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PRIME MINISTER

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**SPEECH BY THE PRIME MINISTER
ACTU CONGRESS
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Delegates,

There can be no doubt that the ACTU Congress is one of the most important events in the national calendar. And for me, that's true in every sense, not only as Prime Minister, as Leader of the Australian Labor Party, and as your former President - but in a deep personal sense. It is an occasion I always look forward to - partly, of course, as a return home; but more important than that, as an occasion for renewal and re-affirmation:

a renewal of those associations which have been an abiding source of strength and purpose throughout my career;

and a re-affirmation of my deep belief that the united strength of the Australian Labor Movement - industrial Labor and political Labor working together - represents the great, best hope for the future of the Australian democracy.

Delegates,

I have made that re-affirmation at each Congress I have addressed - and this is the nineteenth I have attended since 1956, as observer, officer, delegate, President and Prime Minister. But the force of its reality and relevance has never been greater than it is today, in 1991.

If we turn to the epic events which are reshaping Europe and the world, we can see how much the future depends on rebuilding strong union movements in those countries now struggling towards democracy.

And let it never be forgotten that the two monstrous tyrannies of the past sixty years shared two common enemies, and rose on the bloody suppression of them both: the organised union movement, and the parties of social democracy.

Then, if we look at our own past, these events deepen our understanding of the historic importance of the bond between industrial Labor and political Labor, unbroken for a hundred years.

As Martin Ferguson noted on Monday - and I congratulate you, Martin, on your first Presidential Address to this Congress - these historic changes began in Eastern Europe with a trade union - Solidarity in Poland - and reached a climax last month when the Moscow coup was ended by the threat of a general strike.

But, here, in Australia the Labor Party was formed because working men and women a hundred years ago realised that industrial action was not enough, that industrial action alone could not secure enduring improvements in living standards for themselves and their families.

In this Labor Centenary Year, this watershed year in human history, we can take tremendous pride in the achievement and vision of the trade unionists who created the Australian Labor Party and thereby committed the cause of the workers of this country irrevocably to parliamentary democracy.

Then, the third perspective from which we can see the paramount importance of a united and strong Labor Movement is the perspective of the past eight-and-a-half years in Australia - eight-and-a-half years of unequalled cooperation, between the four-times elected Labor Government of Australia, and the Australian union movement.

But most important of all is the perspective of the future; and specifically, the perspective of the next Federal election in 1993. That will be the most important test of our united strength ever, because the stakes have never been higher, not only for the future of the organisations we represent, but for the people we represent.

Delegates

You have said at this Congress that the present level of unemployment is unacceptable and you have launched your "Charter for Jobs". This Labor Government shares your view. The present level of unemployment is totally unacceptable as anything like a permanent feature of our society. It is no part of our policy to allow it to continue.

I have not spent the whole of my thirty-three years in public life in the Labor Movement to acquiesce in continuing high levels of unemployment.

As Bill Kelty rightly said at ALAC last week - jobs growth will come from getting the basics right. I believe we have in place the basic policy elements that will restore growth. Before I come to that, let me set out the record - because even allowing for the current job loss, I believe it is a record of which we, the Accord partners, should be proud.

Over the period from April 1983 to July 1991 - 100 months of Labor Government - 1.4 million new jobs have been created, on average 166,000 new jobs each year. Over this period employment grew at an average annual rate of 2.4 per cent, compared with an average of 1.7 per cent in the OECD countries between 1983 and 1990. The growth in employment under this Labor Government has been three and a half times the 0.7 per cent achieved by our coalition predecessors.

I make these points, not only so that 12 months of job loss should not expunge from memory over 7 years of job growth, but to remind delegates of the capacity of this Government, working with the trade union movement, to create jobs.

Let me now look to the future. In doing so, we must learn the lessons of the past. With the benefit of hindsight, it is now clear to us all that the situation which developed in 1988, with expenditure growing twice as fast as output, required urgent Government action to prevent a loss of international confidence in our ability to manage our economy that would have had very severe and long-lasting consequences.

The cost of avoiding those consequences has been high and we must do all we can to ensure that they are never incurred again. We must discharge our paramount responsibility as a Labor Government to reduce unemployment, but we must achieve this by restoring sustainable growth.

I believe that now, as a result of the work we have done together over the past eight and a half years, we are superbly placed to secure such sustainable growth.

We are now a low inflation country. Australia's inflation rate, at 3.4 per cent, now stands below the 4.3 per cent average of our major trading partners in the OECD. More importantly, for the first time in a generation, we have the opportunity to make this situation permanent. The commitment we have received from the trade union movement to work with us in keeping Australian inflation at levels comparable with that of our major trading partners is a key element in our strategy for sustainable growth.

For make no mistake, the maintenance of low inflation is critical to achieving sustainable job growth. It is no accident that Japan and Germany stand out amongst developed countries for their excellent record in both respects. Inflation insidiously redistributes income away from workers and distorts investment decisions, significantly reducing the incentives for productive, job-creating investment.

We are now a more competitive economy. Restructuring is not just being talked about, it is being achieved. The performance of our manufacturing sector competing on world markets attests to this. Over the eight year period to 1990-91 the value of exports of non-metal manufactures - covering machinery, transport equipment and other elaborately transformed items - increased by 220 per cent, involving growth in volumes of 149 per cent. Over the last two financial years the volume of these exports has grown by an astonishing 57 per cent.

The result has been a dramatically improved Balance of Payments - the balance on goods and services is forecast to be in surplus in 1991-92 for the first time in over ten years.

These figures are remarkable testimony to the effectiveness of our restructuring. The fact is that in the past eight and a half years your Labor Government has instituted a program of economic reform unprecedented in the history of this country.

And never has the pace been faster than 1991, where, through the March Economic Statement, the processes set under way by the Special Premiers Conference and the Budget we can see the evidence of the fundamental changes we are bringing about.

The most recent instalment in this program of reform, our recent Budget, served two fundamental purposes.

First, we preserved the structural integrity of the Budget. By offsetting all new spending initiatives with savings, we have ensured that, as the economy recovers, public sector savings will again make the positive contribution to the national savings that will be required to fund new investment.

Your President was spot on when he said, in The Australian last Monday, that pump-priming wasn't the answer.

As Martin said, and I quote:

"We are not talking about jobs which disappear in a short space of time. I don't think there is any difference between us and the Government on that type of concept. We're not coming out and saying you've got to spend \$1 billion as occurred in some other periods of economic restraint in the past."

As the economy comes out of this recession sustainable job growth will come.

Second, through a series of specific and carefully targetted measures, the Budget advances our wider agenda.

We are increasing expenditure on labour market and training programs by 50 per cent in real terms. In addition about \$420 million has been allocated to TAFE including \$40 million in 1991-92 for extra TAFE places.

As well as providing a safety net for people directly affected by the downturn, these measures are designed to strengthen the skills of job-seekers and workers and to ensure that skill shortages do not emerge during the recovery.

The Budget also builds upon our landmark reform in assistance to low income families - the Family Allowance Supplement.

When we introduced the family allowance supplement in 1987, Bill Kelty rightly lauded it at the time as a great reform - something that could not have been achieved in fifty years in the field. In this year's Budget we built on those achievements. We will introduce a major assistance package for low to moderate income families costing \$186 million in a full year, and assisting more than 200,000 families. The package delivers significant assistance to those families who have exercised most restraint over the past eight years - for example, 109,000 low to moderate income families will gain an average of \$12 per week from 1 April next year.

This represents another major improvement to the social wage.

The Budget starts to deliver on one of the most urgent social and economic challenges of the 1990s - to make our cities work better. In co-operation with the States, we must start to improve people's access to work, services and education through better transport links, more affordable and appropriate housing, and a cleaner urban environment.

Let me emphasise that we are confident that our measures will produce a return to steady and sustainable job growth, underpinned by continued improvement in the competitiveness of Australian industries.

But having said that, delegates, I give you the undertaking that we will carefully study the ACTU Charter for Jobs, and we will be prepared to engage in discussion with you about any specific proposals you may wish to develop with us, within the framework of our shared commitment to maintain low inflation, and build a more competitive economy.

Delegates,

Since 1983, the foundations of union restraint and responsibilities, the incentive for the great new initiatives the union movement has undertaken in its own interest and in the nation's interest, have been embodied in the Accord - not just the Accord as some sort of formal agreement, but the Accord as a continuing process.

It is, as Martin said on Monday, the process which is important to maintain.

As we move to the more flexible wages system, we all agree is essential to building a competitive economy, that value of the process of the Accord will continue to be demonstrated.

The Accord partners have agreed to work towards a wages outcome in the order of 5 per cent for 1991-92. But we will not be disturbed if the outcome drifts towards the top of the range, for this will mean that enterprise bargaining, based on achieved productivity, has moved faster and further than we anticipated. It would mean that we are moving faster than expected towards making our industries more competitive, and helping cement in low inflation by providing a productivity dividend to fund higher wages.

In the move to a more flexible wages system, it will be essential to safeguard the interests of those least well placed to participate immediately in enterprise bargaining. As we state in the Government's submission to the review of the National Wage Case principles, the precise form of such safeguards will need to be examined as the details of the new system become clearer. But one thing is clear now: we cannot and will not allow the living standards of one section of the community to fall while others rise.

As an essential part of the Accord agreement this year, the Government announced in the Budget one of the most significant reforms in the history of this or any other Government. It is an essential part of our social justice strategy, and a vital component of the social wage.

I am, of course, referring to the phased implementation of a minimum level of employer superannuation of 9 per cent by the year 2000.

This is our Australian partnership at work. It would be easy for a government to mortgage the future by refusing to plan ahead, by refusing to develop a retirement incomes policy for this nation. We are not that sort of a Government.

Now delegates, that is what the Accord means for the Australian workforce in the years ahead - sustainable employment growth, in a low inflation and more competitive economy, and an increasingly just and equitable society.

What is the prescription offered by the anti-Labor forces who pose as an alternative Government for Australia?

First, let this be clear:

The Coalition's policies would lead to much higher unemployment.

What else could be the outcome from a policy package of a consumption tax, slashing Government spending, eradicating inflation and deregulating the labour market. It is a recipe for industrial chaos; it is a recipe for higher inflation; and it is surely a recipe for higher unemployment.

Just as they have borrowed the Tories slogan from the United Kingdom in 1979 on jobs, they would inevitably replicate the massive increase in unemployment in the United Kingdom in the early 1980s.

The Coalition have also warmly embraced the economic policies followed in New Zealand. In fact, they have borrowed directly from the policies adopted across the Tasman over the last five years. The consumption tax, 0-2 per cent inflation target, an independent Reserve Bank and a deregulated labour market are all Coalition policies but they were first adopted in New Zealand.

It is sobering to contrast the performance of the New Zealand economy since the introduction of the consumption tax in 1986 with that of the Australian economy. For that entire period the New Zealand economy has been in recession - a five year recession. As a result, employment has fallen by almost 6 per cent, whereas in Australia over the same period employment has risen by almost 9 per cent. This massive difference in employment growth would represent more than 1 million jobs in Australia.

Delegates,

The Coalition would have no way to control wages other than through high unemployment. They would have no way of bringing inflation down other than through high unemployment. And they would have no way of minimising industrial disputation other than high unemployment, so that workers would fear for their jobs if they sought to improve or protect their rights and conditions.

And where would they cut Government spending?

Well, we know one place: these Australian Tories would throw people off unemployment benefits after nine months.

The Leader of the Opposition challenged us last year to "cut off unemployment benefits after nine months and match our policy. We are saving about \$750 million from that change."

Where else would they cut? Would it be in the areas of families assistance? Would they run down labour market programs as they promised in the 1990 election?

But delegates, there is no doubt that the most objectionable part of their agenda is the consumption tax.

A consumption tax would smash the gains we have made on inflation. It must, as I have already argued, mean higher unemployment.

It would introduce into the Australian society a profoundly regressive tax. The winners: the most privileged sections of the community. The losers: the lower and middle income earners, the poor, the aged, the disadvantaged. And whatever the rate proposed, you could be sure that it would increase, as this kind of tax has done all over the world. The first rate they set would only be the starting point.

And we know that their consumption tax would turn every milk bar, every post office, every service station, every school into a tax collection office. It would subject every good to a tax - bread, milk, meat, vegetables; every ticket, from Tatts to the pictures, from opera to the footy.

And this is the tax which Peter Reith, their Shadow Treasurer said last week would be "very good for Australian families"!

Make no mistake, delegates, it would be a devastating blow for the workers of Australia and their families.

But there is more - because the real agenda - the secret agenda - is eventually to increase the consumption tax rate to pay for a flat rate income tax. They have admitted they have considered it, and they won't rule it out.

Well, let us consider the impact of a 30 per cent flat rate tax. For a worker earning below average weekly earnings, say \$20,000 per annum, their income tax would virtually double. And for a worker earning around average weekly earnings, \$29,000, their income tax would increase by more than a third.

But for those earning \$100,000, income tax would fall by about \$9,000, or 23 per cent.

Delegates, this is a Coalition that wants to rewrite Gettysburg: Government of the privileged, for the privileged, by the privileged.

I repeat what I said at the Hobart Centenary Conference:

This Liberal opposition is unlike any that has preceded it in the forty-odd years since the foundation of that Party. Collectively in its leadership, it represents the most ideological and the most divisive alternative presented to the Australian people in the post-War era. In its program it is, more than any before it, obsessively determined to entrench privilege at the expense of fairness and compassion.

And delegates, at the very core of their ideology lies an unrelenting malevolence against the trade union movement of this country.

Unless that fact is properly understood, we will be unable to come to grips fully with the threat they pose, as an alternative government, to the welfare, the standards and the future of the people you represent, the working men and women of our country.

And that is why delegates I return to the declaration I made right at the beginning. The Federal election of 1993, will be the most important test of our united strength ever.

We must not, we will not, fail.

Delegates,

In this year 1991, significant nations which just a short time ago seemed permanent parts of the landscape have been convulsed by change, and are re-making themselves into something new, and hopefully better.

The end of communism, the end of the command economy, the end of a super-power nuclear duel which threatened the survival of the planet - these are events which are unique in the experience of the world.

We watch them with a sense of relief, of gratitude, of joy that people are going to have the opportunity at last to fashion for themselves both the forms and the realities of free societies and productive economies.

But, whatever the gamut of emotion we experience at this time, complacency should not be one of them.

We should certainly draw strength from our history, the whole history of this ancient continent we have made our nation. Just as the isolation of this land in the southern ocean gave rise to a unique environment, with unique flora and fauna, just as the Aborigines over 50,000 years developed their own unique and remarkable culture - so have we in the past 200 years developed a unique Australian society.

From the beginnings of European settlement, our adaptations and solutions, right and sometimes wrong, our social democracy, our multiculturalism, the relationship between Government and unions, are all uniquely our own.

For much of our time as one nation we have been able to do these things with the comfort of knowing we had powerful friends and a world prepared to pay well for what we grew and extracted from the earth.

But now the single most important statistic for us is that we are a nation of 17 million in a world of 5½ billion people who entertain no view that they owe us a living.

This is both the sobering truth and the exciting challenge for us in this last decade of the 20th century.

The great task ahead of us, drawing upon our unique national strengths and characteristics, is to create an internationally competitive outward-looking economy which encourages and enables our ongoing program of economic and social justice.

This is the great challenge. The weapons are in our heads and in our hands: in what we think, in what we make, in what we provide.

Delegates, between us we can and we will meet this challenge. Australia deserves nothing less than our 100 per cent commitment, and that is what it is getting from me, from your government and I believe will be receiving from you.

In the toughest times of war and peace the Australian people have always looked to us for strength and leadership and the light of new ideas. That is what they expect and receive from this Government because at the end of the day most Australians know we are for them, for the future, not against them, condemning them to the past.

That is the message we must carry and we must deliver as we move towards 1993. Australians will then have a choice between moving forward with this exciting new world or simply falling behind.

I believe I know what choice they will make.

I say to you that there are some hard decisions to be made within the next two years - and we will make them. But we will win because together we and only we can harness what Australians have and what is required to set this great country on course for the twenty-first century -. imagination and energy, resolution and reform, commitment and cleverness.

We will win, Australia will win, in the terms you have set as the theme for this ACTU Congress, because we are together for tomorrow.

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