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PRIME MINISTER

**TRANSCRIPT OF THE PRIME MINISTER, THE HON P J KEATING MP
SPEECH AT FUNDRAISING LUNCH, THE VALLEY RESTAURANT,
FAULCONBRIDGE, 30 AUGUST 1995**

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Thank you so much, and thank you for so many of you coming. It has been a very, very pleasant day indeed to be here, and to be in the Mountains, and to have the opportunity of planting a tree at Faulconbridge with the line of oaks - the Corridor of Oaks - which are a symbol, I think, of our continuity of the Prime Ministership over the period since the Federation in 1901. And I am particularly pleased to be there today with the Mayor, with my parliamentary colleague Maggie Deahm, with Minister Bob Debus. I am particularly delighted that Margaret Free could join us today, and other distinguished guests, including the Chancellor and members of Local Government. It has been a very nice occasion, and I am pleased to have been able to make that link, again, between the Federation and Henry Parkes, and the things for which my Party has been interested in, and the things for which we have stood for a very long period of time. And particularly this link with Macquarie - with Chifley, of course, being Member for Macquarie and Prime Minister, I have even got a link myself because I have been the Member for Blaxland since 1969, a bit tenuous, but there we are - better than being the Member for something else.

And in this, I think - I was saying earlier, for those of you who weren't there - that here we are now, a century on, thinking about our nationalism again. And I just reminded people of the great decade of nationalism and social experimentation in Australia - it was more than a decade: from the early 1890s until 1914 was the period when the sense of Australia came together. A period of great difficulty, of economic difficulties, of a very great drought in the 1890s, the birth of the Labor Party, and then of course, the Federation. And then, basically, the First World War snuffed it out, and it only returned fleetingly again during the period of Curtin's Prime Ministership, and of course, with Gough Whitlam. And we hope that now, in the 1990s again, we can - where we have had, in some of these economic difficulties, a drought - these things must bring on a renewed sense of Australian nationalism. Because here we are now, this decade, thinking about that we have to round the circle off with an Australian Head of State. And it will be - when it

happens - Australians will feel very good about the fact that an Australian person is the head of the Australian nation - that represents and personifies the Australian people. So, it was an opportunity to make these points again - to say that, for my part, I was not about simply planting a tree as one of a series of Prime Ministers, but to plant it for the reason that we round the circle on Federation, and we cap it off by making clear that we are a unique nation, the Australian nation, and everything about us is Australian and our Head of State is Australian.

I was talking earlier, too, about the categories of Australians who believe in Australia - who have faith in Australia, and faith in the Australian people. And, many of you - I know - who are students of Australian history, remember Manning Clarke's division between the enlargers, and the straiteners and punishers - he said that Australians tend to fall into two categories, the people who believe in something bigger, and greater and grander, and larger - essentially have faith in their fellow Australians to make it, and those who say this is your place in life, get your nose to the grindstone, conform, and he said they are the straiteners. And I think, as time goes on, you can see in this debate again about an Australian republic, people coming out saying yes it very clear, we are a unique nation, that our Head of State shouldn't be the Monarchy of another country - but there are still those people who say oh no, you can't let Australians manage themselves. Not quite yet - not quite yet. They are not sure when it is, but not quite yet.

At any rate, we have come a long way together, and I think we have got an opportunity now we have never had. And that is, one hundred years ago, all the markets we dealt with, all the people we traded with, were essentially in Europe, and sometimes in North America. This is the first time in Australian history - the European history of Australia, the non-Aboriginal history of Australia - where we are closest to the fastest growing markets in the world. So, now on our doorstep are markets growing faster than the traditional markets we used to have. And the thing I am most pleased about, is that Australia has set itself up in the last 10 years to be part of that - psychologically, culturally, economically. Because you can't go and say to old societies like Indonesia - 200 million people - here we are, we are the Australians, not the Australians of a White Australia Policy, but a proud nation, Australians, we relate to you and we have respect for your culture, and they say show us how you treat your indigenes, and we will show you how you will treat us. You can't go there without integrity - you can't approach these nations, and be part of this community here without integrity. That means that we have to come to terms with our own history - and bring our culture, be clear about what our culture is, and who we are as a people - before we can go out and do that. Now, I believe we are doing these things, and our relationship is such now with Asia - I can't believe that at any stage in our history that we have had a better relationship than we have now, whether it be with Indonesia, or with Vietnam, and two weeks ago I had here the most distinguished Vietnamese, the General-Secretary of the Vietnamese Communist Party, who is now turning Vietnam into essentially a market economy after those years of deprivation. Or last week, where we had the

annual Ministerial Meeting with our Japanese colleagues - in this case, the Minister for International Trade and Industry, Mr Hashimoto, and Mr Kono, the Foreign Minister. The two most important people in the LDP - which is the Party which has essentially managed Japan all through the post-War years. I mean, we have got these relationships now, and we are building them up.

And we can see an interesting life for ourselves - an interesting engagement with this region, a better standard of living, more jobs in Australia, and a higher level of income for Australians. You compare that to the cloistered little country we were back in 1983 - ring-fenced by tariffs, ring-fenced by a managed exchange rate. Sitting there, wondering which way to go: our national income falling, because the things we had relied upon traditionally - wheat, wool, minerals being of much less value, and bringing much lower prices - and sitting there watching the income go down, the debt go up, our competitiveness shot to pieces, no inner faith and confidence about ourselves, coming out of a deep recession with very high unemployment and 10% inflation. I mean, that was the sort of yoke we were in, in 1983.

But, when you look at the progress now - here we are, we are clear about our identity, we pulled the tariff wall down, we have now got import competition and exports. Yesterday, we had the highest level of exports per month in our history - we are seeing, in today's National Accounts, the inflation rate at 2.1% on the broadest measure of inflation for the year. We have just had 680,000 jobs since the last election - can you believe that? 680,000 jobs since the last election. It took us 200 years to get 6 million people in the labour market, and we have added 10% of that in 2 1/2 years. I mean, it's a profound change. And today, with today's National Accounts, where we have another quarter of growth, we have 16 consecutive quarters of growth. The last time we had 16 consecutive quarters of growth was 25 years ago - a quarter of a century ago. Four straight years of growth, four straight years of employment, four straight years of getting on top of inflation and giving us back our economic future. And yet my opponents talk about 5 minutes of economic sunshine - in their cynicism, they talk about 5 minutes of economic sunshine. It is the longest growth phase in a quarter of a century. And it is now our opportunity to build on these things, but we have done all of this together - the Government has done it with the Australian people. It has done it with the Trade Unions - we have put it into a consensual model, where consensus matters. We have said - at that Economic Summit way back there in 1983 - that the policies of conflict can't give us the economic future we wish. That we can't have wage explosions that give workers a short term wage increase to see it dashed by high inflation a year later. That we need high investment to get high employment and that we need high investment to rebuild our capital stock to give us the exports and import replacement that will generate our wealth.

But, we need to do all of this in the context of inclusion. That is, we are one nation and we are a nation together and it is not a nation for the high fliers and the top end of town. It is a nation for everybody and so we said you are

entitled to access and equity in health. You are entitled to access and equity in education and you can have these things in a country this wealthy and at the same time the goers who build the businesses can still have their go because the profit share is very high, the tax system, the corporate tax rate is - by western world standards - right on the line at about 35 or 36 per cent. You can do all these things, but we don't have to go for the punishing and straitening model of tearing people down and building an underclass.

At the last election you might remember me saying we won't leave the unemployed behind, we won't have an underclass. Not that we might try not to have an underclass, we won't have an underclass. When I introduced *Working Nation* that great social change from the Government last year, that was directed to the long term unemployed and now we've had since that time, in these last two and a half years since the election, a quarter of all the jobs have gone to long term unemployed people. In other words, it is typically the case in most countries like Australia that the new entrants to the workforce are the school leavers or the migrants. Those who are long term unemployed stay out forever and they get marginalised, never to come back. We brought them back. So, the place is not only more fully employed, but it is happier and it is more fair.

So, doing it together in a consensual way without a conflict model. It means that in this country, if you are single or if you are married or you have children and you wake up and you are sick you have got Medicare there to support you. Ten years ago three kids in ten completed secondary school. This year it is eight in ten and we have added about 60 per cent of places to higher education since the middle 1980s and you can see this by the growth in higher education and we have the Chancellor here today just to make the point for us. The reach of higher education and the access for higher education which we now have.

But, how could we be the smart society that wanted to make the engagement with Asia, that wanted to sell the clever products and the services and not just another paddock full of wheat or wool - as important as they are - but to do the other things too, the high value added products, the intellectual property, the services, how could you do it when only three kids in ten completed secondary school? I mean, what hope did we have?

This is the faith our opponents had in Australia. An elitist higher education system, an elitist secondary school system. Seven out of ten didn't make it - bad luck. That was their philosophy - bad luck, no faith in you. Of course, never distinguishing the point that so many bright people are the children of low income parents who make their way and make their change in this society, but they were marginalised because they were not allowed to take their place because the great liberator in a society like this is education. And, it was through this change that we have been able to see the proliferation of higher education, the regionalisation of higher education, the access to higher education and now, of course, for that six in ten kids who leave secondary school who were formerly untrained, we are bringing up the TAFE

system into a national structure to have vocational education sitting out there beside the universities as a place to educate our children. The children - in the main - of working class parents.

Now, that is what inclusion is all about. That is what the consensual model is all about. So, when you go to the trade unions and say 'give us sensible wage outcomes and low inflation', we'll give you back high employment, access to education for your kids, a decent health system and a decent system of income support and a decent system of income support in old age with a pension and superannuation. We have got that agreement. That is what the Accords are all about. If it has worked so well for Australia, why would you tip it out? Why would you not have it? To go back to industrial fights so that one strong group can go and pick up a 15 per cent wage increase at the expense of other lower income groups to find it blows the inflation rate out of the water twelve months later and they end up with another three or four percentage points on interest rates. That is what will happen under our opponents. Were they to win an election, they eschew and reject any Accord, you would immediately see the unions protect themselves and go for wage increases. Immediately the Reserve Bank would start sticking interest rates back up and it wouldn't be by half a percentage point or one, it would be by three or four or five percentage points. In other words, we would hold wages down by flattening growth, by flattening the whole economy.

In other words, rather than try to deal with the problem through an Accord or some consensual arrangement directly, the Coalition would deal with it by flattening the whole place and you end up like a west European economy. A low growth economy running at one to two per cent. But, one to two per cent doesn't provide the jobs. What we have in today's National Accounts is 3.7 per cent growth for the year. You may remember about a year ago it was running at about six per cent and it was too strong because we just couldn't keep the goods and services up to it and the demand for imports was too high and it went over into the current account and we said we have to slow this down and we have. And, it has come back from six per cent to a strong, sustainable 3.7 per cent. In other words, if you look at today's Accounts figures - 3.7 per cent for growth for the year, 2 per cent for inflation and strong employment growth which we have seen over the course of the year - we have got the economy, at the moment, where we want it. We have got the economy growing sustainably - as I say - for four straight years or 16 consecutive quarters.

This didn't happen by accident. It has been put there, not by spin doctors or smart advertising agents, or smart party secretaries or people passing notes to ministerial offices or words into the ears of journalists, it happened there by policy. This all happened by policy. It happened by substance and that is why we can sit here with our lunch and know that the Australian economy is growing at a strong sustainable rate. That our core competitiveness has been protected by low inflation. That those huge export growth figures that we saw yesterday are going to continue because the model is in place.

Look at the Government's last two major policy statements - the Budget and Accord Mark VIII. The budget took the budget back into surplus. We will be in surplus now for the rest of the 1990s. Which means as we need money for investment and in these National Accounts today, these are strong investment figures, as we need funds for the investment we will see it come from the budget surpluses. We will also see it come from that other element of the budget, national superannuation, where every Australian person by the year 2002 - we are talking about seven years from now - will have 15 per cent being put away for their income supplementation for the rest of their lives. Which will mean for somebody who is now about to join or just joined the workforce, they will have an income in retirement equal in today's dollars to average weekly earnings. In other words, it will be about twice the pension.

But, it will do more than that. It will save trillions of dollars, thousands of billions of dollars for our long run investment and our long run savings. So, we don't need to put weight on overseas savings or on overseas debt. That was the Budget.

A couple of weeks later we introduced Accord Mark VIII. Eight variations of this since 1983. What did it say? Essentially, that we will have a wages policy which is enterprise bargaining underpinned by a safety net. If you don't get anything in the bargain, you get the safety net adjustment to make sure that you can maintain your standard of living. They are modest safety net adjustments of around \$10 per week. Completely affordable in national economic terms. But, the underpinning commitment which was in there. The core commitment was that the ACTU and the unions will run the wages system to produce two to three per cent inflation which is the target of the Reserve Bank. So, you have got the trade union movement of the country coming out, endorsing as a policy, the Reserve Bank's inflation target. It is unheard of in the OECD area, in the western world area. I mean, you don't find that kind of co-operation in countries they just generally don't have that willingness, groups in society don't have that willingness to make those sorts of commitments. Under the consensual model, we have got those sorts of commitments and those two things, the Budget in surplus, the huge stock of savings as superannuation and the commitment to low inflation, are the sorts of things that really matter.

Now I noticed today in the Sydney Morning Herald, one of the barnacles of the Press Gallery, Alan Ramsey is saying the Government has wasted the year. The Government has wasted the year. Well have we wasted the year with 16 quarters of growth, four straight years of growth? Have we wasted the year with over 400,000 jobs in the last year, or 680,000 since the election? Have we wasted the year bolting inflation down so that we maintain our core competitiveness? You know, have we wasted the year giving Australians, particularly the younger Australians, the notion that in retirement they will have a standard of living akin to what they will have at work? You know, have we wasted the year building a stock of savings our opponents could have only dreamt of? Thousands of billions of dollars.

Can you imagine the whole of the workforce having 15 per cent of their income put away. That huge cash flow of that coming into national savings.

Instead of that, what they want us to do is chase down Parliamentary scandals and so-called, or worry about the sort of froth and bubble of public life and not the policy. All that matters are the policy changes and I face an opponent ... I mean I became Treasurer in 1983 after John Howard had left it after five years as Treasurer. It was like a dentist going over bad work. You know where he has done all the cheap jobs. You know, didn't touch the exchange rate, believed in deregulation but didn't have the bottle, didn't actually have the horsepower to actually float the dollar, believed in low tariffs but couldn't knock over the tariff wall, believed in changing the waterfront but couldn't do it. You know, believed in having a competitor to Telecom and decent telecommunications services and lower phone prices, but never got around to it. Left us with 11 per cent unemployment and 11 per cent inflation and just by the sheer effluxion of time, and as their third choice in this Parliament, he now says "well after you've spent 12 years of life putting it back onto an even keel with your colleagues, I think I'll now take over. I will come back and have a second go at wrecking it."

Well you see, you have got to say well look have you really got faith in this country? Do you believe an Australian person should be our head of state? No, he says "no, I still believe that the monarchy is best for us. Mind you, if I were the Government, I might give you a referendum on the republic." But at the referendum, the Government itself, would be in favour of the monarchy. Oh say, oh that's terrific, thank you very much.

In other words, do you believe ... "No, I believe that the monarch of Great Britain should be our head of state." Right. Do you believe that there are good instincts in the Australian community, that they will come together, that you can have things like Accords and that you can have, therefore, higher growth, higher employment growth and a good social wage? "No, don't believe in Accords, don't believe there are these good notions there at all. Believe it is going to be survival of the fittest. If you are industrially strong, you take your pound of flesh. If you're not, bad luck." Well, therefore, do you believe in a safety net? "Don't believe in a safety net. You know, believe in the US system?"

And here is the US Labor Secretary, Robert Reich, saying "In America, we have had some of the highest employment growth in the world. But the army of working poor in America, the lowest half of the American workforce haven't had a real wage increase in 16 years." They haven't got beyond inflation in 16 years. In fact, they have wage declines. And I read a statistic last week, that 70 per cent in the growth of American household income has gone to the top 10 per cent of households and the bottom 20 per cent of American households have lost 10 per cent of their income: an unconscionable division of wealth. That is the sort of thing my opponents believe in. And then they want to walk around and say "we believe in Australia, we believe in the good things." I mean they want to take us back to an obscurantist, conflict model

that we left in the late 1970s, early 1980s. And to pass up 16 quarters of growth and low inflation and linkages into Asia

I said yesterday in the Parliament, I mentioned the General-Secretary of the Vietnamese Communist Party. He came to Australia the week after Vietnam was admitted as a full member of ASEAN - the Association of South East Asian Nations, with Indonesia, Singapore, Malaysia, Thailand etc - full member. That was two weeks ago. A week before that, the United States had diplomatically recognised Vietnam again and they had exchanged Ambassadors. The day he went home from here, the next day, he saw Warren Christopher, the US Secretary of State in Hanoi. But John Howard wouldn't see him in Australia because he is still fighting the Vietnam War and he thinks a few Vietnamese in Western Sydney may not vote for him if he were seen to be meeting Mr Do Muoi because of their memories of the settlement of the Vietnamese conflict.

Now how can Australia hand stewardship of its Asia relationship to somebody who plays these games and who doesn't understand that when you say to these people - a full member of ASEAN, to the leader of the country - I will not meet you or see you, I will snub you. Does he expect to be treated well by the Thais, or the Malaysians, or the Indonesians, or even the Japanese who run a western style economy? When Kono and Hashimoto were here last week, they knew about it, they knew Howard had snubbed him. So these things go around the region and then expect to say, after winning an election, for Mr Howard to wander out there, into the Asia Pacific, and say "Here I am. I believe in the monarchy. I still believe in all the trappings. I would have knighthoods back, if I had the chance. And just, by the way, I will only talk to the ones of you who I like."

Now, the thing is we are either in this, or we are not. We are either part of this community of nations here, or we are not. We either go as a strong vibrant society and culture, or we don't. We either go there proud of what we are and what we have become, or we go there as some sort of derivative society on the back foot. Now these are the issues. But you can't be like that away from home, if at home you are divisive, you have a conflict model, you don't bring everybody in and we are all not part of the one nation. You can't cheat at home and kid people outside. It has got to be genuine right through. You can't say the Native Title Act is a day of shame. That Mabo is an act of shame and, at the same time, say to the Asian nations around us, we want to be part of the community of nations in this part of the world.

So in coming here today to support Maggie, who is a new Member of Parliament, but a good Member of Parliament. Who is a person of the community who has faith in Australians and likes them, wants to be with them and know them and represent them. This is the sort of governing Party Australia needs, of people like this. Who have a genuine understanding of community sentiment and see the good things in Australians. Who feel the good sentiments and the good vibrations and not wanting to put their heads down and make them keep their place and straighten and punish them and

say "Well, if you are strong you get a big wage increase and if you are weak bad luck and there is no safety net for you and there is no Medicare for you. You go out there and put your hand in your pocket and if your kids get sick you go and pay for it and by the way we only like certain Asians and not others."

I mean this is not the sort of Government Australia needs. But the Government Australia has got has been the great Government of post-War change in this country and the runs on the board are sitting in those national accounts data today. And it should be a matter of great pride to Australians that together we have all produced this result - 16 quarters of growth. I guarantee there is not another OECD economy, since the world recession, which has had 16 consecutive quarters of growth.

So these are the things to have pride in. That we care about our children, that we won't leave them uneducated, that we give them that access and we lift them up and we believe in them and we let them do their best to put their mark on Australia and that we have equality of opportunity and fairness. But, at the same time, we have a good profit share, strong investment growth, a sustainable growth rate in the economy and good employment growth. In other words, everyone gets a cut of the action. It is not for one section or another.

Now, I think, that is the model we believe in. We believe in the model that brings the best out in Australia and Australians, that doesn't play favourites, that doesn't try and chop the thing up factionally, or in a partisan way. And what these last 12 years have proved is that that model works and I think the point we would like to make to you today is that it is the model for Australia to have - one where we are together and we believe in one another and that we are kind to one another. A society which is a kindly society and not a hard bitten, devil take the hindmost, society, a la the American Republicans, a la some of the other right-wing governments around the world. It is not for Australia, it is certainly not for Paul Keating and it is not for Maggie Deahm.

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