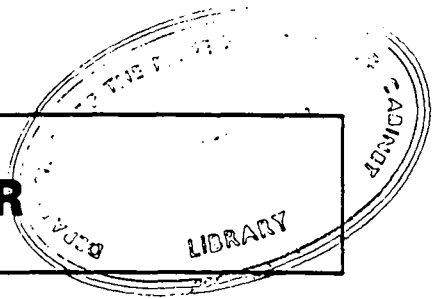




PRIME MINISTER



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**SPEECH BY THE PRIME MINISTER
NATIONAL PRESS CLUB
WEDNESDAY, 13 MARCH 1991**

Mr President, ladies and gentlemen

This is the third time I have had the pleasure of addressing the National Press Club in just under a year.

I hope no-one thinks I'm abusing the Club's hospitality. Rather, the importance of these three occasions reflects the importance of the Club itself, and the importance of the National Press Club luncheons, as an institution in the life of our capital and our country.

You will recall that the two previous occasions in these twelve months were my election-eve address last March, and my proposals for reform of Commonwealth-State relations - Towards a Closer Partnership - last July.

And without pretentiousness, I believe it is entirely appropriate to see these three addresses as a trilogy.

They have, I believe, an underlying unity, a consistency of purpose and a commonality of themes.

In my address to the Club before the last election - and in that speech itself I was paraphrasing remarks I had made to you, only the previous December - I said this:

'In this election I am fighting to realise a vision for Australia - an Australia with a modern, diversified, competitive and export-oriented economy; an Australia vigorously engaged with the world economy, and enmeshed in particular with the dynamism of Asia and the Pacific; an Australia committed to maintaining and enhancing the quality of life, social justice and the preservation of our natural environment; a self-reliant Australia, not merely fitting in with the world as we find it, but helping to shape it.'

Our whole campaign, and the policies we presented and which the people endorsed, were designed to advance those goals - to bring that kind of Australia into reality.

My proposals to establish a new Federal-State partnership, which I laid before you four months later, speeded our course towards those same goals. These processes of negotiation between the three levels of Government in this country are designed, as I said to you then:

'to improve our national efficiency and international competitiveness, and to improve the delivery and quality of the services governments provide'.

And, the purpose of my Statement yesterday was to announce a package of substantial new measures directed, again, to that fundamental task: improving the productive capacity of our economy, to make it more competitive internationally.

This cannot be stated too frequently or too strongly: the master key to unlock the gates to the kind of Australia we seek is, in the words of that Statement, building a competitive Australia.

The measures I announced are all directed to increasing national competitiveness.

That's why we are reducing tariffs, reducing wholesale taxes, pushing ahead with micro-economic reform, overhauling the Federal system, building a clever country.

Today, I want to point to what the decisions show about my Government's approach to its role and responsibilities. Because this Statement is an expression of our view of the proper role of government in Australia, during this crucial decade.

Too often, this question of the role of government is presented and argued in simplistic black and white terms.

Some people assert that Government should never retreat one step from interventionism - that the cosy deals of all-round protectionism of the fifties and sixties must be left intact; that every intervention by governments in the market must be defended; that every asset the Government has accumulated over the decades should be retained; that every welfare entitlement ever bestowed is sacrosanct.

Others, by contrast, insist, dogmatically, that less Government is necessarily better Government; that every market will work to maximum efficiency only when Government has vacated the field; that private sector provision of services is superior to public sector provision, by definition; that any regulation is too much regulation.

Neither approach deals with today's realities. Neither approach meets the demands of building a competitive Australia.

Both approaches are totally inadequate as a basis for leadership in meeting that challenge. And the proper role of Government is about leadership - setting the right goals for this nation and setting the right policy framework within which the people themselves can best achieve those goals.

We have to face the fact that, in ninety years of Federation, Australia has accumulated huge impediments to efficiency in the way we govern ourselves, the way we run our economy, and the practices we have entrenched in our places of work. Yesterday's Statement is a major step towards removing those impediments.

The Statement must, of course, be placed in the context of the reform already achieved - a consistent continuing process over the past eight years.

We put micro-economic reform on the political agenda of this country, and we have stayed ahead of the game ever since. We were the first to identify the bottlenecks and start to clear them. We have won the co-operation of those involved in making the reforms work, and we have set tight timetables to achieve them.

And let me immediately meet head on the suggestion that the Statement fails to push ahead with micro-economic reform fast enough.

I make this simple assertion: we have achieved more micro-economic reform in the last eight years than was achieved in the previous eighty.

I invite those who suggest we are moving too slowly to consider the following list of activity underway, in this year of 1991 alone:

- . on the wharves, productivity will improve by up to 70 per cent by the end of the year
- . on our ships, crew levels will be reduced to the levels of our major trading partners
- . by December, we will have a second telecommunications carrier
- . we are already reaping the benefits of open competition in domestic aviation
- . conditional on a positive outcome of the environmental impact study, tenders will be let immediately to start construction of the third runway at Sydney airport
- . the National Rail Freight Corporation will be established on 1 July with world standard workplace efficiencies

- . we have set the basis for the introduction of uniform charges on road users this year
- . at the Second Special Premiers Conference in May and November there will be further reform of the processes of government
- . at the May Conference, we will seek ways to increase competition through extending the Trade Practices Act
- . union amalgamations, award restructuring, and enterprise bargaining will continue to transform the Australian work place - all without significant industrial disruption or a wages free-for-all
- . accelerated tariff reductions, lower wholesale sales taxes and simpler depreciation provisions - announced yesterday - will all improve the quality of long-term resource allocation within Australia.

That's in this year alone. Yet we have the cry from the conservative parties - who did nothing for a generation about the Australian infrastructure, who indeed created or entrenched its worst inadequacies - that we should go faster.

But note this - they have not made a single practical suggestion about how to 'move faster'. And, in fact, when questioned about this only this morning, Dr Hewson conceded, and I quote:

'Nothing is easy in this business and there's no substitute really for a long hard slog of structural reform.'

But never, in their long period of office, did our opponents dream of beginning the long hard slog themselves. In their public rhetoric, they call for confrontation, a return to the industrial disruption of the days before the Accord.

But behind the macho display, they concede the magnitude of our achievement.

We find their spokesman on shipping and waterfront reform, John Sharp, saying only last November:

'Looking at the Government's performance in micro-economic reform of coastal shipping and the waterfront, we find that its greatest area of success has been in shipping... The Government should be congratulated for that - we must give credit where credit is due, because this is a notable change.'

And for a real show of strength and firm policy direction, I invite you to consider the recent remarks of their spokesman for industry and commerce, Ian McLachlan. At an industry seminar in February, he told a questioner - and I quote from The Australian:

'Your question is 'will we have the guts to do it' (reform the waterfront). I don't know. George Bush said, 'read my lips'. I can only say you're going to have to either trust people or keep voting Labor.'

As I have said, part of the proper role of government is to provide leadership. Leadership involves not only making the correct decisions, and changing policies. It involves promoting change in community attitudes, when those attitudes entrench wrong policies.

This is the essence of leadership, and it is a far more difficult and challenging role. It is harder to change attitudes than it is to change policies.

And the whole thrust of the Statement yesterday is to promote changed attitudes, and to reverse the pernicious and pervasive results of Australia's traditional protectionism. Industry will no longer be able to regard the domestic market as its captive. There will be real incentive for industry to improve the quality of its product and adopt new technology. Initiative will be properly rewarded, not penalised.

The fact is, ladies and gentlemen, that behind the high tariff walls, managers and workers practised confrontation rather than co-operation. Ultimately, the Australian customer paid the penalty in higher prices as tariffs were increased to cover the widening gap between the productivity of our protected industries and those overseas. Such industries were incapable of competing on world markets.

But worse still, tariffs damaged our traditional, efficient export industries. Not only do tariffs raise prices directly they also cause workers to demand, and make tariff protected industries relaxed about conceding higher wages, raising the cost structure for all Australian enterprises.

In addition to this burden on our export industries, tariffs cost ordinary Australians dearly - indirectly, because we were all living in a society poorer than it could otherwise have been, and directly - straight out of our pockets - because tariffs meant more expensive consumer goods. And as I pointed out yesterday, tariffs are highly regressive. The Industry Commission estimates that the burden that tariffs impose on lowest income Australians is three times heavier than that imposed on those with the highest incomes.

By restricting our participation in the increasingly important trade in sophisticated manufactured goods, tariffs constricted Australia's growth - at a time when the rest of the world, including our own region, was growing rapidly.

And beyond the hard arguments, I believe this:

If our economy were to turn back once more to the era of insularity and introspection, when we sheltered behind high

tariff walls, then it would in the long run become as financially bankrupt, as our society would be morally bankrupt if we were to shelter once more behind the walls of a White Australia policy. That is why I say that the role of leadership, the proper role of government, is to change attitudes as much as to change policies.

Mr President

In my Statement I made no attempt to conceal the fact that at this time of recession the Government has deliberately turned away from offering short-term palliatives.

This is because:

- first, the decisions to lift Australia out of recession, through interest rate falls and tax cuts, have already been taken;
- second, the long term structural changes on which we have embarked are in themselves directed to improving, through greater competitiveness, the prosperity of the Australian people; and
- third, to the extent that the recession is causing temporary hardship, this hardship is alleviated by the safety net we have strengthened and widened.

It is on this third point that we can see most starkly the contrast between this Government and the Opposition about the proper role of government.

A political party's character is not tested when times are good and when pay packets are full.

Because a rising tide does lift all boats - and it is a relatively simple political task to distribute the benefits of growth.

The true test of character comes on the economic ebb tide. That is when you see political parties in their true colours.

That is true of Australian politics today.

And what a stark contrast it provides.

On the one hand, the Government has assiduously targeted the resources of the public sector so that the maximum assistance is delivered to those who need it most.

Within a massive reduction in Government spending as a proportion of GDP since 1983, we have substantially lifted the amount of money, in real terms, devoted across the spectrum of social justice programs.

Through the Family Allowance Supplement, through Medicare, through our expanded agenda of action on behalf of

Aboriginal people, we are ensuring that those in need do see the compassionate face of Government.

And in yesterday's Statement, I outlined ways in which the Government would assist those directly disadvantaged by the tariff cuts.

Because it has been my firm conviction that where the community is prepared to achieve changes that deliver benefits at the expense of a few, then the community must be prepared to share the burden of change with them.

That is why we have established labour adjustment programs for workers in the car and TCF industries, so that relocation, retraining and redeployment is not just a theoretical possibility but an actual outcome of the tariff reforms.

We bring this same approach in dealing with the consequences of recession. If the benefits are to be shared, so must some of the burdens.

We are determined that we will emerge from this recession with enduring gain to show for its transitory pain.

A recession can severely damage a nation's resources in the form of its job skills. Apprentices, in particular, have been hit badly in the past. They have been laid off with their training incomplete and thrown onto the dole, never able to resume their training - a permanent personal loss, and a permanent loss to the community. That was one of the worst aspects of previous recessions.

We cannot afford to repeat that kind of double loss. And that is why I announced yesterday, new programs to enable employers to retain and improve the skills of apprentices and other workers who would otherwise be working reduced hours or have been retrenched; and why we will spend \$74 million, over the next two years, to provide work experience for people unemployed for more than six months.

Against all this, the conservative parties reveal a quite different set of values, and the implications of their philosophy, damaging enough to a society at any stage of the economic cycle, are truly devastating in a society in recession.

Unemployment benefits are a lifeline for many Australians in these difficult times. That is a sad fact.

But the Opposition alternative is to prevent unemployed people from receiving benefits after nine months, and to tell them to swim - or sink.

The Opposition's long-standing antipathy towards Medicare, its suggested voucher system for education, and its truly astonishing proposals to privatise Social Security so that welfare assistance could be channelled through the voluntary

agencies - all point to the contrast between us, in attitudes to the proper role of Government.

And, on top of all this, we have their proposals to undo our progress towards a more efficient and fair taxation system.

First, they propose a consumption tax - which would give inflation a massive shot in the arm at the very time when Australia has the opportunity of economic recovery with low inflation and low interest rates.

And a blatantly regressive tax at that - a tax on food and clothing which will not be fully compensated, meaning lower living standards for working Australians.

And second, they propose a flatter income tax which would also, by definition, impose a heavier burden on lower income earners.

In sum, their policies reveal a view about the role of Government diametrically opposed to ours.

Where we have made a safety net, they would make a social trap door through which they would push the most disadvantaged Australians.

Ladies and gentlemen,

Today, I have examined aspects of my Statement as an expression of our approach to the proper role of government.

But I repeat again what I tried to emphasise yesterday: in the final analysis, the challenges ahead demand the involvement of all Australians. And I really believe that one of the best of all the great things about being an Australian, is that none of us is automatically excluded from participation in the task of making this an even better place.

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