



PRIME MINISTER

SPEECH BY THE PRIME MINISTER, THE HON P.J. KEATING, MP

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Let me begin by thanking the Economist and everyone associated with this conference.

It is a very useful magazine, the Economist. These days I particularly like reading the last couple of pages - the economic indicators.

I like reading them because today they show how well this country is doing relative to the rest of the world.

There it was on March 12 - Australia leading the world in GDP growth, and leading the world as far as the Economist's forecasters were concerned.

And along with the growth, low inflation.

I thought it might be interesting to compare these figures with those of a decade ago.

In 1983 the Economist had just started running these two useful pages of indicators. And here in Australia we had just floated the dollar.

In the week we floated it, 17 December 1983, the Economist's indicators revealed our GDP growth for the year was the lowest in the world. Not the highest - the lowest. Minus 3.9.

And Australia's inflation rate was not among the lowest in the world, it was among the highest. For the year the CPI was 9.2% - the third highest. The US was 2.9%, Germany 2.6% - Today Australia's inflation rate is lower than both those countries.

So between those two sets of figures, separated by ten years or so, there lies a tale.

And, whatever else this conference has done, I hope it has told that tale.

If your conference has stimulated thought, questioned a few orthodoxies, opened people up to new information, ideas and opinion it will prove useful in the short run.

It will be significant in the long run if it re-shapes thinking about Australia and its place in the world: I think my own hope would be that the Conference has helped perceptions of Australia catch up with the realities.

We tend to take for granted that people here and abroad fully comprehend the massive structural and cultural change which has occurred in Australia in the past decade.

The truth is a lot of Australians are not really aware of what is taking place here. They are not fully aware of what they themselves have achieved.

When you are driven by reforming zeal you tend to forgo the luxury of reflecting on your work.

And in the 1980s - as now - Australia was driven by the need to break from the downward spiral of economic fortune which a quarter century of conservative government orthodoxy had got us into.

We are only now beginning to see what we have done. And we are beginning to see it because the effects are beginning to flow.

As that process continues, I think the dimensions of this national transformation will increasingly become apparent to Australians.

And I think that this awareness will itself be a fillip to Australia's progress.

I believe there is a great story to be told about contemporary Australia. And as Australians' consciousness of it increases, so I believe will their enthusiasm and sense of national purpose.

Now of course I hope to see the same consciousness about modern Australia developing in other parts of the world.

What we have in Australia in the 1990s is the best conjunction of growth and low inflation for 30 years.

We have a productivity culture to help us maintain that happy circumstance.

We have an export culture that we didn't have before.

In Asia and the Pacific we have the export markets, and increasingly the necessary structures to grow and service them.

We have exports now representing 20 per cent of GDP. An export base which is much more diverse than it was a decade ago, with exports of elaborately transformed manufactures growing at 16 per cent per annum since the mid eighties and exports of services also growing rapidly.

Above all, we have the confidence which can only come with success itself.

There is nothing harder to move than an orthodoxy. No amount of arguing with it will make much difference.

The orthodoxy about Australia used to be that we could not be a manufacturing nation and an exporter of commodities. The truth was we could be and we now are.

The orthodoxy used to be that we couldn't develop a cooperative productivity-based industrial culture. The truth is we could and we have.

The orthodoxy was that we couldn't do business in Asia. The truth is, today that is where we do most of our business.

The orthodoxy was that we could never be a truly competitive nation. The truth is we could and today we are.

The old orthodoxy obtained as much at home as it did abroad. Today in Australia the new reality is progressively dislodging the old way of thinking, and there are promising indications that the same thing is happening abroad.

And where this is not the case, it most certainly should be.

For in addition to those fundamentals we now have firmly in place, we have the added advantages of a skilled workforce, massive participation rates in schools, a strong shift to private research and development, highly developed infrastructure, and a society and a political system as stable as any in the world.

Now, I have no doubt that in the course of the Conference there will have been objections raised to perceived or real disincentives to trade and investment in Australia.

In reply let me begin by saying that we do not believe our job is over; or that the schemes we have in place are perfect and not in need of tuning and reforming from time to time.

In the broad, we are pleased with what we have done.

But nothing suggests to us that we can for a moment rest on our laurels. Everything in the modern global economy suggests that no nation can.

So, where there are difficulties our mind is open. We know you don't get to solve large problems by being closed off to criticism - we didn't make ourselves competitive by closing ourselves off, we did it by opening ourselves up.

Having said that, I should restate the Australian Government's view that we are not about the economic imperative transcending the social imperative.

We are not interested in Australia in creating a low wage low rent society.

We do not for a moment believe the nonsense put around by some people in the 1980s - and even by some people today - that our competitiveness depends on imitating the wage regimes of developing countries.

Our objective is a high wage economy built on education and productivity, coupled with an affordable but sophisticated social net.

No doubt investors will see some advantages in the developing countries, but Australia will more than match them in skills, productivity, stability and certainty.

Similarly, if an overseas investor tells us that our taxation system is too complicated - that for example, the fringe benefits tax or certain other provisions make life difficult for them, we will look at the problem.

But we will not lose sight of the first principle, which is that the tax system should be fair and effective.

And we might be inclined to say to such an investor: whatever you may see yourself as losing on the little roundabouts, you will more than make up for on the big swing of economic and political stability, a massive profit share, a first class universal health system, schools, hospitals, social services which in general have few peers in the world - and with a revenue share in GDP the lowest in the developed world.

A small public sector but an effective one.

In short, this is a good place in which to live and to work.

It should be plainly understood that Australia has rejected the socially regressive forms of economic rationalism in favour of structural reform allied to inclusive social policies.

The results of this mix gave Australia one of the highest growth rates in the OECD over the last decade, the highest rate of employment and one of the lowest rates of inflation.

The model here in the nineties is a modern social-democratic one.

And I might say it seems to me that if you surveyed the successful countries of the modern era - even if only through the Economist's economic indicators - you will find that this model has been the successful one everywhere.

"Model" in a sense is the wrong word. Because what characterises the philosophy is flexibility, pragmatism, responsiveness, an absence of ideological rigidity.

It is a "model" which balances the imperative to take bold steps - and often difficult ones - with the imperative to take the people along with you.

Manifestly, it is a model not just for social and economic justice, but for social and economic cohesion and strength.

That is why, incidentally, the Government is determined to see that the benefits now flowing from the recovery, and from the great changes made in the 1980s, flow right through the country - into services, into regional development, into the unemployed.

From the Government's point of view this has to be a recovery that is both deep and broad.

It can be a recovery, I believe, which will complete the transformation of Australia and set us up in the front rank of countries in the 21st century.

That will depend on the successful completion of a number of other tasks. First among them is the problem of the long term unemployed.

On 28 April we will bring down a White Paper on Employment - the first since the end of the Second World War.

With its implementation, we expect to get the bulk of the long term unemployed back in touch with the labour market.

In doing so we will not only alleviate what is a major human problem now, but avoid a major social problem later.

And at the same time we will exploit an otherwise wasted human resource and substantially increase the skill level of our workforce.

That is a major challenge for us in the next few years - creating a more skilled and flexible workforce, and thereby, industries which are more competitive and responsive.

So we will be investing heavily in education and training.

We are also very much aware that this federation of states is not always as efficient as it should be - indeed, for a long time, in many areas it has been dreadfully inefficient.

In recent months we have taken some dramatic steps towards creating a much more efficient and competitive Commonwealth by creating a more cooperative one.

One more committed to common national goals.

In a real sense, what we are doing is applying to the Commonwealth the same principles as the best companies apply.

And I would take the analogy further than the simple mechanics of efficiency.

As companies need a sense of purpose about them, so do countries. As companies need an unambiguous corporate identity, so do countries.

That is why the Government has been concerned with issues relating to our identity and nationhood.

The circumstances of our history have left us with a residue of ambiguity and anachronism which in this decade the Government would like to see swept away - swept away without cost to our best traditions, but with great gain to our collective confidence and effort.

In a broadly similar vein we have set about at last bringing in to the national mainstream the indigenous people of Australia.

I gather one speaker at least has expressed concern about the Mabo legislation the Government introduced last year.

This was perhaps the most complex and difficult legislation in Australia's history, and also the most overdue. We introduced it above all because justice demanded that we do it.

We also did it in the knowledge that success will mean a more cohesive country and a people with more confidence and self-esteem.

We did it not to create uncertainty but certainty - the certainty which comes from a national system to determine native title.

We would be only too happy to explain how the legislation does this to Mr Masuda and any potential investors in our mining and pastoral industries.

I would only say now that this is good and necessary legislation and investors must recognise it as fact of our national life.

I say to them and to our own States that the legislation has already brought certainty and with their cooperation it can bring even more.

The dire consequences predicted in some quarters have not eventuated, and show no sign of doing so.

I have no doubt that in the long run the Mabo legislation will be seen as a force for a better investment climate, as well as a better country.

Ladies and gentlemen

On all these matters there are sceptics out there I know - and cynics, and naysayers and obscurantists of all kinds. But their ranks are thinning.

We are very confident. As I said at the beginning there is nothing like seeing the story unfold and recognising your part in it to lift the spirits and firm up the faith.

If nothing else, I hope that at this gathering the faithful have multiplied - and that they will now go forth and tell the world.

Thank you