATED BY ALL OBSERVERS AT THE TIME WE BROUGHT DOWN THE BUDGET IN BUDGET IN AUGUST LAST YEAR. INFLATION IN THE SAME PERIOD WAS BROUGHT DOWN FROM OVER 11 PER CENT TO 8.6 PER CENT.

LOOKING AHEAD WE EXPECT REAL GDP GROWTH OF AROUND 8 PER CENT IN THE COURSE OF THE CURRENT FINANCIAL YEAR (JUNE QUARTER ON JUNE QUARTER) AND CONTINUED STRON GROWTH INTO 1984-85.

CRUCIAL TO THE MAINTENANCE OF THIS RECOVERY INTO THE MEDIUM AND LONGER TERM WILL BE CONTINUED INCOMES RESTRAJNT. LAST YEAR

AUSTRALIAN WORKERS RECEIVED A WAGE INCREASE OF 4.3 PER CENT, THIS YEAR THE INCREASES ARE NOT LIKELY TO BE SIGNIFICANTLY GREATER.

RESTRAINT OF THIS KIND HAS BEEN ACHIEVED WITHIN THE FRAMEWORK OF THE PRICES AND INCOMES ACCORD AGREED BETWEEN THE AUSTRALIAN LABOR PARTY AND THE AUSTRALIAN COUNCIL OF TRADE UNIONS AND PUT INTO EFFECT BY MY GOVERNMENT.

AT THE HEART OF THE ACCORD HAS BEEN THE SEARCH FOR COMMUNITY CONSENSUS AND A MORE CO-OPERATIVE, LESS COMBATIVE MEANS OF DETERMINING WAGE AND INCOME LEVELS.

THIS APPROACH LAY BEHIND OUR COVENING OF THE NATIONAL ECONOMIC SUMMIT CONFERENCE WE HELD LAST APRIL, JUST A MONTH AFTER MY GOVERNMENT TOOK OFFICE.

THERE, REPRESENTATIVES OF FEDERAL, STATE AND LOCAL GOVERNMENTS, ALL MEMBERS OF THE EXECUTIVE OF THE AUSTRALIAN COUNCIL OF TRADE UNIONS AND 35 AUSTRALIAN BUSINESS LEADERS LENT THEIR SUPPORT TO A STRATEGY FOR RECOVERY WHICH HAS SINCE THEN SERVED AS A USEFUL GUIDE TO GOVERNMENT POLICY.

THAT POLICY WAS ENUNCIATED THROUGH THE 17 MAY ECONOMIC STATEMENT AND IN OUR BUDGET OF AUGUST LAST YEAR. WE HAVE COMBINED EXPANSIONARY FISCAL POLICIES WITH FIRM BUT NOT TIGHT MONETARY POLICIES. THIS IS ALLOWING STRONG GROWTH BUT IS NOT FUELING INFLATION. IMPORTANTLY WE HAVE FINANCED THE DEFICIT SUCCESSFULLY AT THE SAME TIME AS SEEING INTEREST RATES FALL BELOW THE LEVELS WHICH PREVAILED AT THE TIME OF THE BUDGET.

BUT IT IS NOT SIMPLY IN THE STYLE AND RESULTS OF ITS APPROACH TO ECONOMIC MANAGEMENT THAT MY GOVERNMENT HAS BEEN SUCCESSFUL.

WE HAVE ALSO RE-ESTABLISHED A CLIMATE OF CONFIDENCE AND STABILITY WITHIN AUSTRALIA.

THIS FINDS VISIBLE EXPRESSION IN THE MARKED IMPROVEMENT WHICH HAS OCCURRED IN AUSTRALIA'S INDUSTRIAL RELATIONS.

IN THE TWELVE MONTHS TO OCTOBER LAST YEAR, THE NUMBER OF WORKING DAYS LOST THROUGH INDUSTRIAL DISPUTES WAS THE LOWEST FOR FIFTEEN YEARS (DOWN TO 0.2 DAYS PER WORKER PER YEAR) AND LESS THAN HALF THAT FOR THE YEAR ENDED OCTOBER 1982. IN THE MARITIME INDUSTRY - A SECTOR OF PARTICULAR INTEREST TO SINGAPORE - THE NUMBER OF DAYS LOST IN THE PERIOD DROPPED 57 PER CENT.

IT HAS BEEN A PARTICULAR PRIORITY OF MY GOVERNMENT TO SECURE THE ESTABLISHMENT OF AN ORDERLY AND STABLE INDUSTRIAL RELATIONS SYSTEM CONSISTENT WITH OUR CONSTITUTIONAL PRACTICES IN AUSTRALIA. THE PRICES AND INCOMES ACCORD, THE ACTIVE SUPPORT WE HAVE GIVEN TO CREATION OF TRIPARTITE CONSULTATIVE ORGANS AT INDUSTRY LEVEL, AND THE THOROUGH REVIEW AND RATIONALISATION OF THE INDUSTRIAL RELATIONS MACHINERY WE HAVE INITIATED HAVE ALL CONTRIBUTED TO THIS RESULT.

IN SHORT, AUSTRALIA TODAY IS PUTTING BEHIND IT THE UNPRODUCTIVE, DIVISIVE AND CONFRONTATIONAL STYLES OF THE PAST AND IN THEIR STEAD ESTABLISHING APPROACHES WHICH EMPHASISE THE BENEFITS OF CONSULTATIVE AND CO-OPERATIVE ACTION.

OUR IMMEDIATE TASK AS GOVERNMENT WAS TO TURN THE AUSTRALIAN ECONOMY AROUND. AT EVERY POINT WE HAVE DIRECTED ATTENTION NOT MERELY TO THE IMMEDIATE ISSUES BUT TO THE MEDIUM AND LONGER-TERM CONSIDERATIONS NECESSARY TO PROMOTING AND SUSTAINING GROWTH. THE PERSPECTIVES WE HAVE BROUGHT TO BEAR HAVE GIVEN AS MUCH WEIGHT TO LONGER-TERM REQUIREMENTS AS TO SHORT-TERM IMPERATIVES.

WE HAVE CONTINUED TO GIVE APPROPRIATE ATTENTION TO THE NEED TO COMPLEMENT AUSTRALIA'S HIGH RATE OF DOMESTIC SAVINGS BY INVESTMENT FROM ABROAD.

THE MAIN ELEMENTS OF THE POLICIES ON FOREIGN INVESTMENT, WHICH HAVE HAD BROAD BIPARTISAN SUPPORT SINCE THEY WERE INTRODUCED IN THE LAST YEAR OF THE WHITLAM GOVERNMENT IN 1975, HAVE BEEN REAFFIRMED.

WE HAVE MADE CLEAR THAT WE WELCOME PRODUCTIVE FOREIGN INVESTMENT WHERE IT PROVIDES ADEQUATE OPPORTUNITIES FOR AUSTRALIANS TO PARTICIPATE IN THE ENSUING DEVELOPMENT.

INDEED WE ATTACH SOME IMPORTANCE TO SINGAPORE'S RECENT EMERGENCE AS A MAJOR SOURCE OF FOREIGN INVESTMENT IN ENTERPRISES IN AUSTRALIA - IN 1981/82 IT RANKED THIRD BEHIND THE UNITED KINGDOM AND THE UNITED STATES.

WE REGARD THIS AS BEING PARTICULARLY RELEVANT TO THE QUALITY OF FUTURE RELATIONS BETWEEN OUR TWO COUNTRIES. THAT IT IS BEING MATCHED BY AN EXPANDING AUSTRALIAN PRESENCE ON THE GROUND HERE IN SINGAPORE REFLECTS A HEALTHY DEGREE OF RECIPROCITY IN THE RELATIONSHIP AND SUGGESTS THAT IN BOTH OUR COUNTRIES A VERY SOLID BASIS EXISTS FOR THE CONTINUED DEVELOPMENT OF VERY CLOSE ECONOMIC RELATIONS BETWEEN US.

BUSINESSMEN IN SINGAPORE WILL BE WELL AWARE OF THE BENEFITS THAT A DYNAMIC, INTERNATIONALLY-ORIENTED FINANCIAL SECTOR CAN MAKE TO ECONOMIC DEVELOPMENT - BOTH DIRECTLY, AS AN IMPORTANT INDUSTRY EMPLOYING LARGE NUMBERS OF PEOPLE, AND INDIRECTLY, THROUGH THE STIMULUS IT CAN PROVIDE TO EXPANSION OF OTHER INDUSTRIES.

WE IN AUSTRALIA HAVE BEEN EXAMINING OPTIONS FOR FINANCIAL REFORM.

WE TOOK A SUBSTANTIAL STEP LAST DECEMBER WHEN WE FLOATED THE AUSTRALIAN DOLLAR AND REMOVED A WIDE RANGE OF LONGSTANDING EXCHANGE CONTROLS.

THE REMOVAL OF THESE EXCHANGE CONTROLS IN ITSELF HAS INCREASED THE POTENTIAL INVOLVEMENT OF AUSTRALIAN ENTERPRISES IN INTERNATIONAL TRANSACTIONS.

THE GOVERNMENT HAS BEFORE IT AS PRESENT THE REPORT OF A COMMITTEE, THE MARTIN COMMITTEE, WHICH WAS ASKED TO PROVIDE ADVICE ON THE MERITS OF FURTHER DEREGULATION AND INTERNATIONALISATION OF THE FINANCIAL SECTOR IN AUSTRALIA.

AMONG OTHER THINGS, THE COMMITTEE, WHOSE REPORT WILL BE RELEASE LATER THIS MONTH, RECOMMENDS THE ADMISSION INTO AUSTRALIA OF A LIMITED NUMBER OF FOREIGN BANKS. I EXPECT THIS MATTER TO BE ADDRESSED BY MY CABINET IN THE NEXT MONTH OR SO.

THE ADMISSION OF FOREIGN BANKS INTO AUSTRALIA WOULD INCREASE OUR INVOLVEMENT IN INTERNATIONAL FINANCIAL BUSINESS. BUT IF WE TAKE THIS STEP, WE WILL STILL NEED TO CONSIDER WHETHER TO MOVE IN ANOTHER AREA AS WELL, TO FACILITATION OF OFF-SHORE BANKING IN AUSTRALIA. THERE HAVE, AS YOU KNOW, BEEN EXPRESSIONS OF INTEREST FOR SUCH A POSSIBILITY BY TWO AUSTRALIAN STATES. THERE WOULD BE ADVANTAGES IN THE INCREASED ECONOMIC ACTIVITY, EMPLOYMENT AND WORKFORCE SKILLS THAT WOULD COME WITH THE DEVELOPMENT OF OFFSHORE BANKING. BUT THERE WOULD BE COSTS ASSOCIATED WITH THE PROVISION OF THE TAXATION INCENTIVES THAT WOULD BE NECESSARY TO PROVIDE A MAJOR IMPETUS TO GROWTH IN THIS INDUSTRY. THESE AND OTHER CONSIDERATIONS WILL NEED TO BE CAREFULLY WEIGHED IN ANY DECISION ON THESE ISSUES.

WHATEVER THE DECISION TAKEN, THE COURSE WE HAVE EMBARKED ON IS ONE WHICH WILL SEE - AS I HAVE SAID MANY TIMES BEFORE IN AUSTRALIA - CONTINUED FINANCIAL DEREGULATION WHERE REGULATION SERVES NO CLEAR PURPOSE IN PROMOTING ECONOMIC EFFICIENCY OR SOCIAL EQUITY. IT IS MY GOVERNMENT'S VIEW THAT A MORE DYNAMIC, EFFICIENT AND OUTWARD-LOOKING AUSTRALIAN FINANCIAL SECTOR WOULD INTERACT WITH THIS GREAT CENTRE IN A WAY THAT WAS BENEFICIAL TO THEM BOTH.

MR CHAIRMAN, THE TREND IS TOWARDS SIGNIFICANTLY CLOSER AUSTRALIAN OVERALL INVOLVEMENT IN REGIONAL ECONOMIC ACTIVITY. THE ALREADY SUBSTANTIAL TRADE RELATIONSHIP AUSTRALIA ENJOYS WITH JAPAN IS TO BE BROADENED THROUGH A DETERMINED EFFORT AT DIVERSIFICATION INTO NEW PRODUCTS AND SERVICES. THE RAPIDLY GROWING TRADE WE HAVE WITH CHINA MAY ALSO BE TRANSFORMED, DEPENDING ON THE RESULTS OF A JOINT STUDY INITIATED BY PREMIER ZHAO ZIYANG AND MYSELF ON THE PROSPECTS FOR INTEGRATING MORE CLOSELY OUR IRON AND STEEL INDUSTRIES.

IN SINGAPORE TOO, WE ARE SEEKING CLOSER INTEGRATION OF OUR TWO ECONOMIES.

THE TRADE AND INDUSTRY POLICIES MY GOVERNMENT IS DEVELOPING SHOULD REINFORCE AUSTRALIA'S CAPACITY TO SECURE MORE FULLY THE BENEFITS ASSOCIATED WITH THE DYNAMISM OF THIS REGION'S ECONOMIC ACTIVITY.

THOSE POLICIES, AND INDEED THE CONTINUED DYNAMISM OF OUR REGION, DEPEND ON THE MAINTENANCE OF AN OPEN INTERNATIONAL TRADING SYSTEM.

CALLS SUCH AS THOSE BY PRIME MINISTER NAKASONE AND SPECIAL TRADE REPRESENTATIVE BROCK FOR A NEW ROUND OF MULTILATERAL TRADE NEGOTIATIONS ARE BOTH TIMELY AND APT. I THINK IT IS IMPORTANT HOWEVER THAT EVERY EFFORT NOW BE MADE TO ENSURE SUCH A ROUND CONTRIBUTES NOT ONLY TO GLOBAL TRADE EXPANSION GENERALLY BUT ALSO TO CONDITIONS CONDUCIVE TO EVEN STRONGER ECONOMIC AND TRADING ACTIVITY BY COUNTRIES OF THIS REGION. IF THIS IS TO HAPPEN A NEW TRADE ROUND WILL HAVE TO ADDRESS A NUMBER OF AREAS PREVIOUSLY PUT ASIDE AS EXCEPTIONS TO THE GENERAL TRADING RULES. SUBSIDIES AND NON-TARIFF BARRIERS TO TRADE, FOR EXAMPLE, SHOULD BE ADDRESSED EFFECTIVELY.

TO HELP ACHIEVE THIS RESULT I SUGGEST LAST NOVEMBER IN BANGKOK THAT COUNTRIES OF THIS REGION SHOULD CONSIDER CAREFULLY HOW THEY MIGHT BEST SECURE ATTENTION TO THEIR INTERESTS IN SUCH A ROUND. SINCE THEN I HAVE BEEN VERY ENCOURAGED BY THE SUPPORT WITHIN THIS REGIONAL FOR SUCH AN APPROACH. PRIME MINISTER NAKASONE AND PRESIDENT CHUN LENT THIS SUGGESTION THEIR EXPLICIT SUPPORT AND PREMIER ZHAO - DESPITE CHINA'S NOT BEING A MEMBER OF G.A.T.T. - INDICATED CHINA'S INTEREST IN BEING IDENTIFIED WITH THE APPROACH I HAVE PROPOSED. BEFORE LEAVING AUSTRALIA I ALSO RECEIVED FROM PRIME MINISTER LEE KUWAN YEW A LETTER SUGGESTING THAT WE SHOULD WORK TOGETHER TO THIS END. THIS WAS ESPECIALLY WELCOME. I INTEND FOLLOWING IT UP WITH HIM LATER TODAY.

PROGRESS THROUGH A MULTILATERAL ROUND WILL NECESSARILY BE SLOW.

RESULTS HOWEVER ARE THAT IS NEEDED AND, AS THEY ARE ACHIEVED, I AM SURE THE WORLD WILL BE A BETTER PLACE FOR THEM.

IN THIS REGARD I LOOK FORWARD PARTICULARLY TO AUSTRALIA AND SINGAPORE BUILDING ON OUR LONG-STANDING CLOSE AND PRODUCTIVE RELATIONSHIP, TO OUR MUTUAL ADVANTAGE, AND TO THE ADVANTAGE OF THE WIDE REGION OF WHICH WE ARE PART.