



# PRIME MINISTER

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SPEECH BY THE PRIME MINISTER  
ADDRESS TO THE COMMITTEE FOR THE  
ECONOMIC DEVELOPMENT OF AUSTRALIA'S CONFERENCE  
AN AUSTRALIA THAT WORKS : A VISION FOR THE FUTURE  
SYDNEY - 1 MAY 1991

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Distinguished Guests  
Ladies and Gentlemen

Australia has never lacked writers and poets whose words could conjure up visions of the future of this nation and its people.

I do not mean merely the evocation of our physical landscape, like Banjo Paterson's "vision splendid of the sunlit plains extended".

I mean visions of the nation itself - of how its people should act to secure their best future.

Henry Lawson cast the nation's future as a choice between "the old dead tree and the young tree green" - words taken up by Manning Clark as the title of the last volume of his History of Australia.

At this Conference, our vision is somewhat less poetic, but certainly more relevant to the management of the complex and diverse society that we have become - the deceptively modest goal of 'an Australia that works'.

The danger for those who seek to articulate a vision for the future of their nation is obvious: they run the risk of being accused of substituting empty rhetoric about long-term goals for hard analysis and prescription about immediate problems.

But it is only by identifying valid long-term goals that we can possibly make the right decisions about those more immediate problems.

Nowhere does that general truth have more particular validity than in the case of economic management of the affairs of a nation.

The constantly changing circumstances in which a national economy operates; its inherently conflicting interest groups; and the often discordant chorus of commentators, make the task of consistent and effective short-term management difficult. A vision of the long-term future is a necessity - as a guide, and as a model against which progress can be measured.

And let me be quite explicit - I am speaking directly from my personal experience as Prime Minister. When my Government embarked on our program of profound and comprehensive reform - reform of institutions of the economy and reform of attitudes about the economy - we recognised that change could be painful. And so it has proven. We recognised that sacrifices could be necessary. And they have been.

We could not have undertaken this program of reform, and we could not have required those painful costs, unless we had articulated, realistically portrayed, and adequately detailed our vision of the kind of Australia that we are seeking to build.

And right from the start, through the National Economic Summit, and through a consensual approach to our decision making, we sought to involve the community as a whole in this task.

Because, let me stress, the task of formulating and articulating a vision for the nation is not a task for Government alone. It certainly must not become the preserve of the mandarins of the bureaucracy, or of the self-styled experts representing vested interests, or of the theorists of academia.

A vision is not some arcane formula cooked up by specialist elites; it is and must be a real and comprehensible program developed for and by the nation as a whole.

That said, let me once more sketch what I as Prime Minister see as the long-term outcomes of the reform process on which we have embarked - which is to say, the elements of my vision for the future of Australia.

Just as importantly to your purposes, I want to draw lines into the future, linking the Australia of today with this vision we are striving to attain, and showing what more we must do if we are not to be thwarted in our ambition to reach our goal.

The first element of this vision for Australia is for a modern, prosperous, growing economy, shaken out of its old complacencies - an Australia that draws on its comparative advantages to improve its standard of living - an Australia

increasingly able to earn its way in the world through its creativity and ingenuity - an Australia that makes full, efficient and effective use of its human and natural resources to achieve sustainable growth.

It is only in such an Australia that opportunities can be provided for all Australians to maintain and enhance their standards of living.

So the second element relates quantity of output to quality of life. Our Australia of the future must be a democratic society with the deepest attachment to the rule of law. It must be a just society, that values all its members and provides opportunities for them all to contribute to, and benefit from, national life. The material resources generated through growth must be available, through fair taxation and through the provision of education, health care and support for the needy, for the advancement of all.

This Australia will be a multicultural society by demographic fact; it must also be multicultural in practice, through the mutual respect of all its citizens, and the unity of their commitment to our national identity.

And it will be an Australia that has got the balance right between the necessity for continued economic growth and the necessity for protection of our environmental heritage - an economy that has identified the concept and implemented the reality of ecologically sustainable development.

The third element of this vision of Australia concerns the attitudes we bring to our relationship with our region and to the rest of the world.

I see a self-reliant and confident Australia forging its own place in the world - an Australia that through its traditional bilateral alliances and friendships, and through multilateral means, is capable of forcefully pursuing its own interests in a challenging world environment - an Australia prepared to challenge the folly of trade protectionism - an Australia prepared to contribute to the maintenance and spread of peace and stability - an Australia, in short, that does not merely fit in with the world order as we find it, but that helps to shape it.

These are broadly stated goals that, as such, command almost universal respect throughout the Australian community.

It is on the question of how to attain these goals that we hear the emerging voices of pessimists, who seem to believe the challenge is simply too great for us.

They say that Australia cannot hope to survive, let alone compete, in a dynamic Asia-Pacific region or in a global economy dominated by superpowers in North America, Europe, and North Asia. For them Australia is too firmly rooted in its past to make the change to the flexibility, the diversity, and the competitiveness that the future demands.

The paradox of course is that those who believe we cannot escape our past urge us to return to it - through the failed policies of selective industry protection, managed exchange rates, and confrontationalist industrial relations. They want us to burden ourselves once more with the introspective and short-sighted policies of expedience that for most of the post-war years simply erected and entrenched the problems that we are now dismantling and remedying.

I am essentially an optimist. I know Australians pretty well and I know from first hand - in the Cabinet room and out in the community - the changes that Australians are undertaking and the determination with which they are doing so. I put great faith in the resilient capacity of our democratic system to contain and resolve the inevitable tensions generated in periods of rapid change and uncertainty.

But I hasten to qualify this optimism with a healthy dose of realism. The inherited problems facing this nation in the early 1980s were huge; they have not by any means all been solved.

- . We are still predominantly a commodity producer, like we were 140 years ago, influenced now as then by the continuing cycles of international boom and bust.
- . We are still a Federation of separate sovereignties, victims of the economic and administrative inefficiencies we inherited from those who drew colonial boundaries over our continent.
- . We still, too many of us, see ourselves as perched uneasily on the edge of Asia, in it but not of it; we are not yet capable of maximising in the region our strengths as a prosperous, well educated and free society.

These are deep-seated shortcomings in our national development, and we should not be shy in admitting them or reluctant to concede the need for redoubled efforts to remedy them.

But equally, it would be niggardly, and plain wrong, to claim that nothing has been attempted or that nothing has been achieved.

I don't want this address to become a partisan list of Government achievements. But I do want to talk, and with pride, of the profound and far-reaching changes that I detect have taken place in the community as a whole over recent years.

These changes can be categorised under three broad headings. Australia is becoming a more competitive society, a more cooperative community, and a more outward-looking nation. Each of these changes is related to the broad elements of the vision for Australia I outlined at the outset. In other

words, we are making real progress towards those goals; we are taking with us into the future more of the characteristics that we will need to build the kind of society we want.

### A More Competitive Australia

Perhaps the best indication of our emerging maturity as a nation, and the clearest demonstration that we are shaking off the inefficiencies of the past, is our historic transformation away from industry protection.

There was no better symbol of Australia's traditional preference for isolation over international enmeshment than the tariff; and there is no better proof of our growing preparedness to take on the challenges of the modern, interdependent, global economy than our determination to bury the tariff.

This Government has deliberately and determinedly set about pulling down the tariff walls. The change can be dramatically measured. By the end of the decade, we will have slashed the average nominal rate of assistance to the manufacturing sector from the 13% that prevailed in 1983 to 3%, and the average effective rate of assistance from 22% to 5%.

Turning the tide of protectionism marks the start of a new chapter in the economic history of this country. Australian industry will no longer be able to regard the domestic market as its captive and the world market as beyond its reach. Export orientation will increasingly enter the strategies of even moderately sized Australian firms. New incentives will be generated to improve product quality and to adopt new technology. Managers and workers will no longer be able to shirk the challenge of international best practice.

For our efficient export industries, this means lower input prices; for Australian families, cheaper consumer goods. Ultimately, for the Australian economy as a whole, there will be a new capacity to compete on world markets.

At the same time as we are dismantling the barriers to competitiveness that stand at the borders of Australia, we are also eliminating the barriers that exist within Australia.

Microeconomic reform has gone from being an arcane and irrelevant term to one at the top of the political reform agenda. That hasn't happened by accident; it has come about because Australians have realised that it is intimately related to the quest for higher productivity and efficiency.

Our transport and communication systems, our taxation system, our work practices and industrial relations had for many decades acted as impediments to the easy flow of goods and services and to the proper development of our individual

talents. The last few years have seen the start of revolutionary change in each of these fields - change that must and will continue if we are to build the Australia of our vision.

This of course will cause discomfort, and some pain, to individuals and organisations who are jolted out of their traditional ways. That is the nature of micro-economic reform: the gains are diffused throughout the society, while the costs must be borne in the first instance by those immediately affected.

The labour market adjustment programs that we have instituted to help workers displaced through tariff reductions show that the community can, as it should, provide transition assistance to those affected.

But the process of adjustment itself is necessary and inevitable.

Australia cannot afford to retain islands of cosseted inefficiency in the sea of increasing national competitiveness - whether those islands be an overmanned wharf, an inefficient government enterprise or an expensively protected manufacturer.

A third landmark on the path to a more competitive Australia is the emerging proof that, after several lost opportunities during previous decades, Australia is at last set to get low inflation.

Most forecasters are now predicting inflation close to zero for the March quarter, and less than 5% during the next few years.

A lower inflation regime will reduce uncertainty and improve our economic efficiency in general. It will improve the functioning of the price system, lower interest rates and induce better saving and investment decisions. It will reduce the remaining distortions in the tax system, enhance the quality of information available for business decisions and allow a more equitable income distribution.

And for the first time in years we can now expect a low inflation recovery associated with the necessary improvement in the current account.

In other words, lower inflation - inflation more in line with the levels of our trading partners - makes an essential contribution to the emergence of a greater competitiveness.

Underpinning this competitiveness is perhaps the most profound sea-change of them all - the greater mobilisation of our human resources. I mean not just the skills of our elite intellectual community but the talents of managers and workers in factories and offices throughout the nation.

As I said in the March Statement, this mobilisation does not necessarily mean working harder. But it does mean working smarter - working more effectively, using new materials, new production technologies and new management methods. It means being a clever country - providing the right incentives for our children to complete secondary schooling and ensuring adequate arrangements to meet their demand for tertiary education; encouraging our best scientific minds to focus on expanding the frontiers of knowledge and on enhancing economic competitiveness and productivity; and striving to adopt the best working and management practices.

#### A More Cooperative Australia

Australia has always been a society dedicated to the spirit of cooperation. We are, after all, a "Commonwealth" - and the very purpose of cooperation is to enhance the shared prosperity of all those who participate in it.

But in recent years we have seen new and significant manifestations of this characteristic.

One hallmark of a cooperative community is the quality of its social justice programs. Today, assistance to the needy is more plentiful in real terms and better targeted on those most in need, while the dramatic expansion of child care services, the creation of comprehensive health insurance and the spread of superannuation ensure that social justice remains relevant to changing social needs.

A second hallmark of a cooperative community is its ability to overcome internal impediments to efficiency.

It is astonishing to think that by 1992 there will be fewer real barriers between the member nations of the European Community than there will be between the Australian States. Our 17 million people will form a more fragmented market than the 340 millions of the EC.

So the task of improving the efficiency and competitiveness of the public sector, and improving the delivery and quality of services governments provide is an urgent and a vital one.

That is why I launched the special Premiers' Conference process which, last October, took up the challenge and initiated a review of intergovernmental arrangements in an unparalleled spirit of co-operation.

A third hallmark of a cooperative community is its ability to work together to achieve common goals.

Nowhere is this co-operation more vital than in the labour market. Much of the change I have described and foreshadowed has the workplace as its focus. Here, where wealth is created, we must see real change if the nation is to equip itself to fulfil the wider aspects of the vision I have described.

This essential truth was recognised by this Government from the time of the Economic Summit, which we convened on assuming office, and in the forging and nurturing of our key relationships with employers and the trade union movement.

These relationships have reached their most developed form in the Accord, reflecting not only the close historical and political association between the Labor Government and the trade union movement, but also the cohesive structure of the ACTU that enables them to negotiate and to deliver on undertakings given.

The instrumental role the Accord has had in the Government's macroeconomic policy is well known - most clearly perhaps in underpinning the change in the profit share that facilitated the resurgence of investment.

But its role in promoting deeper and more permanent structural change has received less attention. The reduction in industrial disputes by around 60% is one indicator of the Accord's effectiveness in this role. We are also seeing union rationalisation and award restructuring, moving us out of the nineteenth century era of craft based unionism, and a new willingness to negotiate industrial agreements to facilitate greenfield projects.

These changes, fundamental as they are, represent but one stage in what must be a continuing process. A commitment to further increasing labour market flexibility is integral to Accord VI. But let me point out that, contrary to assertions commonly heard, our industrial relations system, at its present stage of evolution, is entirely capable of accommodating innovative agreements between employers and workers. And we have seen such agreements put in place, including in large and traditional industries like steel and chemicals, that have yielded very significant improvements in productivity.

In mentioning these let me acknowledge and pay tribute to the contribution by management to this progress. As I noted a few moments ago, this Government has from its earliest days sought to consult and involve employers in developing policy strategies. It is certainly our intention that this should continue. Indeed, integral to our vision for the future is the creation of a closer, more productive relationship based on mutual interest between unions, employers and government.

Ladies and gentlemen, the difficulties of achieving change are as real and stark in the area of industrial relations as anywhere else in the economy. Traditional structures are reinforced by a complex web of traditional attitudes; together, they constitute a real barrier to change. Our history of protecting industries from competition has hindered the development of the skills required, on both sides of the labour market, to cope with the more flexible environment we all acknowledge is desperately needed.



The tensions, uncertainties and fears this creates have been graphically displayed in the lively debate that has followed the latest National Wage Case decision.

I do not impugn the motives either of the Commission in bringing down the decision or of those who have commented on it since. The Government's fundamental position is clear: reform and restructuring must proceed. I want to see the attention and energies of all parties focussed on achieving this vitally essential objective.

There can be no doubt that the process of waterfront reform, with which I have been intimately concerned in recent days, certainly exemplifies the difficulties of achieving change. But change must be achieved and will be achieved. And, as my responsible Minister, Senator Bob Collins, will testify, the waterfront reform process graphically illustrates the fundamental truth that it will only be achieved through hard, grinding negotiation - not by high flown but empty rhetoric about confrontation on the waterfront.

#### A More Outward-looking Australia

Most of the dramatic changes I have described so far have affected Australia's domestic framework. But each of them also has a direct and vital impact in fostering a more outward orientation of the Australian nation.

Indeed, the simplest way of describing the diverse range of economic reforms we have undertaken so far is to say they have 'internationalised' the Australian economy.

Deregulation, the fostering of domestic competition, the effective management of fiscal, wages and monetary policy, have made us more open and exposed to the challenges and opportunities of the international marketplace, and more competitive in taking them up.

At the same time, tariff reductions have given us a wholly new credibility in taking on the agricultural protectionists in the Uruguay Round of GATT.

Australia has diligently pursued over the last four years our essential interests in the Uruguay Round - attempting to ensure our farmers get fair and equal access to world markets, and to protect the global system from corrupt, trade distorting policies.

It was very much in pursuit of these interests that we established the Cairns Group - so that nations with similar interests could speak with a collectively louder and more influential voice.

The revolutionary changes taking place in global economic life are nowhere more visible than here on the Pacific Rim. This region generates one third of the world's trade and

more than half its economic output. It contains the world's fastest growing economies.

Our domestic economic reforms have made us more capable of participating as a full partner in these developments - while our foreign policy has underlined our willingness and ability to strengthen the productive framework of our region.

I am very happy to see the steady progress made by the Asia Pacific Economic Cooperation process - established following my proposal in January 1989.

APEC is evolving into a major regional economic forum for discussion of developments in the world trading system, including the post-Uruguay Round environment, and practical co-operation through the development of work projects.

Australia must be realistic about its capacity to influence global events. But middle power diplomacy can be a force for change and good, as our efforts have shown on Cambodia, southern Africa, chemical weapons and - culminating only this week - on the prevention of mining in Antarctica.

We will continue to use our good offices to influence and shape a future that reflects Australia's interests. In particular, we must continue to assert and to defend the principle that the long-term security of individual nations will be best advanced through collective security.

The Gulf crisis, a watershed in modern world history, defined once and for all the end of the Cold War which had held the world frozen for forty-five years. It demonstrated the capacity for collective action in defence of collective security. It precipitated a resurgence in support for the role and mechanisms of the United Nations.

Australia was in the forefront of the action to defend the principles of collective security, and I am proud of our role in the crisis.

Ladies and Gentlemen,

There is one final manifestation of this outward looking perspective to which I wish to refer this evening: Australia's rapidly growing tourism industry.

Over the last decade, Australia's tourism industry has witnessed unprecedented growth and development to become one of our biggest export-earners. It accounts for over 5 per cent of GDP and employs nearly half a million people.

Tourism's decentralised character also assists the diversification of Australia's non-urban economic base.

While these past achievements deserve praise there is no room for complacency. The challenge for the tourism

industry is to deliver an internationally desirable and competitive product.

To this end, I congratulate CEDA on its publication of "Tourism in Australia", and I am happy to launch it now. It represents a timely and objective examination of the strengths and weaknesses of the industry and the opportunities and risks facing it.

Insights such as this, together with forward looking strategies being developed by the industry itself, provide an understanding of what is required to develop Australia's almost limitless tourism potential.

Ladies and gentlemen,

I have spoken at length tonight in response to your invitation to examine these difficult and important issues.

I congratulate you on the ambitious nature of this conference and I wish you well in your discussions.

In closing I stress this vital point.

National goals are not like the goals on a football field. They are not fixed targets; we all know that the only constant fact these days is the fact of constant change.

Adjustment to change - the process of reform - is not something that we can expect will have some clearly defined end point in a more stable and more predictable future.

Reform, adaptation, flexibility, dynamism - these will be continuing needs; they must become enduring characteristics of our daily life as a national economy.

I trust conferences such as this will play a successful role in educating Australians and in winning their informed involvement in the continuing challenge of reform.

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