



19

## PRIME MINISTER

CHECK AGAINST DELIVERY

EMBARGOED UNTIL DELIVERY

SPEECH BY THE PRIME MINISTER OF AUSTRALIA  
THE HON. R.J.L. HAWKE, AC, MP  
JOINT MEETING OF THE UNITED STATES CONGRESS  
WASHINGTON - 23 JUNE 1988

Mr Speaker  
Mr President  
Members of Congress  
Friends

By inviting me to speak today to the Congress of the United States you honour not only the Prime Minister of Australia but all Australians.

Yours is an institution which, down through the years, has reflected the views and aspirations of the American people and taken its character from their character. From you I hear the voice of the American people and through you I am able to address the American people. I am most grateful.

Mr Speaker,

The concept of government of the people, by the people and for the people is as potent today as it was two centuries ago when that remarkable collection of farmers, lawyers, traders and intellectuals met in Philadelphia to craft a constitution. Although democracy is not the guiding precept of government in most nations, it is, assuredly, the guiding precept in those nations which have successfully delivered to their citizens a decent quality of life and a high standard of living. As we approach the 21st century no nation can fail to note that example. The western democracies can lead with self confidence and have no need of self doubt.

To be exposed to the vigour of the Australian political process is to realise that the underlying values of our political system are identical to your own. To say that there is debate in our Parliament, our media and among the Australian people would be roughly the equivalent of saying that when the Redskins and the Cowboys get together all that's involved is a friendly game of football - a fairly considerable understatement.

It is common values, going to the heart of our view of mankind and of society, which form the enduring basis of our relationship. Social and political circumstances may change; governments of various persuasions come and go; economies adjust and transform; international conditions evolve. American and Australian views and interests may at times diverge. But it is the values of individual liberty, equality before the law and the supremacy of people over the State to which we can always with confidence return as a powerful uniting force.

If it is this that gives our relationship its ultimate strength and stability, it is individual contact between Australians and Americans which provides the special warmth. There is an ease of contact, a readiness to trust and an enjoyment of each others company which readily transcends differences.

With the benefit of 200 years of hindsight I can acknowledge a debt which Australians owe Americans, although it must hardly have seemed something to thank you for at the time. In denying Britain a convenient repository here for the convicts overflowing British jails, your revolutionary forebears of six or seven generations ago provoked the decision to send convicts to Australia instead. If you were founded by the Pilgrim fathers, the founders of Australia were decidedly the prodigal sons.

But when the First Fleet arrived in New South Wales in 1788, its human cargo of convicts and prison guards in fact began the creation not of a prison but of a nation.

Our harsh beginnings required all the same grit and determination which marked the exploration, settlement and development of the United States. Two centuries later - in this, our Bicentennial year - we have, like you, a nation proud of the multicultural diversity of its people and of our national achievements. Our country is the size of the continental United States with, however, only the population of Texas. I know Mr Speaker, that as a Texan you would agree of course, that that is all any country needs.

We have also built a nation more acutely aware than ever before of the precious heritage of the original Australians, the Aboriginal people who populated the land for 40,000 years before the European arrival.

The American contribution to our Bicentennial celebrations has added a special dimension to our relationship. If I were to describe it in all its detail I fear I would be accused, at least under Senate rules, of a filibuster.

Let me just say that we greatly welcome the opportunity to celebrate with a very special friend.

Mr Speaker,

It is because of the deep similarities between our two nations that my predecessor, Australia's wartime Prime Minister John Curtin, was able to declare in 1944 that Australians looked forward to "an uninterrupted friendship" with the people of the United States.

Curtin said those words in San Francisco, on his way to talks with President Franklin Roosevelt concerning the conduct of the war in which Australians and Americans were fighting side by side in defence of liberty in the Pacific.

I wish to state clearly that Australia and the United States are not just friends; we are allies. When my Government assumed office 5 years ago we determined that the ANZUS alliance clearly served Australian interests. That alliance is stronger, and the commitment of Australians to it greater, for its having been thought about rather than merely assumed. We never wanted the alliance to be merely an inheritance from a past era, a piece of history gathering dust, but a dynamic arrangement serving the modern needs of both sides. And it does.

The United States has every right to see alliances as two way streets, to expect that allies will carry their weight. I assure you that Australia is and will remain such an ally.

We welcome your ships and aircraft to our ports and airfields. There is intimate co-operation between us in joint exercises, intelligence exchange, defence science and technology, communications and logistics, and training. We are one of the top cash purchasers of defence equipment from the United States.

We host joint facilities important to the central strategic balance between the United States and the Soviet Union, facilities which have additional significance in the new phase of East-West relations through their contribution to arms control.

We support a strong American involvement in Asia and the Pacific, and believe that your bases in the Philippines make a crucial contribution to security and confidence in our region.

My Government has conducted the most thorough review of Australian defence policy in many years. Our policy emphasises the shouldering of our own responsibilities - defence self reliance, modernisation, regional commitment and the development of strong, independent military capabilities within the framework of the alliance.

Our economic relationship with you is also vitally important. You are our second largest trading partner, supplying over 20% of Australia's total imports and taking over 10% of our total exports. The trade relationship is about 2 to 1 in your favour. You are our largest single source of foreign investment. As our economy diversifies away from primary production and we strengthen our position as an exporter of manufactures and services, the business opportunities for America in Australia will expand still further. So again the benefits are very much two-way.

Mr Speaker,

You can therefore see why we believe our relationship entitles us to a fair go in our trade with the United States and in competition with the United States in third markets; not, I emphasise, special favours, but a fair go.

This is not the occasion to make detailed representations about particular export commodities. But it would be wrong of me, here in Congress, to pretend that within our otherwise excellent relationship trade is not an area of very real concern to us.

I should say to you, with the frankness which I trust is permitted to a friend, that some of the decisions made in Washington intended to defend the interests of Americans have turned out to hurt Australians.

In particular Australia's primary producers are unsubsidised and are among the most efficient in the world, and yet we are finding ourselves squeezed out of markets by practices which distort prices and levels of production. In agriculture we find ourselves caught in the crossfire of a destructive and counter-productive trans-Atlantic subsidies war.

The statistics are graphic - since your Export Enhancement Program has been operating, America's share of the world wheat market has jumped from 29 per cent to 43 per cent, the European Community's share has fallen only a little from 17 per cent to 14 per cent, but Australia's share has slumped from 20 per cent to 12 per cent.

The subsidies war is costing us - and I mean both of us - not just economically. There is also an impact, a damaging impact, upon the perceptions which Australians have of the major trading powers, the United States included.

Australians must not be given reason to believe that while we are first class allies, we are, in trade, second class friends. Trade issues must not be allowed to fester, or to erode our wider friendship or alliance.

I want to emphasise Australia's appreciation of the way in which we have been able to express our concerns to you. It is important that when we knock on doors in this city, including in Congress, those doors continue to open.

For the test of good United States/Australia relations is not that as individuals or governments we agree on everything.

It is, rather, that we are in accord on matters of basic principle and that where we disagree we do so with civility and respect for the others point of view. I am proud to say that the relationship between our countries is now regarded on both sides as being as warm, close and productive as it has ever been. And our relationship has a greater maturity than it has ever had before.

Mr Speaker,

All of us sense, I think, that the world we grew up with, whose shape emerged after the Second World War, is changing in some fundamental ways. New centres of economic power are emerging; there is less rigidity in the Eastern bloc; the familiar pattern of East-West strategic competition is often overlaid by a new pattern of economic competition within the West. Though we cannot yet see the fine detail, the blurred outlines of the 21st century - now only twelve years away - are becoming sharper.

What sort of world will it be? When I look at the international environment, when I talk to the leadership of major powers like the United States, the Soviet Union and China or countries in Australia's Asia-Pacific neighbourhood, I am generally encouraged by what I see. There have been few enough times in recent decades when it has been possible to permit ourselves a degree of optimism about the world's future. But this, I think, is such a time.

The Soviet Union is undergoing far reaching changes. The domestic reforms introduced by General Secretary Gorbachev are the most hopeful sign in that part of the world in the period since 1917. Where they will eventually lead - whether they will even succeed - we cannot tell. Like all economic reformers Mr Gorbachov faces the classic dilemma that the pain always comes before the benefits. But the direction in which he is heading is encouraging.

Certainly we must withhold final judgement about the extent of change in Soviet foreign policy. We want to see deeds not just words. But there is unquestionably ground for hope. We are surely better off with a Soviet Union which has accepted that it must get out of Afghanistan than we were with the Soviet Union which originally invaded that country.

We have seen the first ever arms control agreement which makes real cuts in the nuclear arsenals of the two super powers. We see - and strongly support - prospects for further reductions. The West is now engaging the East in dialogue across a wide range and at the highest leadership levels, but not on the basis of naivety or weakness. I pay tribute to the role which President Reagan has played - with the invaluable support of the Congress - at the centre stage of this process.

China's continuing economic growth and its leaders' commitment to modernisation mark the emergence of that country from a barren period of upheaval and introspection. This is a development of historic importance, tremendously beneficial to regional and global stability.

Significant parts of the third world, particularly in Asia and the Pacific, are experiencing dynamic economic growth.

In parts of the third world there have, too, been significant advances for democracy. We acknowledge in particular the victory over autocracy in the Philippines, and democratic reform in the Republic of Korea.

And so, Mr Speaker, although competition between nations and alliance systems will not disappear - we believe in our own values too strongly for that - we can be allowed to hope that we are entering a period when such competition will be channelled into less dangerous paths.

But no man or woman who has lived in the 20th century can fail to understand how quickly, and how disastrously, change can come. We still face many dangers and challenges. Intractable and tragic conflicts persist in the Middle East and Southern Africa; famine, war and disease still haunt many parts of the third world; hundreds of millions of people lack the freedom and human rights we take for granted in our countries; recent events have even disrupted the relative tranquility of the South Pacific.

So we must always remember that nothing is preordained. The future does not just happen to us. We make the future. And if we are to make it well, we need to remain engaged with the world, willing to struggle with its problems and to take our part in solving them. We live in an interdependent world and we don't have the practical option - or indeed the moral option - of sitting it out.

That is why Australia concerns itself with issues like arms control and the obscenity of apartheid in South Africa. It is also why we are members of the alliance.

Mr Speaker,

Some Americans seem to be apprehensive about the changes they see around them in the world.

This is not surprising. Changes which alter familiar, and comfortable, relativities in economic and political power and familiar patterns of behaviour will always cause uncertainty and sometimes resentment. And the international system as we know it is very largely an American creation. The institutions, alliances and programs which characterise the system emerged from the generosity of this country and the farsightedness of your statesmen, including many members of the Congress. The World Bank, the Marshal Plan, NATO, ANZUS, modern multilateral diplomacy: all of them are, in part, and in many cases in large part, your creation. We were all the beneficiaries of that impulse towards internationalism.

So where change has come, it has often been because of the success of American policies, because you have achieved what you set out to do. It is because your policies worked that Japan, Western Europe, the Republic of Korea and others are now strong and prosperous.

In any case particular global changes have often been overstated. Portraits of a 'declining' United States have drawn upon beguilingly simple but very misleading indices of comparison, whether of GNP or net indebtedness. Moreover the trends have been portrayed as continuing inexorably. That is nonsense, and un-American in its determinism. With the right policies, this country will remain the world's largest and most important economy as far ahead as I or anyone else can see.

I put it to you therefore that we need not and must not permit our view of the world to be conditioned by some kind of creeping pessimism and dulling fatalism. As analysis that would be deeply flawed; as a policy prescription, potentially disastrous. Put bluntly, the United States and other Western nations, especially the major actors on the world stage, must not behave in ways that could turn some of the presently fashionable theories of decline into self fulfilling prophecies.

Mr Speaker,

Nowhere is this more clear than at the vital intersection of international economics and international strategy.

The cost of failure to resolve present economic tensions in the world would be measurable not only in dollars and cents. It would be measurable in the accentuation of destructive differences within the western alliance, and third world instability. We must understand that stronger world economic and trade growth is a fundamental foreign policy objective. It is ultimately a national security objective.

The greatest obstacle to that objective is the persistence of large current account imbalances in the three major economies; the United States, Japan and West Germany. This remains true despite certain trade statistics beginning to move in the right direction. The origin of the trade imbalances lies in turn, to a significant extent, in the divergent fiscal and monetary policies pursued by the United States on the one hand and Japan and West Germany on the other through the 1980s.

Now I know that these issues of economic and trade policy are contentious ones within the United States, including within this Congress. I have no intention of taking sides. You have enough political candidates already in 1988.

But they are issues with demonstrable impact upon, and therefore clear relevance to, other countries, Australia included. It is in that spirit that I ask you to take my comments.

The inescapable reality is that adjustment of economic imbalances will occur. It is only a question of how they occur. The adjustment can be forced by market pressures upon reluctant governments or it can come through deliberate strategies to enhance world growth and maximise the individual and collective trading opportunities of all countries.

It is clearly in the interests of all of us that the world's major economies opt for strategies of the latter kind. And this means a deliberate decision by them, the United States included, to reverse the corruption - I can use no lesser word - of the world trading system, combined with an equally deliberate commitment to make appropriate adjustments in domestic economic policies.

I am not saying that the burden of adjustment rests solely on the United States and I am not saying that you have no reason for frustration and complaint about the trade practices of others. I can understand your objections to the barriers the United States faces to its exports in certain markets. Australians can understand these problems precisely because we share them.

In the Uruguay round of multilateral trade negotiations the vehicle is at hand to negotiate a new, fairer and liberalised environment for world trade.



This crucial negotiation confronts us with a test of our collective common sense; whether we will recognise that any attempt to solve our national trading problems at the expense of others, rather than through pursuit of the common wellbeing, must ultimately be self destructive.

It is this same enlightened self interest which dictates that we accept rather than oppose the need for adjustment in our own economies. What a sad irony if, at the very moment in history when we are seeing the belated recognition by the planned economies of the need to accept the relevance of market signals in their decision making, the Western nations were to try to ignore and distort those signals, both at home and in the international marketplace.

In Australia we have practised the doctrine of economic adjustment, not merely preached it.

We have pursued the domestic economic policies necessary to cure our own external imbalance. We have converted a prospective fiscal deficit amounting to 5 percent of GDP just five years ago to a prospective surplus of 1 percent or more in the coming fiscal year. We have implemented reforms to deregulate industry, lift productivity and innovation, promote an export culture and encourage foreign investment on fair terms. We are prepared to show the lead on tariff reform. We will be cutting tariffs by about 30 percent on average over the next four years. Much larger reductions in protection will occur for the most highly protected industries.

Now you are practising politicians and so am I. I understand constituency interests. I know that the adjustment process is not easy. But it must be done.

The costs of failure will be very high; the rewards of success enormous.

Speaking to you as the closest of friends and allies, therefore, my message is that United States' action now can play a decisive role in the future shape of the world economy if you grasp the challenge of adjustment at home and drive with determination for the liberalisation of trade on a global basis. America can do the world, and itself, no greater service at this time.

Mr Speaker,

I have not the slightest doubt of the unique capability of the United States for leadership, whether in managing the pivotal relationship with the Soviet Union, maintaining the health of the western alliance, forging further agreements in the essential area of arms control, seeking solutions to regional issues such as the Middle East and Southern Africa, or resolving international economic problems.

If this sounds like a tall order, and an unfair burden, we do not look to the United States to solve all these problems alone or to mount the effort without the help of friends. We ask only that the United States continue to contribute the strength, persistence, creativity and breadth of vision which - to the immense benefit of mankind - have been the hallmarks of the American character.

I am confident that it will be so. No nation in the world surpasses the United States in justifiable pride in past achievements, confidence that problems can be overcome and contagious optimism about the future. Neither of us would claim that our nation is without blemish. Neither of us would claim that governments of our countries have always chosen wisely or acted well. But I do say this: that when all is said and done the United States of America is a great and a good country; that the people of the United States of America are a great and a good people; and that in Australia you will have in the years ahead the best kind of friend - independent to be sure, forthright in defence of our own interests certainly, but also firmly supportive and deeply proud of our rich and enduring relationship.

\*\*\*\*\*