

9

ADDRESS TO THE NATION ON THE ECONOMIC SITUATION

THE HON. R.J.L. HAWKE, AC, MP

CANBERRA - 11 JUNE 1986

Good evening,

As a nation we now have to do some tough and challenging things together. I want to tell you -

- why we must do them,
- what some of those things are,
- why we will overcome the challenge facing us as a nation.

Let me first put the position as concisely as possible:

Our exports of commodities such as wool, wheat, coal and iron ore have, for a long time, been a major source of our national income.

While the prices we pay for our imports have continued to rise, the prices we get for these exports have for a considerable period been gradually, and now dramatically, declining.

This most recent turnaround in the terms of trade has slashed three per cent off our capacity to maintain existing living standards.

The plight of the farmers and other exporters is not something for them alone to bear - it must mean restraint for all of us.

The reality is that the outside world is paying us less - our standards must adjust accordingly.

As a consequence;

- we have, for the time being, to accept reduced standards of living and, permanently, increased standards of effort,
- we have, in the past three years, shown that we could, by working together, meet and overcome the economic crisis that confronted our country. A different crisis - the same people - we can do it again.

I now go to more detail.

WHAT IS REQUIRED

We must obtain a lower wage outcome than anticipated when the Accord was renegotiated last September.

The delay in the present case will, to some extent, produce this result.

More is required.

The 2.3 per cent which should flow from this case should be the only national wage increase in 1986.

We believe now it will be necessary to argue for a further discount in the following case.

And under the processes of the Accord we will be conveying that position to the ACTU.

In these circumstances we believe that the Conciliation and Arbitration Commission should make a positive finding on the productivity/superannuation case.

It should, however, under its control, prolong the implementation of the decision over a period of some two years.

Other non-wage remuneration - executive salaries, directors' fees and professional incomes - must be correspondingly restrained. I have been given such assurances by the relevant national business and professional organisations. [6~We will be monitoring such compliance and will expect the States to do the same.

The community will rightly expect the business sector to keep price increases to a minimum. We will meet any requests from the Prices Surveillance Authority that improve the effectiveness of its operation.

While we have reduced our inherited inflation rate we must get closer to those of our major trading partners.

The Governments of Australia must themselves exercise more restraint. It's your money that we use for your collective purposes and welfare - and we will all have to set our sights a little lower.

This will mean some tough decisions in the Budget. We have, in the Budget process so far, identified savings of more than \$1 billion.

It will mean some tough decisions at the Premiers' Conference later this week.

These decisions will be taken.

The tax cuts we have promised will be delivered as close as possible to September and certainly by 1st December 1986.

In this context, I wish to report on two other decisions we have now taken.

First, while society has a responsibility to the unemployed, this is a two-way process. The time has come, we believe, when this two-way responsibility will best be served by providing as far as possible the opportunity, particularly for the younger recipients of unemployment benefit, to undertake some community work in return for that benefit. I know from my experience with Priority One that this is the overwhelming view of our young people themselves.

Accordingly, we will be seeking, in co-operation with the States, local governments, community organisations and trade unions, to create the framework for progressively achieving this objective.

Second, under successive Governments, including my own, the federal public service has continued, inexorably, to grow in numbers.

While a good public service is essential to the well-being of our society, an increasingly efficient public service does not mean an increasingly large public service.

Among the steps we will take will be a streamlining and rationalisation of some existing functions and agencies.

Because of entrenched practices that have grown up over generations these steps cannot produce overall dramatic, immediate results. But they begin to reverse the trend - and to produce a leaner, more efficient public service.

The measures I mention, and indeed the indications of the broader approach in the detailed Government statement released tonight, are to be seen as part of our recognition that the problems with which we are dealing are more than immediate - they are long term and need long term solutions.

We must strive to broaden and deepen our export and import-competing base.

To this end, there are things the Government, industry and you can do. In the statement there are details of particular new decisions by government calculated to assist industry towards this objective. Australian management, with the co-operation of the workforce, must by increased investment and other initiatives pick up this challenge.

And we, the Australian public, must support Australian industry. We will be launching a campaign urging all Australians to buy Australian products whenever they can.

As Australians we take enormous and obvious delight in the achievements of international excellence by our fellow countrymen and women. Just think of Robert de Castella, Joan Sutherland, Ben Lexcen and John Bertrand.

I want us to get the same sense of shared pride when an Australian manufacturing or services firm wins a contract against the best international competition - and let me assure you they can do it, they are doing it.

It requires the same elements as have brought Deek, Joan, Ben and John to the top -

- confidence in yourselves, your product and those around you,
- readiness to work with great application and dedication,
- eagerness to use the best available advice and technology,

- preparedness to forego present satisfaction for greater long term reward,

- total commitment.

We have hundreds of potential de Castellás, Sutherlands, Lexcens and Bertrands out there in our manufacturing and service industries - applying the same principles we can get the same results.

Finally, I want to tell you why we can, why we will together meet and overcome this challenge.

In 1983, when I first spoke to you as Prime Minister about the economy, we were in the midst of our most serious economic crisis for 50 years.

Three years later the picture has changed dramatically.

We've had high economic growth, record employment growth - almost 700,000 jobs, profits are up, industrial disputes are down.

The challenge now confronting us is no less daunting than the one we faced successfully together in 1983.

We have the same elements for success - great resources, a Government prepared to make the hard decisions and a great people with guts and a preparedness by all sectors to pull together to make present sacrifices for future, substantial and sustainable rewards.

I give you my pledge - my Government, your Government - will again make the decisions necessary to meet this challenge.

I will not shirk the hard decisions that are necessary to ensure a bright future for us and for our children.

I would rather risk electoral defeat than take the soft options now that would mean we mortgage that great future.

My faith in you to take up this challenge is undiminished - it is unqualified.

Together Australia - Australians together - will meet and overcome the challenge before us.
