



PRIME MINISTER

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**SPEECH BY THE PRIME MINISTER
INTERNATIONAL METALWORKERS' FEDERATION
ASIAN REGIONAL CONFERENCE
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It is a pleasure indeed to address the Asian Regional Conference of the International Metalworkers' Federation and to welcome its delegates to Australia.

You are welcome for many reasons.

The international trade union movement of which you are a significant part has played a leading role in protecting and advancing the interests of the men and women who make up the workforce of the global economy.

In our region, trade unionism has been an important force for decency and the equitable sharing of the fruits of our massive economic growth. No doubt one of the challenges you will be discussing is ensuring trade unions in the region keep pace with the economic growth.

Internationally the trade union movement has been at the forefront of many of the crucial struggles being waged for human rights and the rights of trade unionism - including, not least, in Poland and South Africa.

Fortunately, Australia does not have to tackle domestically the question of fundamental human and trade union rights. Our most pressing concerns have been economic issues.

Within Australia, at a time of unique pressures on the Australian economy, the trade union movement has been an essential partner of the Government I lead in equipping the Australian economy for the future.

As a result of this intimate partnership, Australia is better able to face the challenges of competing efficiently on the world's markets. In particular, the partnership has created job opportunities for almost one and a quarter million Australians who would otherwise be unemployed.

Australia has a rich trade union heritage. Australian workers in the middle of the last century created one of the first, and one of the most successful, trade union movements in the world. Among its early pioneering achievements in improving the wages and conditions of Australian workers was the famous landmark victory, won in this city and in Melbourne, of the eight hour day.

During the 1890s, an era when the Australian economy saw boom and bust, strike and lockout, Australian workers made the historic decision to advance their goals through political as well as industrial means. And so they founded one of the world's first labour parties - the Australian Labor Party.

It is as leader of that Party, as a proud and committed trade unionist, and as Prime Minister of my country that I welcome you to this country and to this city. I am sure that you will find in Australia a positive and constructive atmosphere for the deliberations you will be undertaking.

My friends,

You are meeting at a time of great change in the Australian economy and in the economies of our region.

The significance of the Asian-Pacific economies for world economic growth has become a well known international theme. This is hardly surprising given that the region accounts for around 40 per cent of world output, some 35 per cent of the world's exports, and is home for some 15 per cent of our planet's population. Those figures exclude China, and of course the transformation underway in that vast country offers even greater opportunities for growth in the future.

In recent years, economic growth in a number of Asian-Pacific countries has grown some two to three times faster than the average for OECD countries.

Trans-Atlantic trade has now been outstripped by the movement of goods and services around the Asian-Pacific region.

The economic importance of the region for Australia has long been apparent - although it is true to say that for many years we were simply not equipped to take advantage of the opportunities that lay before us.

Indeed, when my Government came to office in 1983, we inherited an economic crisis that was, in large part, the result of a failure to equip ourselves to compete in the world's markets. We had developed neither the flexible institutions and industries, nor the outward looking attitudes that are necessary if we are to contribute competitively to the economic dynamism of the region.

We had become accustomed to our over-valued and unresponsive exchange rate; our antiquated financial system; an over-protected and inward looking manufacturing sector; a wages system which perpetuated inflationary pressures; an industrial relations system locked into expensive and futile confrontation; and an education system failing to meet the needs of our most potentially productive workers.

Today, Australians can look back on more than half a decade of systematic reform in each of these areas. We have floated the dollar, deregulated the financial system, cut protection, addressed the needs of some industries directly with industry plans, created a new era of industrial relations co-operation and are fundamentally reforming the education and training system.

I do not recite these facts to pat myself or my Government on the back - or for that matter to try to pretend that the reform process is complete.

My purpose today is not to list the end products of our reform program but rather to discuss the equally important and, for an international trade union audience, the more relevant methods we have adopted to achieve those goals.

Most fundamentally, I want to show what can be achieved when Governments and trade unions work together in the interests of all their constituents and members.

For I believe the methods and procedures we have pioneered in Australia serve as a distinguished international model in these times of economic uncertainty.

The principal element of our strategy for economic reform and reconstruction has been the Prices and Incomes Accord which was agreed between the Australian Council of Trade Unions and the then Labor Party Opposition prior to the 1983 elections.

The Accord was based on the realisation by both the union movement and the Labor Party that the economic problems facing the nation could not be solved in the old ways of confrontation and division but required instead a concerted effort to build a new and productive national consensus.

We have been able to act upon the great truth of industrial relations and, indeed, of economic management in general. Where sectional interests are pursued, sectional gains may result. But whatever these gains, they will be fewer than the gains that flow from a consensus approach where national priorities are set and pursued on a co-operative basis.

The Accord has allowed us to embark on a strategy which has produced economic achievements of fundamental and lasting importance not only to trade unionists but to all Australians.

Nowhere is this better illustrated than in our record of job creation. More than 1.2 million jobs have been created in the Australian economy between April 1983 and December 1988. This is a rate of job growth about twice the OECD average.

This tremendous achievement was the direct result of the conscious decision by the trade union movement, through the Accord, to accept wage restraint.

It would have been easy for trade unions in 1983, faced with the crisis of recession, vanishing job opportunities, bleak investment prospects and confrontationist industrial relations policies, to have pursued their traditional priority of assisting its employed members through campaigns for wage increases.

But it is to their lasting credit that they eschewed that traditional, but in that case profoundly inappropriate, policy and instead applied themselves to the essential national task of increasing economic competitiveness and creating new jobs for those without them.

This has been achieved while industrial confrontation, which under the previous Government caused so much bitterness at home and so much damage to our reputation abroad, has fallen by nearly 60 per cent.

At the same time, an integral part of the Accord was the recognition that real wage restraint should be compensated through real increases in the social wage. My Government is proud that its social justice record is second to none.

Through major increases in Government assistance for low income families, real increases in pensions and benefits, reforms of the education system, the restoration and improvement of Medibank, and assistance for first home buyers, we have significantly eased the burden of restraint on those who are most in need in our community.

Underpinning all this have been our reforms of the taxation system, which have ensured that those who benefit from the returns to capital pay their fair share of the tax burden, and that other forms of non-wage income no longer escape taxation. As a consequence, we have been able to reduce taxation for ordinary wage and salary earners. Over the next couple of months we will be negotiating, with the trade union movement, a wage/tax trade off which will deliver substantial tax relief targetted in the first instance to low and middle income earners.

Let me add a further point that is too often overlooked, especially by our political opponents. Real wages have fallen, causing job growth, dampening inflation and boosting our international competitiveness. But real disposable income has risen - indeed it has risen by 6.7 per cent per head since 1983. This has come about mainly because many more people have jobs, and benefit levels have increased.

In other words, the Accord has ensured that where sacrifices have been necessary, they have been shared equitably, and when, as has inevitably happened, those sacrifices have borne fruit, their benefits have been shared equitably.

Constructive government-union relations in Australia are now a fact of life. They are an essential element of a wider network of nation-wide consultations involving business and community groups which are essential to the resolution of the important issues of economic management.

Such processes have helped create, in Australia, a community more prepared to accept change, including changes which sometimes, on the face of it, may seem to run counter to the immediate interests of some of its members. Where this has happened, such as in our reductions of industry assistance, those who are suffering personal loss in the interest of greater community gain have been compensated.

This consultative approach has laid the foundations for Australia to undertake the difficult but utterly essential task of economic reconstruction.

For too long in the easy decades after the Second World War, Australia was content to earn a relatively high standard of living through reliance on seemingly limitless production of those abiding features of the Australian physical and economic landscape: wool, wheat, meat and minerals.

We did not attempt seriously to diversify our economy into manufactures and services, preferring to rely instead on building walls of protection behind which inefficient local producers could cater for the basic needs of our small domestic market.

Such policies were called, paradoxically, industry assistance schemes. In fact of course they provided anything but assistance to an economy that should have been trying to compete on world markets instead of shirking the challenge.

Their legacy was a less flexible economy, too reliant on protection and regulation, too insulated from the dynamism of the regional and global economies and, as we experienced in 1985-86, too vulnerable to the fluctuations that bedevil commodity markets.

The creation of a more competitive, self reliant economy will depend on a commitment, by the whole community, to reform those policies that impeded adjustment.

While Australia's exports of manufactured goods as a share of total exports are far below that in world trade generally, signs abound that the Australian economy is being successfully restructured.

In our last two completed financial years, 1986-87 and 1987-88, manufactured exports increased by 32.5 per cent and 9.4 per cent, and services exports grew by 9.4 per cent and 13.9 per cent.

Business investment is now growing strongly, recording 13.7 per cent growth in 1987-88, with the 12 per cent growth expected in new business investment in 1988-9 being consistent with the latest available ABS investment expectations data.

Not surprisingly, our domestic political opponents, under whose administration in the 1950s, 1960s and 1970s these fundamental restructuring problems were ignored or exacerbated, seek to misrepresent the magnitude of the changes that are underway.

One particular line of attack of late has been to cite Australia's allegedly low productivity. Their so called 'labour productivity' figures are derived by simply dividing the economy's output by the number of employees. But with Australia's rapid rate of employment growth, we are at last using our capital stock more extensively. When this happens, 'labour productivity' is very low, but of course 'capital productivity' is high. There are major difficulties in accurately measuring capital, so 'capital productivity' is rarely cited.

Further productivity gains will follow our comprehensive program of micro-economic reforms.

When you compare the eight years in power of the conservatives with the achievements in micro reform under Labor, the hypocrisy of the Opposition's alleged concern about productivity becomes even clearer.

Why didn't they deregulate the financial system, lower tariffs, end the two-airline policy, lessen regulation in communications, lower crippling marginal tax rates, improve education retention and free up unnecessary controls on Government Business Enterprises?

With the same drive that is transforming Australia's industrial base, the partnership between the Labor Government, the trade union movement and employers is now being harnessed to another fundamental task: award restructuring.

What better proof could be sought that Australians have indeed learned to work constructively together than their determination to make a success of award restructuring?

And what better evidence of the advantages of this consensus approach could be sought than the productivity gains that will result from this process.

Put simply, award restructuring is a process which, at the end of the day, will help create a more flexible, better trained and more appropriately paid workforce.

In the key Metal Industry Award, for example, there are currently 348 separate classifications of work. This will be reduced to some eight or nine skill levels. So for the 170,000 workers employed under this award, there will be established clear career paths that offer the incentive of promotion, on the basis of relevant, specific and accredited training in new skills, to employment that is more enriching - both in the sense of job satisfaction and in its literal meaning of being better remunerated.

In this audience in particular, I pay unqualified tribute to both the employers and the unions in the metal industry who have already advanced a long way down the path of negotiating these changes.

Both the Metal Trades Industry Association and the metal industry unions have released detailed proposals for a new, restructured award - and it is pleasing to note the considerable amount of common ground between them.

Their lead is being followed in other industries, giving real momentum to this crucial task.

Award restructuring is not some fiddle by the so-called Industrial Relations Club to provide an under-the-counter pretext for wage increases.

The National Wage Case decision of August last year made wage increases conditional on fundamental reviews of awards.

It is a fundamental change in the structure and operation of awards which will yield real increases in productivity.

The increases will in some cases be immediate, and in some cases take longer. But in all cases they will be enduring. And in all cases they are being achieved, not through confrontationist tactics in which everyone is the loser, but through sensible and constructive negotiations in which everyone, in the industry and in the economy more generally, is the winner.

My friends,

I have spoken today largely about the Australian economy and the vital role of Australian trade unionists in managing our economy.

I am of course proud of that role and I pay unqualified tribute to the leaders of the Australian trade union movement for their vision and hard work not only on behalf of their members, but on behalf of all Australians.

The example of the constructive Government - union relationship in this country provides an instructive case study for comparable nations that are seeking to improve the well-being of their citizens through sustainable long term prosperity.

In other words trade unions have the capacity and the responsibility not only to ensure the equitable sharing of prosperity within a community but to generate that prosperity in the first place.

That is why we must never slacken our efforts to see the spread of free trade unionism throughout the region - a confident, compassionate and effective trade union movement that can help in the vital international task of building a safer and a more peaceful world.
