



## PRIME MINISTER

ADDRESS BY THE PRIME MINISTER, THE HON P J KEATING MP,  
QUEENSLAND STATE ALP FUNDRAISING DINNER, GREEK COMMUNITY  
CENTRE, 30 JULY 1992

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Ian McClean, the Lord Mayor, and of course the Premier,  
Ladies and Gentlemen.

Well thank you very much for those kind words, Wayne, and for so many of you coming along tonight. I don't know about the Canberra Raiders, I'll be gone by then, but I hope at the Grand Final when it really matters I can do a Lazarus too, and be there when it matters.

But as Wayne and I came tonight into the building with the demonstrators outside, I thought of that remark passed by a predecessor of mine also in Queensland, I thought if I knew Wayne was that unpopular I mightn't have come with him. But jokes aside it's great to share a platform with him, the most popular Premier in Australia, a clean cut guy in every way. Clean cut personally, clean cut politically, given hope and heart to the Queensland Labor Party and restored it to its position in Government as the oldest Labor Party in the world, a real achievement.

For some reason there's a great empathy between the New South Wales Labor Party and the Queensland Labor Party. When you go to a Queensland Labor Party Conference you always feel at home, there's always working people there. It has not been middle-classed, and it's always great to be amongst the Labor Party in Queensland, it feels like there just isn't a boarder between us.

But ladies and gentlemen, I've had a wonderful week in Queensland and I must say that in the six odd months I've been Prime Minister no better reception and nicer time have I had than Townsville, Innisvale, Rockhampton, Glandstone and now in Brisbane. And the thought occurred to me today and yesterday as we talked to those communities, and also recently when I was in Newcastle in New South Wales, not long after recovering from an earthquake, and in Geelong in Victoria which of course has had more than its share of economic woes. But the

one thing I found in all of these places is a great sense of purpose as communities, cohesion, common sense, social partnerships and of course spirit, and I found that yesterday in Townsville, I found it at lunch at the Civic Reception given for us in Innisvale, in Rockhampton last evening, and in Glandstone, when a few years ago and I use to go there as a Shadow Minister for Minerals it was a small community of a few thousand, now grown to over 23,000 and an international port city of Australia.

And it just makes the point that these communities understand better, than perhaps some in the major cities, about how to make Australia work, how to work together, how to achieve things, how to have pride and have that spirit and go out and grasp the future. Because that's what I found around Queensland, that great spirit of optimism, that spirit that says we're not going to let anything defeat us and we're going to get out there and grasp the future.

We're pretty lucky in this country, we're the only nation in the world that has a content to itself. We've got what a lot of countries don't have and that is clean air, clean water, a lot of space and a great future. You know what they always say about real-estate 'position, position, position', well we've got the best real estate in the world. And that is, a continent in the South Pacific and the Asia Pacific area, which is the fastest growing part of the world, where we can carve out for ourselves a lifestyle and an existence which is unique amongst nations. That is a multicultural country, inheriting a continent, coming to terms with it, coming to terms with the resonances of Australia, the old continent of Australia, coming to terms with the first Australians, making a life for ourselves in this country, locking ourselves in with the Asia Pacific, and giving ourselves a style of living and an income which I think can be the envy of the world. Very few countries have those possibilities now, Australia still has it, and that great spirit I found in Queensland today is the thing that will capture it for us.

Now ladies and gentlemen, it's a case of working together, of partnerships. And if you look at that tremendous community spirit in those towns and cities I've mentioned, it's all about partnerships, the community comes to you as a whole. They don't come to you as factions or with divisions, they approach you as a whole. And that's the great strength, and must be strength in pulling Australia together.

Now we've had good times and we've had some tough times, we've been in a recession we're now into recovery, we've got unemployment as a result. But we've still come a long way. Our labour market today is 7 1/2 million. It was 6 million in 1983, even with the unemployment it's 25 per cent bigger. In 1983 the size of the economy was worth \$200 billion, GDP was \$200 billion, today it's \$400

billion. And sure, the economy has not grown in the last 18 months very much, it's growing again now. But as a result we've not had enough employment to take people up into the labour market and unemployment has risen. But we've largely kept the jobs of the 1980s and we had three times the employment growth of the western world then, we had very high work force growth coming from our natural population and migration, and we succeeded in taking those people up and bringing unemployment down and doubling the nominal size of our gross domestic product, not a bad achievement in that period.

But now that we're in a position where we've been in a recession, again we've got to make it clear there's a role for government in directing Australia to the future. It's not simply a case of relying upon the old question of private initiative and private reward, as important as they are, it is not a matter of relying on those alone but having government create markets, making markets work and governments doing the things in infrastructure, the building which we know has made Australia great.

Now I was at the South Johnstone sugar mill yesterday and interestingly it was built by the Queensland Government. It's no longer owned by the Queensland Government, it's very competently managed now by the people who produce in the region. But it's another example of how Government can kick a community along when those resources don't exist. That's the attitude we've taken in the One Nation program, which Wayne mentioned, and where today Bob Brown and I announced a \$2 billion road program for Australia and one of the biggest infrastructure spending programs ever - 45 per cent increase in Queensland this year over last year, \$600 million extra dollars from the One Nation package in roads.

It's just another example of Government playing its proper role, in roads, in rail, in airlines, in all of the things we know a private company can't provide. A private company can't build a highway. A private company is not going to build a ring road around the capital cities. A private company is not going to build a railway line down to Robina. A private company is not going to restore the National Rail Highway of Australia. These things can only be done by Government. And there is a role for Government in providing that public infrastructure and kicking the economy along at a time when private spending is down, so when private spending picks up it can play its role as we know it has to. But there is a real role there for Government, and part of that, of course, is even beyond those great building programs for which the Labor Party has always been proud and had a great history, but as well as that in the areas of social policy.

Now Wayne mentioned earlier the fact that we're now an externally oriented country. This is true. We've thrown off the Menzoid, Menzian era of believing that we were a

lucky country, and that we needed to nothing more clever than dig up another mount of minerals, grow another paddock full of wheat, grow a bit more wool and Bobs you're Uncle. Well Bob wasn't you're uncle. And we found by 1980 that we could no longer pay for our imports. And that the so called 'lucky country' was not really a very clever country, that the post war trade in goods and services had passed us by, that we were still buying things from the shelves of the world, computers, colour televisions, video tap recorders all the rest, we expected to have those things but couldn't pay for them, and then started to borrow to be able to maintain our standard of living.

Now this Government said we can't go on like this, we'll end up like some of the South American economies, and how could you tolerate a position where you claim to be a smart society but only three children in ten completed secondary school, where the university system was falling to pieces, underfunded and under utilised. And so we started on that long road of getting from three kids in ten completing secondary school to seven in ten, now moving to nine in ten, we rebuilt our university system added 50 per cent of places, and in a great historic decision of two weeks ago, in which your Premier played an historic part, we're now going to build a National Training Authority to do for technical education what we did for universities.

Now what we want to be is smart society. A smart society where kids are given an opportunity for training and good jobs. And we regard those years of 15 to 19 as a period of vocational preparation and we stream them through to the sort of clever jobs, the high quality jobs that we know that this country needs. Because what we don't want to go sell is selling our labour cheaply, we don't want to compete in the international division of labour in our neighbourhood in the world. I don't want to see Australians working for \$1.30 a day as is the lot of the workers of Indonesia. That is not the league we want to be playing in, we don't want to be pushing wages down and selling our labour cheaply, we want to be selling our brains, our creativity, our ability and become as we've always been, a smart society which is capable of research and development, producing innovative products and going getting a premium for them and selling clever goods out there. That's Australia's role, that's Australia's future, not downgrading our people saying that they are incapable of it and that they've got to cut their wages to be competitive. That's not the society we want.

In this great transition where we've lowered the tariff walls, where we've floated the exchange rate, where we've restarted Australian manufacturing, so that this year elaborately transformed manufactured exports where greater than rural exports or mining exports. That sort of important transition, the transition to services - industries like tourism, which are now helping the

Queensland economy, didn't exist a decade ago. And which have come along because of this great transition, this great external transition. And it's that transition which is going to underpin our standard of living.

So I put to you that a Labor Government, it took a Labor Government to introduce a market economy into Australia. A Labor Government to introduce a true market economy into Australia. But we did it with a Labor heart, we did it with a Labor heart. Because we grafted onto that economic policy a social policy which we think is the kind of policy that sticks with the central tenants of Labor's thought and philosophy, and keeps that egalitarianism and fairness of Australia together. And such things and the right of access to medical services is a basic right and we have it there with Medicare. Equal access to education, as I mentioned, giving all children the right to secondary education or tertiary or vocational education. Access to education is a basic Australian right, a right of everybody. Or the right to support women with childcare, or the aged with age care, decent pensions, geriatric assessment, the Home and Community Care program, the Hostel program, the Nursing Home program. These are all the great reforms of Labor in the '80s.

And of course, no greater than access to occupational superannuation for the whole workforce, a right to a decent retirement income. And it's that right to a decent retirement income which will do these two things: not only when my generation, when the baby boomers turn 65 and there are twice as many retired aged people in the community as there is today, we won't put that terrible burden on our children to pay for us, that tremendous inter generational transfer which will occur as a huge aged population relies upon their children to provide for them in later years, now's the time to provide for ourselves by saving and producing a decent retirement income. But in so doing, build a pool of national savings which will fund our development, fund our investment and fund our growth into the future.

Because the problem we're all going to face in the 1990s is that the world economy of today was last like this before the first World War. This is the first time since 1914 that the old Soviet States have rejoined the world economy, since China is now rejoining the world economy, India, the Americas, South America. And they'll be all out there in the '90s bidding for savings, bidding for investment capital, to rebuild Russia to rebuild eastern Europe, East Germany, India, China, South America, and we don't want to be out there with the savings begging bowl trying to fund our current account deficit. We've made the step already to do it with occupational superannuation, to put those savings into place.

We'll have there by the end of this decade about \$800 billion, \$800,000 million which is about five times our

national debt, and we'll be in that comfortable position of being able to fund our investment programs and with it bring on the employment which is entirely necessary for giving us the kind of society that we've always believed we should have, one where a right to a job is a basic Australian right.

So ladies and gentlemen, these are the things that Labor has done. We've introduced a market economy, we've opened Australia up, we've started to produce clever things again, we've opened ourselves up for services, but we've done it with a decent social policy. We've done it with a social policy that looks after the sick, the aged, the young, the poor, women, migrants. We've done it to keep Australia together. We've done it the Labor way. We've not been, as somebody said of Dr Hewson the other night who described him as a feral abacus, we are not a feral abacus. We're not about simply ticking off numbers as though people don't matter, counting beads as though people don't matter. We're about developing Australia, interlocking it with the Asia Pacific, having an efficient economy but at the same time having a decent social policy.

And we all know we're going through a phase where we're getting more output from fewer people. And it's producing unemployment. We're getting more production from a smaller workforce. Loads of productivity, it's called productivity, and we need it to be efficient. That is, we're getting much more production from those who produce it. So what does that mean if we're going to get unemployment down? What it means to get unemployment down is that we've got to produce even more output. If a given level of output produces only so much employment and it's not enough, the only thing to do is to produce even more output, and that means that the Australian economy has to grow at a reasonably fast pace. And to have it grow at a fast pace, and still control inflation can only be done with an incomes policy. It can't be done with interest rates, it can't be done with a central bank jumping on the economy because to do that it cuts the speed down and therefore cuts the employment growth off.

We've always had employment as an express objective of Government policy. It hasn't been a residual that fell out of the numbers. And when I used to stand up in the OECD in the 1980s and talk about employment being the express objective, some of those European Finance Ministers would look at me as though I had a case of leprosy. Because they are interested only in their current accounts and inflation.

We on the other hand have always had employment as a clear and express objective. And that means you must run with a high workforce growth of this country, even with modest immigration growth, without natural population growth, with workforce growth of 1.6 per cent a year, you

have got to run the economy at a reasonable speed. Every time we have done that before our incomes policy, before the Accord, that speed spilled into a price and wage round, and we ended up with higher inflation, lower growth, and higher unemployment. We beat that dismal legacy in the 1980s with an incomes policy. We ran the economy at quite a speed but still had decelerating inflation. So much so, that yesterday we chalked up the lowest figure in just on thirty years with 1.2 per cent.

So, having the mechanism in place to let the economy grow and not kill it with interest rates to save inflation, and tolerate a pool of unemployment, means that you must have a conversation with organised labour and with business. Now, whether you call it cooperation, or discussion, or an Accord really doesn't matter. There has got to be a discussion about national income determination - how much national income goes to wages and how much goes to profits. And it is in that model with the ACTU we have been able to run Australia quite fast and still have decelerating inflation.

In contrast Dr Hewson's model has unemployment as a break upon wage increases. In his model unemployment is actually sitting there as a tool, to actually moderate wage claims and to moderate inflation, but of course you will have no conversation with organised labour, and the central bank would simply be instructed to lift the interest rates to sit on the economy. And so in his model, not only is employment not an express objective, unemployment becomes a tool of government policy. We reject that absolutely, totally.

In the end the difference between the Labor Party and its opponents is a matter of heart. The Labor Party has it and they don't. The Labor Party grew with the soul of this country and the Liberal Party has tried to graft itself onto it, all these years. But this was never plainer than now, as Dr Hewson and that rotten remnant of the New Rights agenda, Fightback, comes as the creed of the new conservative parties. But in the end, the proper end of economic policy is social improvement, and the notion we have heard him speak about in the last day or two about cutting wages, taking kids to \$3.00 an hour, getting rid of awards, rates of pay, and conditions of employment to go to three quarters of average weekly earnings, or some such figure for the average person, is not social improvement.

The point of economic policy is to lift people up, not push them down. Dr Hewson thinks it's a crime for me to say I want to see Australians with higher real wages. Dr Hewson I do. And I make no apologies for it. And we can do it by the sort of economic policies that Australia can have.

But you won't get anywhere economically by destroying the country socially. So don't my word for it, ask all of

those people who fell through the social trap door in Britain and the United States. All those people, you can almost draw a line in Britain for the people who are lucky enough to enjoy the best of the British economy living South of London, and all the rest living in the North, broadly living in the North, who don't have that social improvement. Or in the United States, if you are unemployed there, like Dr Hewson after nine months, after six months your out with no support, no income support, no unemployment benefits, and if you are cold you huddle over a railway grate and try and live in the warm exhaust. That's not for us, and we are not having it. Or, in the United States if you are sick and you get admitted to a hospital and you get to the door, even if you are acutely sick, if that blue cross card isn't in your pocket they turn you away. Now you couldn't comprehend anybody with medical training turning someone acutely sick away because they are not insured and they don't have the card with them. That's what happens in the United States. We will never let it happen here.

They get to this position where Dr Hewson is so down on unions, but he is not down on the Doctor's union. He turned up to the AMA about six weeks ago on a weekend and said he will let the AMA set the common fee. Not the Commonwealth Government, which is now paying a large part of the health bill, but the AMA. And he will let doctors basically generate the incomes they think the traffic will bear. But if you are a working person three quarters of your pay for you and \$3.00 an hour if you are a kid. That's his policy. And we are not copping that policy, and we are not copping it for this reason - that people will not be able to afford medical insurance. We are not having a position where low income people, or even middle income people with children, can't afford to insure themselves when they are sick and get access to medical insurance. Because under Medicare now you can be on an income in the \$20,000s with a couple of children and pay no levy whatsoever, and society gives you that right to medical treatment because those of us who are earning the higher incomes pay it for you under Medicare, which is an equitable policy.

These are the things which are important. The same with education, Dr Hewson has a voucher policy. Voucher policies have never worked anywhere in the world. You get virtually a bus ticket which has so many dollars written on it, you go and check it in at a university, or someone else. And he says this puts incentive into the system and the freedom to achieve. It costs \$120,000 to train somebody for a Medical degree. What freedom does an ordinary working persons child have if they don't have the \$120,000 for the full fee place, or the child of a working family that might want an Arts degree which is going to cost of the order of \$20,000 to \$30,000? They haven't got it. When we get as a society where the bright kids get jammed out of the education system because their parents can't afford it, that's the time to



pack it in, that's the sort of policy he wants to put in education.

These are the things that the next election will be decided on. It will be about bringing a recovery on, consolidating the recovery, having a role for Government to lift that spending, to be the catalyst in a recovery, to bring private investment back up, and to see it go on. And at the same time to build on all of the social advances we have made and the things I have been talking about - health care, education, childcare, age care, all of the other things, support for Aboriginals, migrants, all of these areas are the things which we will continue.

But he has basically one policy with two prongs: higher prices and lower wages - that's the policy. 15 per cent addition to prices, which will blow our inflation rate to pieces in an exercise in economic vandalism, that would be entirely culpable given the fact that we now after twenty years have the inflation rate under 2 per cent, to add a net 6 or 7 per centage points to the price system to take it back to double digits would be unconscionable. That's what he wants to do. And while he lifts those prices he cuts people's wages. Now you all know if you are on \$20,000 to \$30,000, whether you tax someone's income or their expenditure is entirely beside the point, because they are one in the same. An ordinary person spends every cent that they earn, so whether you tax it as income or as expenditure it is all the same. But the person on the high income spends only a proportion of their salary and saves the rest, and those people have the benefit of the proposals put by Dr Hewson and the tax benefits for them are paid for by the low income and middle income people who spend all their income in the supermarket or in their daily living.

The GST will blow our inflation rate to pieces and with it our interest rates. It will effect a huge transfer of wealth from the low and middle income earners to the high income earners. It will essentially derail Australian investment while at the same time the consensus we have had for a decade now about wages, profits and national incomes will be put asunder as he tries to abolish centralised wage fixation, the only thing in national wage cases which protects the low paid, as he tries to knock them off, knock off federal awards and cut people's wages. This is what he holds. We don't need lower wages, the wage share and GDP at the moment is in the 1960s, at 1960s levels. We don't need to sell cheap labour to the rest of the world, we need to sell our brains to the rest of the world making smart products and educating people, and lifting our people up. And that's the difference between us.

So, ladies and gentlemen I say this, I think as a Party we have been very fair in this sense. We have never said to Australian business, look we believe it can be all done on the public sector. When I became Treasurer the

Commonwealth public sector was over 30 per cent of the size of the economy, it is now about 24. It is 6 per cent of GDP smaller, or about \$25 billion a year smaller. Ipso Facto the private economy is \$25 billion bigger. We shifted the profit share so that people in business can afford to invest by a higher level of profit, which we effected in the late 1980s and is fundamentally still there. As the volumes pick up the profits will go on the bottom line and the profit share will come up as we saw in last quarter's National Accounts. We have got that in place, we have got a 39 per cent tax rate in place for companies, we have got full dividend imputation, we are one of the few countries in the world that only tax equity and dividends once where most other countries tax them twice. We have got all of that sitting in place and a stock of savings coming down the pipeline of superannuation to fund the investments this country is going to need. We have given business a fair break, and as we come out of the recession into a strong recovery all of those benefits and low inflation will count for Australian business.

But while we have done that we have understood the real traditions of Australia and we have stuck to them. Unlike the Coalition who say we are the tradition breakers, they're the people who attack the tradition, and the tradition is equality, egalitarianism, and fairness. That is, we don't have an under class left behind, we pull everybody along. We have business pulling along, tugging along, and with it the workforce and with it the aged, the sick, the poor and the young, with proper social policies. And if some group drops back we lean our caring arm out and pull them up, pull them up with us, and move along as a community and a society.

And that's the basic difference between us and the conservative parties. The Labor Party is a true political party, it has feelings, it has a soul. It is not simply an organisation committed to getting votes like some sort of business group, or some sort of business organisation, it's a political party with feelings, with substance, with loyalties. And our political party demands that as we progress ourselves we take Australian society along, all of us along, and we produce the sort of country we have always had but a more prosperous one.

So ladies and gentlemen, that's what the contest is about in Australia. Never before have we seen such a contrast, well we have, but not recently between the parties, between the philosophy of the Coalition and the philosophy of the Labor Party. And we say to Australians, you're in a fundamental transition from the old Australia locked up behind a tariff wall, which disfavoured the big agricultural and mining States like Queensland and Western Australia, to the advantage of the industrialised areas, locked up behind a tariff wall and

basically becoming uncompetitive. That's not the sort of position we want to see. We have taken it, we have changed that, but we have changed it in a way where we go forward. We don't need to smash the place socially to advance ourselves economically. And we won't, that's what the basic contest will be about.

So when we go to the election sure we will have had the aftermath of the recession and the attendant unemployment, and we are doing everything to be rid of that. But as that goes down we say to Australians, stick with the change, stick with the basic historic transition to a modern society, to a modern industrial state locked into the Asia-Pacific, one with a great bountiful continent with fresh air, clean water, space and a decent environment, loyal to our original Australians, and at the same time giving ourselves a decent standard of living.

I don't think they will take the hard-hearted alternative. I don't think they will take the clinical technician, because in the end I don't think he has got much to offer. Pain for pain's sake, misery for misery's sake, cutting ordinary people back and disadvantaging the poor never did anything for anybody. And that's why we have all got to move together as a group, and that's why it is important for Labor Governments to stick to their guns, have faith in their creed, and see the difficult changes through. And that's what has put this Government of yours together in Queensland under Wayne Goss, that's what will restore and retain us in the national arena because we are basically better, we basically can think better, and as importantly as that, we think with a heart and a soul.

Ladies and gentlemen, I thank you very much for coming, you have done me a great honour, and the Queensland Labor Party has done me a great honour in inviting you and assembling such a large audience of people, and I thank the members of the business community who have come along tonight. I will just say, you have always been part of us from the 1980s onwards, as the whole constituency of Australia is part of us. Whether it is the rural community, or the business community, or the poor, or the sick, or the aged, they are part of the Labor family. And we will go together as a family, and we will stay together as a family.

Thank you.