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## PRIME MINISTER

TRANSCRIPT OF SPEECH TO INTERNATIONAL IRON AND STEEL  
ANNUAL CONFERENCE DINNER, REGENT HOTEL, SYDNEY  
9 OCTOBER 1990

E & OE - PROOF ONLY

PM: Sir Robert and Brian Loton. Brian, thank you very much for that introduction. May I at the outset thank the conference for the invitation that they have extended to me. And secondly, most importantly, ladies and gentlemen, on behalf of the Government and the people of Australia, I extend to you the most hearty welcome to our country.

We thank you for the honour that you've done us by assembling and meeting here and having your important deliberations in our country. I wish you well for those deliberations and upon your return to your respective countries.

I have, ladies and gentlemen, discarded my prepared speech. I think to some extent my friend and colleague Paul Keating covered some of the ground that I had thought I would cover in talking about the economic development in this country.

Rather I thought you might find it more helpful and I think in a sense I would find it more interesting if I were really to share some thoughts with you on issues which in a sense are common to you in business and to we in Government.

Because I believe that in a very real sense the challenges confronting business and Government are essentially the same. But when you strip it down the challenges that confront you in business and confronts us in Government is to try and read the environment in which we're operating. I don't use the environment in the more technical sense that it's talked about now but in the broader sense of the word. To read the environment in which we're operating and in a sense to try and shape that environment. That's the challenge that confronts you as businessmen. And it's certainly the challenge that confronts an intelligent Government.

So, what I thought may be useful, is if I was to share some thoughts with you from a prospective of now having been Prime Minister of this country for over seven and a

half years, about how I've seen that in terms of Australia, how I've seen it in terms of the region and how I've seen it in terms of the world.

May I talk about Australia first. This is indeed a remarkable country by any sort of standards that you would wish to apply. You would know that there has been applied to us the ... term, the lucky country. And in a very real sense that was an intelligent phrase to apply to Australia.

I don't want to go right back into history but let me briefly talk in terms of the post-war period. The war for Australia was a dramatic, but compared with others, not a traumatic experience. True it is that Australia lost thousands of men, some women, in the war, and tens of thousands of Australian families were touched by the tragedy of war. But compared with the experience of others, Australia was not only not badly damaged but in a sense it was a growing up period for Australia.

We had to learn to do things that we hadn't done before. Then, importantly, during the darkest period of the war, we had a Government, and I take pride in saying it was a Labor Government, which while accepting the challenge of defending this country in war, also had a view that in the post-war period we must try and shape a better Australia than the one within which we went into the war.

And part of that thinking involved one of the most imaginative decisions that any country has ever undertaken, and that is the vast migration program that characterised the early post-war years in this country.

At the end of the Second World War we were a country of seven million people. But with this vast migration program we expanded our population: we're now 17 million people. It was one of the great migration programs in the whole of recorded history.

It posed the challenges for us as a society. And I can recall as a young man in my first year at university after the war in 1947. My first year as a law student seems like a thousand years ago. It's not; it's only some 43. And I can remember being touched and worried by the way in which my country was responding to some of these challenges of change at that time.

We were not generous in our initial attitudes to those who had chosen to come from other countries and make Australia their home. In those days the target of short-sighted Australians was the Italians and the Greeks who were the major non-British groups who were making up the new wave of immigrants to our country. There were some unpleasant experiences for those people at that time.

Of course we went through the period up until the 1960s where our immigration policy was characterised by racism.

We had the White Australia Policy which was morally shameful, and as I've said, also economically insane. But to the great credit of both political parties in this country in the 1960s, we changed and have adopted a non-discriminatory policy.

In economic terms we were lucky in that period because a war-devastated world cried out for what we could produce in our great rural industries.

The world paid enormous prices for our wheat and our wool and our meat. We were exceedingly prosperous. We pursued a short-sighted policy industrially by erecting very considerable tariff barriers behind which we employed so many of these hundreds of thousands of people who came to make Australia their home.

We were indeed the lucky country because we were paid so much for what we produced. And when the world started to be able more easily to feed itself and the prices for our agricultural commodities subsided, we went into our first great minerals boom.

And so really in the whole of that period from the end of the Second World War up until the 70s, Australia was the lucky country. We were able to have considerably expanding populations, fairly steady economic growth, fairly consistently full employment and rising standards of living.

We were lucky, but in a paradoxical sense we were unlucky. Because the bounty which we so easily received tended to lead my fellow Australians into believing that in a sense the world owed us a living. There wasn't very much we really had to do to make our way in the world.

It wasn't until really the 70s that there started to begin the dawn of understanding that the world wasn't quite as easy as all that.

But it hasn't been, I believe, until the 1980s - and Brian, you've been very generous in your comments about this - I think it hasn't been until this last decade that Australia has really started to understand the truth of this tough, hard, competitive world in which we live.

My friend and colleague Paul Keating would last night have gone through with you many of the economic decisions, the policy concepts that we've applied, to try and change Australia, as I have put it, in the last election, to try and change Australia from being thinking of itself as the lucky country into changing itself into being the clever country.

I don't want to this evening, my friends, really go over all those things that my friend Paul has spoken with you about. But I did want to say something about, in a sense, what has been foundational to the economic policy

changes that we've made and in which in a sense I think are of significance for you as you think about this country and as you think about your own and as you think about the world.

Because I think much of what has happened in this country in a way has been reflected in some of the vast changes around the world and to which I want to refer in a moment.

I took the view when I became the Prime Minister of this country in 1983 that we were indeed an extremely fortunate country because there are very few countries in the world which are blessed with the features that we have.

What I ... simply, and without being exhaustive, they are firstly a land of some 17 million people who paradoxically are very heterogeneous in terms of their countries of origin, but very homogeneous in the commitment, the universal commitment in this country to the processes of parliamentary democracy. The concepts and practice of terrorism are alien to Australians.

So that is one great advantage that we have. The concept of the institutions of parliamentary democracy are deeply and unalterably entrenched in this country.

As you know, from your industry, this is also a country of vast natural resources. Almost unmatched, in a sense, in the range and the depth of those resources.

We are now strategically placed in the world, in a region which is the most dynamically-growing region of the world. So I thought it strange, as I assumed the responsibilities of Prime Ministership in this country, that we really hadn't done as well as I think we should have.

It was because in a sense we were remarkably stupid amidst this luxury of benefits, if you like, and endowments that we had.

It seemed to me that we were, as a society, an economy, stupidly short-sighted in the way in which we pursued our interests. As far as the trade union movement, the organised labour movement was concerned, we perceived our interests as just being involved in trying to get the biggest wage increases that we could and the best improvement in conditions on the assumption that there was a limitless cornucopia there which would provide the satisfaction for our desires.

So that short-sightedness - greed, if you like - was I think at least equally matched on the side of business who didn't really have a sense of identity of interest with those whom they employed but sought to advance their interests by simply thinking of a maximisation of their

own position. And it was inevitable, if you had two sides of industry like that, and particularly if you had a Government which at times tended to fuel that atmosphere of confrontation, it was simply inevitable that this country was not going to do its best.

And indeed, as Brian knows, as we've talked as recently as tonight, the steel industry in this country was in some sense a microcosm of the problems that we had. A great company, BHP, a very significant company in the history of this country and still a very significant part of our diversified economy.

But within that industry, through a mixture of attitudes, the part of management and also of the trade union movement, the industry was running down and there was even contemplation perhaps of whether it would continue. But in a sense it was a microcosm of the problems of this country.

The view that I brought with my colleagues to the Government was that we shouldn't be altruistic, in a sense, in believing that some sense of morality and some highly developed sense of the public good was going to motivate people into sensible action.

It seemed to me that what may move people to more sensible action was a developed understanding of their own self-interest. Self-interest always is operative.

I wanted, with my colleagues, to explain to the Labor movement and to explain to industry, that both their aims were legitimate. It is legitimate for working men and their organisations to want to improve their conditions, their standards, their own personal standards, and to improve their capacity to look after those who are dependent upon them.

Those are legitimate, they are indeed worthy objectives. And equally, it is a totally worthy objective of industry that it should seek to grow, to prosper, to increase its profitable capacity to invest further and to grow.

They are not, and should not, be seen to be contradictory aims. What we tried to convey to the trade union movement of this country, and to our friends in the business community was that if indeed that they concede their identity of interests, they were both more likely to prosper, that you would create a greater security of employment in this country, more jobs, and that you would create the environment for a growing industry if in fact there was more co-operation and consensus in approach than confrontation.

So that was our philosophy, if you like, and it was reflected in this country in the Accord between the Government and the trade union movement and in which very substantially the business community co-operated.

In the result we have had remarkable successes. I don't know whether Paul went to all the statistics, but one which is fundamentally important as far as we are concerned has been the growth in employment.

We've had a rate of employment growth which has given us 1.6 million new jobs, with 90% of those new jobs in the private sector. A rate of employment growth which is twice as fast as the rest of the OECD.

Those things could not have happened if in fact the trade union movement had not exercised, and as the business community has acknowledged, the very considerable restraint in the capacity they would have otherwise had to go for higher increases in money wages.

We as a Government assume some of the responsibility of the expense of labour by significantly increasing what we're pleased to call the social wage. And in that way, Labor in this country was prepared to substitute to some extent increases in money wages for increases in the social wage which were reflected in the area of health care, education, child care and the like.

Now in that way my friends, we have in this country, I think, attitudinally undergone a revolution. If there is one plea that I would make in talking about my country with so many representatives, distinguished representatives and strategically important representatives of industry from around the world, it is this. That you should please understand that any stereotype that you had in your mind about Australian industrial relations of the past is not true of the present.

There has been more than almost a 60% reduction in industrial disputes in this country; a 10% reduction in non-farm real unit labour costs; a significant move from wages to profits which has been associated with an historically high level of investment. And those things basically have come about not simply through changes in economic policy of which you are aware, but all those have been founded upon this philosophical, if you like, attitude that this country which has been the lucky country can only be a successful and competitive country in this tough new world if it indeed was going to set about the business of trying to work more sensibly together.

I do ask you to understand that you are looking at a country now which is undergoing that transformation, which is accepting the challenge that it can no longer be seen as the lucky country, that we have to make our way in the world, that we have to be competitive and in doing that, let me say to you that we understand that we can't do it by ourselves.

We welcome investment from overseas in this country and wherever it comes. We understand that we need the best of new technology that is available from around the world which harnessed with our resources and with a skilled labour force is capable of developing this country in a way which we cannot do by ourselves.

Now of course these changes that have been taking place in this lucky country which is now becoming a more sophisticated country have been occurring of course in a world and a region which is changing almost beyond measure. I would like to say just a few words about that if I may.

We are of course, ladies and gentlemen, singularly fortunate to be living at this point in history. There has probably not been a more exciting time to be alive than this present age. The world that we're living in now is almost unrecognisably different from that world in which we all grew up. Not merely in material and technological terms, but now excitingly in political terms.

We have witnessed just in this last few years the most dramatic transformation in international relationships in the whole of recorded history. Until just two or three years ago the two super powers were concentrating their efforts on a seemingly endless accumulation of the means of destruction which could destroy not only each other but the world thousands of times over.

This was both frightening and it was economically insane. The ... of the magic chemistry of circumstances ... can't entirely wait and define but which, when history is written will pay very great tribute to two men, Reagan and Gorbachev. Due to a magic chemistry, but also due to what I see as an understanding at the international level of the truth of what we've seen in this country, that is that the true protection and advancement of the interests of the people of the Soviet Union and the people of the United States was much more likely to be achieved by consensus and co-operation than conflict and the absence of consensus. That understanding dawned and we have seen now those great powers seeking to work together to advance the interests of their own people in that way rather than by fighting one another.

Of course that has immeasurable implications for us all. It is not the time or the occasion of course to attempt to analyse all the implications of what's happening. But I do say this, that it seems to me that it is profoundly in the interests of us all to ensure that those great changes that are taking place in Eastern Europe and the Soviet Union are given the maximum chance of succeeding.

Because that will be good, not only for the people of Eastern Europe and the Soviet Union, that they will come to understand the immeasurable benefits of a free society

both in political and economic terms but it will also be of immeasurable benefit to the rest of the world in terms of our security and in economic terms in the opening up of greatly increased market opportunities and possibilities for international trade and commerce between us all.

But even so far as this region is concerned, I would like to say just a few things here. Until we became the Government in 1983, Australians, thinking Australians had tended to express the view that Australia was part of the Asian region. But it had been very largely lip service. One of the commitments I made when I became Prime Minister was that we would try and translate that lip service into reality.

And so in the seven and a half years since we have been in office, we have attempted in reality to move to enmesh the Australian economy into the economy of the region.

That's been done essentially in these ways. Firstly by strengthening the bilateral relations that we have with the countries with the region. Very importantly, at the beginning of the last year, I took the initiative in Seoul to move to establish what has now become known as APEC, the Asian Pacific Economic Co-operation Council. We are proud here in Australia of the way in which the countries of the region have responded to that call.

What we are seeking to do there is to give substance to the truth, that the countries of this region are the more likely to grow both in economic prosperity in terms of political security if we take steps to try and enmesh our economies together. And that movement now, I believe, is irreversible and the next stages of that process are to look to the enlargement of APEC by looking at the three Chinas; mainland China, Taiwan, Hong Kong. And then I believe later down the path we'll also be able to look at, if the Soviet Union develops a marked economy and it inevitably will, the possibility of the Soviet Union joining as well.

As far as Australia is concerned my friends, we see our future very much as being identified with the region. May I say to my friends from Europe that it does not mean in any sense that we see an end to our important relationships with Europe. A country which has been established in the way we have which owes its institutions to the United Kingdom is not going to break those relationships into the future. But it is the case that if you look at it in economic terms our future is very much in this region.

May I say particularly therefore to those representatives from Japan and other countries in this region that we want you to look at Australia no longer as some isolated outpost of Europe. We are a country which is indebted to



our origins for the institutions that have made us a great parliamentary democracy.

But essentially our economic future is in this region and we seek to enmesh ourselves with it and we are in the position my friends where we have in a sense put our decisions where our mouth is.

That leads me to the final thing that I want to say. It is this, that it will indeed be one of the great paradoxes of our time and one of the fatal paradoxes if we are part of this great transition in international political relationships which offer for the first time in the nuclear age the possibility of security, if we, as being part of that, make the fatal mistake of not showing the same degree of intelligence in the way we organise our international trading relationships.

To be specific, we are now as an international community coming to a deadline in the Uruguay Round. It is scheduled to finish at the end of this year. I tend to think that because of the diversion of resources and intelligence that have been associated with the Gulf crisis that there may be some extension beyond the end of this year to try and get an outcome.

But let me say this, that if we do not get a successful outcome to the Uruguay Round in which, speaking from a point of view of Australians there was appropriate recognition of the need to get a freeing up of trade in agricultural products, then it is very likely that the Uruguay Round will end in failure.

If that were to happen, history certainly would teach us this, that if you descend into economic autarky because you cannot in fact have sensible international trading relations, then you move very quickly towards a deeply de-stabilised political situation. And that would indeed be the fatal paradox - a world which has shown its capacity politically to come to mature decisions in terms of its relations but then blew that up against the wall by not being able to make sensible international trading decisions.

That's why my friends we in Australia have taken a lead in the formation of the Cairns Group which has become now an established entity in these negotiations between the European community and the United States of America. We will continue to show leadership in that area. Not simply in pursuit of our own interests, although they are present, but in the basis of a very firm conviction that our own interests and the interests of all other nations are only going to be properly served if we do have a fully freed-up international trading system. I believe you in your important industry will and should share those views.

So it means I hope that you will see in what I've been trying to say to you that we in this country have understood that we live in a world which is changing with almost alarming and immeasurable rapidity. In that rapidly changing world it has not been good enough, and it will not be good enough, to adhere to outmoded assumptions and practices of the past, whether that be on the part of unions, ... or government. We have attempted in this country to harness those forces of change constructively so that we can both advance our own interests and be a constructive partner in the region and the rest of the world.

May I conclude by saying that I would think and believe many of those thoughts which I've expressed would be relevant to your own business operations within your own countries and in your relations, one with the other. And indeed the very fact that you're meeting together in this forum seems to me to be indicative of your understanding of that necessity to work with one another rather than against one another.

So in conclusion I thank you again for the invitation that you've extended to me. I wish you well in your deliberations. Finally, I repeat, I hope that you will learn from your perhaps brief stay in this country that Australia is now a different country. We're not just the lucky country. We recognise that we are a country which has to be clever and has to live with the rest of the world, compete with the rest of the world, co-operate with the rest of the world.

I can assure you that you will find in Australia a willing partner in your endeavours.

Thank you.

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