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PRIME MINISTER

CHECK AGAINST DELIVERY

EMBARGOED UNTIL DELIVERY

EXTRACT OF SPEECH BY THE PRIME MINISTER
AT THE SA STATE ALP CONFERENCE
ADELAIDE - SUNDAY 8 JUNE 1986

Delegates,

We are at a watershed year in the history of our Government, our Party and our nation.

Our conduct in the challenging weeks and months to come, our conduct as a Government, as a Party - but, above all, as a people, the whole Australian community - will be crucial in shaping Australia's future for the rest of the century and beyond.

The nature of the task ahead may be different from our task in the past three years.

But two fundamental things remain absolutely unchanged and unchangeable.

The first is our supreme objective : the basic objective of our Government and our Party - to build a better, fairer and more rewarding future for all Australians and to build a stronger, more secure Australia.

And the second thing that remains unalterable is our basic approach - the achievement of national reconstruction through national cooperation.

The hallmark of our Government since its election less than three and a half years ago has been continuity of policy, consistency of approach and the courage to take tough decisions vital to the nation's interests and the welfare of the people.

And those qualities which stand in such marked contrast with the actions of our predecessors throughout their seven disastrous years.

So often, our opponents knew the right thing to do. They knew the urgent, necessary thing to do. They never had the courage to do it. They would never front up and take the tough decisions.

That is why they're in Opposition, that is why they will stay in Opposition, and that is why they lack any credibility and why they are without credentials in the eyes of the Australian people, who know that leadership in times of national difficulty comes only from Labor.

The Coalition's lack of courage in Government is matched only by their lack of principle in Opposition.

And I don't believe any aspirant for the highest office in memory has demonstrated that lack of courage in office and lack of principle in Opposition as the present incumbent - Honest John Howard.

As Treasurer, Howard did the work of looking at the question of bringing in foreign banks. He knew it was the right thing to do - to give the Australian people a more competitive banking system. They didn't have the courage to do it. The same with the de-regulation of the financial system. The same with the floating of the dollar.

And he certainly knew what was happening to Australia's tax system.

It was under Howard that tax avoidance and evasion became a national scandal and a permanent disgrace to the coalition which let it happen. When they had thrown the national economy into its worst crisis for fifty years, the tax avoidance industry was the fastest-growing industry in Australia, as Commissioner Costigan said in his first report in 1982.

Indeed, by then, with economic growth at zero, it was the only growth industry in Australia.

Howard knew what had to be done. He moved to do it - and then buckled under.

He knew that reform of the tax system was urgent. He knew what was happening. He knew that the average wage earners were being pushed into the higher marginal tax brackets but as PAYE taxpayers, they were bearing the burden of tax avoidance devices available only to the wealthy.

Yet he has opposed and obstructed our tax reforms and, in particular, the measures which are essential to our undertaking for significant tax cuts this year.

He now says he would remove the legislation to tax fringe benefits which of course is just another way of saying that he is opposed to the tax cuts.

Because, delegates, the tax on fringe benefits cannot be taken in isolation. It is part of our total package of tax reform.

But delegates, what did Mr Howard have to say about fringe benefits in 1985? He invoked his friend, Mr Valder, the National President of the Liberal Party. Mr Valder had said: 'of course they are right. Of course Mr Keating is right to be bringing them in. They have the courage to do it; it is the right thing to do. We want them to do it and if, perchance, the Australian people should not see the merits of this, we will reap the benefit!' He was all in favour of it.

And this is what Honest John Howard had to say: 'What Mr Valder said on fringe benefits was not all that different from what a number of us have said. If you are able to cut the top marginal rate of personal income tax, then it is fair in that context, and that context alone, to do something about fringe benefits.'

So that's the Howard record on taxation. But of course, delegates, his record as Treasurer will never be forgotten by the Australian people.

They will never forget that the Howard years culminated in Australia's worst economic crisis for fifty years.

These were the worst of seven bad years.

Delegates,

Just look at the record: the Fraser years, the Hawke years; the Howard years, the Keating years.

ECONOMIC GROWTH

Fraser years : annualised growth 2.6%
 Our years : to March 1985 annualised growth 4.2%

EMPLOYMENT

In the seven Fraser years, 340,000 jobs.

Hawke to April 1986, annualised growth 3.5% per annum.

- 669,400 jobs

Under us, in less than half that time, double the jobs.

INDUSTRIAL DISPUTES

In their years, the average annual number days lost was 3.02 million.

We have more than halved that, to 1.4 million.

Delegates,

That's the record: That's the contrast.

The Liberal record; The Labor record. Treasurer Howard; Treasurer Keating.

What a choice! What an alternative! Yet they now put forward as their alternative the very policies, the same approach which produced the disasters of pre-1983.

The economic and social vandalism they espouse would strike at the foundations of all that has been achieved over the past three years.

First and last they are the enemies of the Accord - the Prices and Incomes Accord which, not only through its machinery and practical application, but, perhaps even more, through the spirit of co-operation it represents, has been the basis of recovery.

They propose no alternative except a return to the old days

and to the old ways.

Yet what were the consequences of their approach? Failure down the line, even on their own avowed objective of containing wages.

The wage explosion they produced 1981 led to the worst unemployment for 50 years. Average weekly earnings grew at an average of 11.4 per cent in each of their seven years, compared with an average of 6 per cent under the Accord. Award wages rose 9.2 per cent, year on year, compared with 5.4 per cent under the Accord.

And of course those comparisons demonstrate something more than the success of the Accord and of our approach, and something more than the plain stupidity of the Liberal alternative.

They show in a striking way, the degree of restraint which has been exercised by the union movement and by the parties, to the Accord, now for three years and more.

It shows how the Labor movement will respond to responsible leadership.

It shows how the workers of this country are prepared to sacrifice the shadow of short-term gains to achieve the substance - to forego the illusion of wage increases which are destined only to be wiped out almost immediately by new inflation.

It shows that Australians in employment are prepared to exercise restraint to help put their fellow Australians back into employment - and to give their kids a chance for jobs.

And it is on that basis of restraint and responsibility that we have been able to create 670,000 new jobs in 3 years.

And the two essential elements in that achievement have been leadership and understanding - leadership for the whole community, understanding by the whole community.

It has been achieved through the leadership provided by the Labor Governments of Australia and the great leadership and responsibility of the Australian Labor movement.

It has been achieved because the Australian community as a whole has understood the problems and understood what is at stake in solving them.

And now, those qualities - leadership and understanding - are needed more than ever.

They have been the foundation for the successors of the past three years. They will be the condition of our success in the years ahead.

We have shown what can be achieved by this approach - we

have shown what can be achieved together.

Together, we won our way out of the worst economic crisis for 50 years.

Together we created the strongest growing economy in the industrial west.

Together we created 670,000 new jobs.

Now on the foundations we have laid together, from the position of strength we have established, we shall take Australia and the Australian economy through its present difficulties.

As a result of the massive decline in the terms of trade, we have had inflicted on us a reduction in Australia's economic capacity to sustain standards. No single section of the community, no one section of the economy, can be asked to carry the burden alone.

The restraint we now call for is restraint all round. It must be restraint and responsibility by all sections, by all governments, by business as well as unions.

And let me emphasise, delegates, that these current difficulties must be placed in the perspective of the success and achievements of the past three years.

That is the basis for the confidence we can all have in our capacity to surmount the problems.

And the most important element in that confidence is the maturity the Australian community has so amply demonstrated in those years - the capacity to understand the problems, the capacity to make a common commitment to their solution, the capacity to respond to leadership, the capacity for restraint and responsibility.

And let me emphasise, at this Labor Conference, another important point - indeed, the fundamental point for us as a Labor Government, as a Labor Party, and as a Labor movement.

In setting out to achieve, as we have, sustained economic growth, we have never lost sight of our goals and objectives.

We have never seen growth as an end in itself, but, always, as the necessary means through which we can achieve our great social aims in building a better, fairer society.

For us, the creation of jobs has not only been a central objective of our economic policies, it is central to our social objectives - our objectives of greater equity, not only for those able to take part in the productive processes directly, but for those of our fellow Australians who depend upon a compassionate society if they are to share equitably in the fruits of growth.

And let there be no doubt about the depth and strength of our continuing commitment to our wider social objectives.

We shall not be diverted from them.

On the contrary, it is precisely to protect the great social advances of the past three years and to build for further advance that we are determined to lend all our efforts in the weeks and months ahead towards the protection of the Australian economy.

Delegates,

I want to turn briefly to other matters - because it would be altogether to mistake the nature of our Government to suppose its total pre-occupation was with economic matters, crucially important as they are.

The Labor Government has restored a proper sense of independence, self-respect and concerned, constructive endeavour to the conduct of Australia's foreign policy.

In the time available to me, I will discuss two matters which illustrate our achievement and our approach.

It is appropriate that, at the end of a week in which the Foreign Minister, Bill Hayden, introduced into Parliament legislation designed to give effect to Australia's obligations as a party to the South Pacific Nuclear Free Zone Treaty, I should refer to the Labor Government's policies on nuclear issues.

That Treaty itself is one of our major initiatives and achievements. Under it, Australian associates itself with the common aspirations of South Pacific countries to prevent the testing, acquisition, production and stationing of nuclear weapons and the dumping of nuclear waste in our region. Our aim now is to achieve the support of the five nuclear weapons states for this significant arms control measure which will strengthen security in the South Pacific.

The long-term objective of Labor policies is a world without nuclear weapons. At present, however, in a world where such weapons exist, the main concern must be the avoidance of nuclear war. We are firmly of the view that a stable deterrent relationship between the United States and the Soviet Union is the best means currently available of ensuring nuclear restraint and of providing the necessary confidence to engage in negotiations to reduce, and eventually eliminate, the nuclear arsenals. The Government believes that Australia has an important contribution to make to the achievement of these objectives. That contribution is evident in our support for effective stable deterrence through our hosting of the joint facilities, our port access policy and other arrangements and in our active arms control and disarmament policy.

Our commitment to encouraging effective arms control derives from the catastrophic potential of war in the nuclear age and our firm belief that the nuclear weapon states do not have the exclusive right to determine issues relevant to arms control and international security. Every nation has the right and responsibility to be heard on these issues and the Australian Government is determined to continue to exercise the right to the full.

The Government has maintained a close and constructive dialogue with the United States on arms control issues. I recently wrote to President Reagan to express Australia's concern at the announcement by the U.S. Administration of its intention to breach the arms limitations set out in the SALT II Treaty.

We attach great importance to compliance with the terms of the SALT II Treaty by both the United States and the Soviet Union. Its numerical limits provide an important measure of predictability as to the strategic nuclear balance. Despite its imperfections, the existing arms control regime is the only available basis from which to proceed, if agreements for significant reductions in the arsenals of the super-powers are to be negotiated.

Moreover, whatever the basis in fact, the Government sees a risk of a perception developing in Australia, as a result of the U.S. decision, that it is Washington rather than Moscow which is taking the initiative to break out of existing agreed constraints.

We understand United States concerns about Soviet compliance. Indeed I had earlier written to General Secretary Gorbachev, informing him of Australia's view that the Soviet Union has a case to answer on specific issues of compliance and urging the USSR in the strongest terms to demonstrate full compliance with existing agreements and, if necessary, to go out of its way to do so.

But for the reasons I have outlined above, we would be very concerned if the United States goes ahead to allow its forces to exceed the SALT II limits and future decisions regarding United States strategic forces were made without reference to the SALT constraints.

Our nuclear policies also attach the highest importance to the major nuclear arms control treaty in existence, the Nuclear Non-Proliferation Treaty, and its system of verification, including International Atomic Energy Agency safeguards.

In a letter to Mr Gorbachev of 13 May, I drew attention to Australian proposals for international action on nuclear safety in the wake of the Chernobyl tragedy. These proposals were essentially for an interim early warning mechanism, an international convention on information exchange and mutual assistance in the event of nuclear incidents, and international efforts to improve nuclear safety standards.

On 4 June, I received a message from the General Secretary which endorsed in broad terms the Australian proposals which, in the meantime, had also been the subject of discussion by the IAEA Board of Governors.

A special meeting of the IAEA Board of Governors on 21 May, convened to discuss international nuclear safety, adopted a decision compatible with the main elements of the approach Australia is promoting.

It is encouraging that the Soviet Union is now playing a constructive role on this issue.

I contrast our record of achievement on these issues with that of our opponents who, among other things, have denounced the South Pacific Nuclear Free Zone, uncritically endorsed and promised Australian participation in the Strategic Defence Initiative and, when last in Government, broke off all sensible communication with the USSR.

I would also like to refer to the Government's policies on South Africa, an issue of great importance to our Party and our country.

The Australian Labor Party will not compromise with institutionalised racism. We will not take the role of passive spectators, while a monstrously immoral system is imposed by an armed and ruthless state apparatus on a largely defenceless black majority, which continues to be denied the most elementary human rights.

Make no mistake, the violence which grows worse daily in South Africa is a direct consequence of the apartheid system.

The only hope now for a peaceful solution to the problems of South Africa is for the regime to indicate by actions, not cleverly calculated, deliberately ambiguous words, that it is genuinely prepared to dismantle the apartheid system and to negotiate honestly with the black opposition.

To date, there is absolutely no sign of this. What we have had, at one level, is a series of so-called reforms which are clearly designed to delude world opinion that something significant is occurring while in practice doing nothing to change the essence of the inhuman apartheid system. At the other level, we have had the use of naked violence and police repression against blacks, and those few principled whites who dare protest against the system and, three weeks ago, the violation of the sovereignty and territorial integrity of South Africa's neighbours by totally unjustified armed force.

Pretoria has most recently made another outrageous attack outside its borders, this time on Angola, is now planning stringent measures to prohibit or deal with any demonstration commemorating the tenth anniversary of the deaths in Soweto on June 16 and is making irrational, false attacks on the African National Congress.

The regime's refusal to permit freedom of expression and assembly to blacks and liberal whites stands in stark contrast to its tolerance of the emergent Afrikaner Fascist movement.

The Labor Government can take pride in the position it has taken on South Africa. We have toughened the measures taken by previous Australian Governments. We have indicated that we will support comprehensive mandatory economic sanctions if the world community decides to apply them. We were among the first to introduce economic measures of our own against South Africa.

But we have not seen sanctions as an end in themselves.

As Bill Hayden has said, we have sought to bring the South African Government to its senses not to its knees. At the Commonwealth meeting at Nassau, it was an Australian initiative to set up the Eminent Persons Group, whose task was to find a way to bring the South Africa regime and the opposition together, to negotiate the end of apartheid peacefully.

In launching this initiative, we had no illusions about the difficulty of the task because we knew the nature of the Botha regime. We were also aware of the suspicions which black nationalists in South Africa would naturally feel about a process which was open to misunderstanding.

In fact, the Group has performed its task with great integrity, energy and skill. It succeeded in winning the confidence of South Africa's black opposition and of the front-line States. It established its credibility internationally and created hope for peaceful change.

I therefore deeply regret that as a result of South African intransigence the efforts of the Commonwealth Group to encourage negotiations have failed. In its own words in a message sent to myself and other Commonwealth leaders, the Group has made the reluctant but unequivocal judgement that further talks would not lead anywhere in the current circumstances.

The EPG represented a determined effort by the Commonwealth to seek a basis for peaceful negotiation. The initiative also represented a conscious decision to test the South African Government's willingness to pursue genuine change and to offer it an option other than South Africa being relegated even more to international isolation and opprobrium.

The EPG had discussions with the South African Government and with all other groups which must be involved in a solution. The negotiating concept produced by the EPG was fair and reasonable. The South African Government responded not by indicating support for the concept, but by raising critical questions about central elements of it.

In these circumstances it is impossible to avoid the conclusion that South Africa's response was motivated not by a genuine commitment to negotiation but rather a desire to string the exercise out for purely tactical purposes.

It gives us no joy whatsoever to reach the conclusion that South Africa is basically unwilling to change its internal or external behaviour. Australian interests, the interests of the international community and the interests of all South Africans would have been served by South Africa responding to the EPG initiative to accomplish a real change of course.

It is still our hope that the South Africa regime will release unconditionally Nelson Mandela and all other political prisoners; legalise the African National Congress and give it and all other political groups the right to normal political activity; remove the troops from the African townships, and negotiate the end of apartheid without pre-conditions.

But the Labor Government must face the situation as it is.

Accordingly, unless there is dramatic change in the two months remaining before Heads of Government of EPG countries meet in London in early August, I expect to be taking into that meeting the view that additional measures are necessary. Cabinet will in due course be considering concrete steps that Australia could take in this regard.

To those who argue against sanctions that they will allegedly hurt the black community most, I say that I prefer to believe black South African patriots like Desmond Tutu when they say that the black community could not suffer more than it already does under the apartheid system.

The Labor Government has been at the fore-front of the South African issue. We will continue to be at the fore-front.

Our position on this once again stands in the starkest contrast to that of our opponents. Our party has every reason to reject the divisive, unjust and failed policies of the 1975-83 era. But on the issues of South Africa and racism, Malcolm Fraser's credentials, in Government and since, are impeccable. It is a disgraceful indictment of his successors - first Peacock and even more obviously Howard - that they have overturned, almost gleefully, one of the few legacies of integrity of these seven years.

CONCLUSION

Delegates, my friends,

Exactly a year ago, at this conference, I said I had come to bring a three-fold message.

It was first a message of pride - pride in what we had been able to achieve together.

It was a message with a challenge - the continuing challenge of building a society and an economy of greater equity and efficiency.

It was above all a message of confidence - confidence in the capacity of our party, our movement, our Government and our people to meet the challenge.

And my message today is exactly the same: the sense of pride, the acceptance of challenge, the deep confidence.

We have shown over the past three years what we can do together.

We have shown as an Australian community that we can beat the rest of the world. I believe that with a continuation of the responses and the approach, which made that achievement possible, this Party, this Government, and this great people of Australia will prove worthy of the challenge.

Given that response, we can continue the reconstruction which is the basis for continued growth.

We can continue to create more jobs for Australians.

We can continue to give greater hope to our young.

We can continue to give greater real benefits to those in our community who depend, through the social welfare system, on the sense of fairness and justice of the community as a whole.

Delegates,

I thank you for your contribution since the beginning of 1983 to help your national Labor Government deliver the goods in a way that was never believed possible by the sceptics. And I know that in the weeks and the months and the years of challenge ahead of us, you will play your part, at the very forefront of the nation, in the common effort we must all make together, as once again Labor takes up its historic task, as we have done in peace and war, to lead this great nation to an even greater future.
