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PRIME MINISTER

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**SPEECH BY THE PRIME MINISTER
ASIAN STUDIES ASSOCIATION OF AUSTRALIA
CANBERRA - 11 FEBRUARY 1988**

I am pleased that your annual conference this year includes the word Bicentennial in its title.

Because this conference has an important contribution to make to the national celebrations and reappraisals which the Bicentenary has sparked.

One of the more important lessons to be learned by all Australians during this Bicentennial year is the lesson of the benefits which flow from our cultural diversity.

That diversity is one of our greatest national endowments. And the creation of a community in which all of us, regardless of our ethnic origin, share a commitment to the future of Australia, is one of our greatest national achievements. It is a rare achievement among the nations of the world and one which my Government is committed to nurturing.

The Bicentenary commemorates the European settlement of Australia - a settlement by people drawn initially from the British Isles.

For most of the subsequent two hundred years, the influence of Britain and Ireland on our national institutions, and our national psyche, has been profound. It has been a bequest of which we can be proud.

But it is important to recall, and not just at a gathering of this nature, the non-European contacts with Australia, which in some cases predate 1788 and which in many cases have formed powerful, if minority, elements of the Australian identity since then.

I'm referring to the links forged with Australia over the years by Asian people:

- the Eastern Indonesians who gathered trepang on our north west shores for export to China; the thousands of Chinese who joined the gold rush; the Japanese pearl fishermen in Broome; and so on.

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It was not until relatively recently that the majority of Australians came to appreciate the importance of their geographical proximity to Asia.

Pearl Harbour and the fall of Singapore and the attacks on Darwin and other Australian cities, forced on us dramatically, the reality of our place in Asia.

Since 1942, we have seen the end of our reliance upon Britain and a reorientation of our foreign policy and defence concerns to the Asian-Pacific region.

We have witnessed the decline of European colonialism in our region and we have supported the independence aspirations of countries in our region. I might mention here the Chifley Labor Government's support for the Indonesian independence movement in 1945 and the Whitlam Government's grant of independence to Papua New Guinea.

We have experienced the contraction of our British and European markets, and the expansion of the Japanese, east and south-east Asian markets.

We have overcome our prejudices and done away with the White Australia policy, opening the way for the truly multicultural society of today in which our dynamism and cultural richness is owed in part to new arrivals from Asia.

Today we find ourselves in a region containing a great part of the world's population; producing a great part of the world's GNP; embracing a great number of the religious and cultural traditions of the world; holding some of the world's largest armies; encompassing some of the principal exponents of free market capitalism and some of the principal interpreters of Marxism-Leninism; and containing some of the world's fastest-growing economies.

Economically, the region encompasses the dynamo of Japan, the emerging power of the NICs, the newly industrialised countries, and the enormous potential of China.

As I said last year in Singapore, when I had the honor of delivering the Singapore Lecture the single most enduring important event of our time is the emergence of China from its period of isolation.

From Australia's point of view, the prospects are that greater enmeshment of our respective economies through, for example, joint ventures in mining and manufacturing projects in China and in Australia, will offer both sides enormous mutual benefit.

While there are still societies which have failed to take advantage of the region's overall prosperity and whose people still live in poverty and hunger, in the region as a whole trade and investment opportunities have abounded over the last quarter century.

The Western Pacific Asian economies share of world trade rose from just over 14% in 1971 to almost 22% by 1986. This year despite a slowing of average world economic growth to an estimated 2.8%, regional growth has remained at an average level of 6%. However China, Hong Kong, Singapore and Taiwan did even better than that, achieving growth rates of over 8% for the year.

It is no exaggeration to say that as we enter our third century one of the most important and testing challenges this country faces is the challenge of finding our true place in Asia - of recognising that our self-interest lies in our becoming an integral part of our region, a full participant in regional efforts towards peace and security, and an economic partner co-ordinating our economic skills and specialisations with those of Asia to the consequent prosperity of all.

The assertion that Australia's future lies in Asia has become a commonplace of Australian political and commercial dialogue.

But we are still learning to come to grips with the practical implications - the challenges and opportunities - of that assertion.

It is obvious that at times we have drawn the wrong conclusions from the evidence of our geographical proximity to Asia.

The tragedy of our Vietnam involvement demonstrated how costly was the predisposition of the Australian Government of the day to project onto the international screen the narrow concerns of its domestic political prejudices.

But it is undeniable that there has been change - gradual, painstaking but real change - which has brought the Australian economy into closer alignment with that of our Asian neighbours.

Despite the protectionist cast of post-war policies in Australia, there were enlightened and far sighted policies, thanks in particular to Sir John Crawford, which ensured that after the bitterness of war Australia could conduct constructive relations with Japan based on trade. The result was that when our traditional European markets closed in the 1960s, Australia was able in their place to develop the new and critically important export market of Japan.

I am proud that my Government has been able to continue and dramatically expand that process of adjustment. We have taken on, as the essential task of our period in government, the long overdue process of economic reconstruction which will allow Australians increasingly to take advantage of the opportunities which our proximity to Asia provides.

Asia will continue to demand substantial supplies of our primary commodities for decades to come.

But in addition, as the wealth of Asia increases and as the exchange rate pressures of industrial success begin to force the most rapidly growing exporters to restructure, Asia will also increasingly demand processed raw materials, manufactures and services.

Australia's economic reconstruction is designed to put us in a good position to meet that demand - just as in earlier times we geared up to supply burgeoning demand for raw materials.

The changes which are occurring are far reaching.

At their heart is the massive improvement in our international competitiveness brought about by the depreciation of the Australian dollar coupled with appropriate domestic policy adjustments.

That improvement is particularly marked compared with the traditional manufacturing nations of Europe and the USA.

It is also especially marked in the case of Japan, against which our real exchange rate has fallen by about 40 per cent, bestowing a substantial lift in competitiveness.

However, it needs also to be appreciated that the improvement is much less dramatic compared to many of the other major exporters of Asia such as Korea, partly because of the exchange rate management regimes which have been adopted in those countries.

But even in these cases, the reality is that the longer some of these countries continue to run large current account surpluses, the more likely it is that their exchange rates will remain under pressure to rise. This suggests that Australia's emerging competitiveness window will not close quickly so long as we control domestic costs.

And that is the second element of our reconstruction strategy. This element is not just about wages - though wages moderation has recently been and will remain an outstanding feature of the Australian economic scene.

It is also about continuity of supply, the winding back of industrial disputes to what are historically low levels, and a determined effort to lift productivity. Australian workers and managements have shown a willingness to look hard at past practices to ensure that today we take the steps necessary to underwrite the steady improvement of our living standards by competing in non-traditional export markets.

Indeed the growth in Australia's export awareness has also been critical to Australia's economic reconstruction.

The high protective barriers erected around Australia in the post war decades had dulled the senses of our manufacturers. It encouraged domestically-oriented sales strategies and lax attitudes to quality and innovation.

But that is changing. Our economic policy has begun to dismantle the artificial props of protection and regulation which in the past have cosseted our industries. We have begun to replace them with regimes which not only encourage firms to compete but which provide a sufficiently flexible economy to allow the ensuing structural transformations to occur.

One of my most gratifying duties as Prime Minister is to visit many small and medium sized companies around Australia.

I find time and again that companies which previously had never even considered exporting are now not only thinking about it but positively seeking out market niches for themselves and succeeding.

One particularly pleasing statistic is that exports of Australian produced manufactures to Korea have grown by 154 per cent in the two years to 1986-87.

The latest estimates show that Research and Development expenditure in 1986-87 was 65 per cent higher than two years before, laying a solid basis for future growth and innovation.

In addition our services sector, especially our tourist industry, is expanding rapidly.

Yet for all of our progress, Australia's task of economic reconstruction is far from complete.

Accordingly, as we have made clear, we entered our third term in office with a further agenda of reform in the micro-economy: a program of change in specific industries and institutions designed to complement and strengthen the continuing program of macro-economic reform.

It is a substantial agenda - one that my Government is committed to implementing.

One of the most important elements of micro reform is in the field of education. We seek a number of goals, most significantly increased numbers of students completing secondary school; an enlarged capacity of our universities and other research institutions to focus their attention on productive and relevant research; and better application of our language skills to the task of improving our trading position.

But the reform of attitudes of those in business has still a way to go.

Too many of our entrepreneurs are prone to identify first the market opportunities available in the US and Europe and to pay less attention than they might to those emerging in the less familiar and, for many, untried markets of our region.

The key to overcoming such deficiencies lies in knowledge - knowledge of Asian business practices, knowledge of political and legal systems, knowledge of emerging economic conditions and knowledge of the key Asian languages.

Let me remind you that of Australia's ten largest export markets last year, six were non-English speaking countries. Five are in Asia: Japan, China, South Korea, Hong Kong and Taiwan. Moreover, our ten fastest growing major markets over the last four years have all been non-English speaking countries. Three of them are in Asia: China, Hong Kong and India.

Maintaining and improving our language skills would undoubtedly improve the ability of our businesses to compete in these markets - as well as foster a more enlightened understanding of the societies with which we trade.

Indeed, it is recognition of the importance of languages and cultural understanding in developing our export and hospitality industries that has led the Government to emphasize the economic significance of our multicultural policies.

Australia's communications with non-English speaking nations should be more often a dialogue of equals. It is not in our best interests to rely so heavily on our partners' English speaking abilities - or the capacity of someone to provide an interpreter.

My Government is already addressing the issue of expanding Australia's linguistic capacities.

Nearly two years ago, while I was making an official visit to Japan, the Australian Government announced its decision to establish an Asian Studies Council.

This Council was given the mission of strengthening Asian studies at every level of the Australian education system and helping Australian industry become better integrated with economic developments in the region.

Last March, I announced the Government's endorsement of a National Policy on Languages. We have allocated full year funding of \$28 million for 1988-89 to begin implementing this policy.

The Asian Studies Council will be funded to undertake surveys on curriculum needs and teacher supply in schools, and to research demand for Asian related skills in industry. An inquiry into the teaching of Asian languages and Asian studies in higher education is also to be undertaken.

The information gathered will be used in the development of a national secondary schools curriculum for Asian languages and Asian studies together with appropriate teaching materials.

More recently the Council, under the able chairmanship of Dr Stephen Fitzgerald, has produced a report on a national strategy for the study of Asia in Australia.

I am not in a position to comment in detail on how the Government will respond to the report since it has not yet been formally received by the Government and has not received any Cabinet consideration.

But I believe some comments to this audience would be appropriate.

The Asian Studies Council has found that scarcely any Australian in a position of leadership in business, government, education or the media has a command of an Asian language.

The Council adds that of all students presenting for Matriculation, only two per cent take an Asian language, and a significant number of these are native speakers.

We are deluding ourselves if we think that state of affairs will allow us to compete to our full potential in Asian markets, or to negotiate successfully with Asian partners, or to extend hospitality sufficiently to Asian tourists, or to break down permanently the cultural barriers with our Asian neighbours.

The report sets out a general objective of making the Australian population 'Asia-literate' by the year 2000. It seeks widespread command of Asian languages in the Australian community and a more integrated and thorough study of Asia in our schools and tertiary institutions. It advocates a more 'Asia literate' conduct of Australian business, government and cultural relations with Asia.

These are ambitious goals. But I believe they are worth working for. Achieving them will require extensive business involvement as well as a commitment by government. At base, they require a change in attitude by the Australian people themselves.

There are, I am happy to say, signs that business is beginning to face this challenge. A survey of key decision makers taken last year showed that overwhelmingly Australian employers want to see a much stronger emphasis on Asian languages, a greater emphasis on the study of Asia, at both school and tertiary levels, and programs on Asia given a much higher priority in tertiary courses - in business studies, economics and management, in engineering, science and the technologies, and courses leading to employment in the tourist industry.

Some major employers have already recognised the importance of skills and are beginning to adjust recruitment and training practices - Qantas, for example, is taking a leading role with its International Communications Skills Improvement Program.

For its part, the Government has taken the initiative by putting in train the implementation of the National Policy on Languages.

The Asian Studies Council, in conjunction with the Office of Multicultural Affairs and the National Accreditation Authority for Translators and Interpreters, is also contributing to this process by co-sponsoring a conference later this year on "Languages for a Competitive Australia".

The term 'Asian' is in itself a shorthand term used for convenience. The reality of the term covers a myriad of cultures and languages: they defy instant comprehension let alone mastery. We are talking about long-term planning not short-term interim measures. Even so, this government has provided the greatest stimulus to the teaching of 'Asian' language, ever undertaken in Australia.

Ladies and gentlemen,

Let me close by stressing the role which you must play in improving our nation's capacity to understand Asia and to compete successfully with it.

Most of you are Asia experts. Many of you have spent a lifetime studying Asia. Some of you stand at the pinnacle of your profession in the breadth of your knowledge and scale of your mastery of Asian issues.

If we as Australians are to bring Asia more fully into our intellectual universe, we rely on you to help us and to share your expertise, to the maximum extent possible, with us. That way we will find ourselves not only meeting the economic challenges we face in Asia but also coming to a deeper understanding of our neighbours and ultimately, I believe, of ourselves.
