



FOR MEDIA

21 MARCH 1990

SPEECH BY THE PRIME MINISTER
TO THE NATIONAL PRESS CLUB
CANBERRA - WEDNESDAY, 21 MARCH 1990

Ladies and Gentlemen, Friends,

I believe the events of this campaign have confirmed the accuracy of what I said five weeks ago: that this is the most important election since 1949. Now, near the end of the campaign, I want to use the opportunity which you have given me, not to make new announcements - not to cover all the ground in detail - but to sum up; to describe the basis on which I believe the Australian people must make a fundamental choice on Saturday.

The essential differences between Labor and the Liberal-National Coalition run deep - very deep - and they are threefold.

First, we differ about the sort of Australia we wish to see in the years ahead. I have, as you know, characterised that difference as a fundamental choice between the opening of opportunity or the entrenchment of privilege.

Second, we differ over the means of getting to where we wish to go. Where we have a coherent strategy, the Peacock-Blunt Coalition has totally failed to explain how it is going to do what it says it will do - for instance in industrial relations, health, micro-economic reform and the funding of the binge of promises the Coalition has made in the campaign.

As Michael Stutchbury wrote recently, it is "economic gibberish", an "economic fairy tale".

And the other difference concerns leadership. The Australian people face a choice between a Hawke Government or a Peacock Government. It is a choice between a united and experienced Labor team and a disunited collection of individuals whose deep antagonisms have been papered over - and very imperfectly at that - only for the time being and only in the short term pursuit of power. Personal tensions and policy differences abound, and such is the state of turmoil

within Liberal Party politics that Andrew has even been heard in this campaign to quote Marx - Groucho that is.

My Friends,

When all is said and done, I have staked my Government's prospects in this election on reason and realism. We have rejected glitter, glib promises and smoke and mirrors. We have openly acknowledged that tough decisions have had to be taken in the past, that things have not been easy for many Australians and that hard work still lies ahead.

We have tried above all to appeal to the good sense of the Australian people - their capacity to recognise that Mr Peacock's economic analysis of gloom and doom takes no account of the record job growth we have achieved, the increase we are seeing in manufactured exports, the reduced tax rates we have brought about, record investment levels, the fact that interest rates can now responsibly come down, the workplace reforms which are underway as demonstrated only yesterday by the agreement in the metal industry. We are appealing to the capacity of the Australian people to distinguish real problem solving and clear, sensible plans for the future of this country from snake oil.

That has been a hallmark, I suggest, of my Government. I do not say we have been faultless, but we are I believe known by the people to stand for sound policy, workable policy, consistent pursuit of long-term goals. The Liberals and Nationals offer confusion, a perilous leap into the dark.

Now, it is the conventional wisdom that many in the electorate are cynical about this election; that it is not really seen as a watershed; that there is no deep divide between the parties and no fundamental difference of vision exists; that no ideals are at stake.

To people who think that way, and particularly to those young people who may believe the election does not engage their idealism, and will not affect their stake in the future of this country, I say, with respect, I hope they will think again. The stakes are high, the issues profound.

So one of the main things that I have tried to communicate to the public in this campaign is that the Liberal-National Party view of Australia's future - or at least the view of those who would really call the shots - departs in the most basic and important ways from the vision of my Government and my Party.

Our disagreements on budget policy, the system of wage determination, Medicare, the capital gains tax, mining in Kakadu and all the rest are the deeply troubling symptoms of an even deeper difference, a difference of principle.

I repeat today what I said here last December - that in this election I am fighting to realise a vision for Australia - an Australia with a modern, diversified, competitive and export-oriented economy; an Australia vigorously engaged with the world economy, and enmeshed in particular with the dynamism of Asia and the Pacific; an Australia committed to maintaining and enhancing the quality of life, social justice and the preservation of our natural environment; a self-reliant Australia, not merely fitting in with the world as we find it but helping shape it.

Now, Ladies and Gentlemen, if Mr Peacock and Mr Blunt, and their Coalition, agreed with me that this is the sort of Australia to which we should aspire as we approach the next century, then the choice on 24 March would indeed only be a choice about means, not about ends. And since the Opposition has so completely failed to explain just how it would go about governing Australia, it would be a pretty empty debate on their side.

But in fact we have a disagreement about the ends themselves, about the very objectives for which we should be striving.

For if you really believe in economic prosperity fairly achieved and fairly shared how can you, like the Opposition, believe in abolishing the capital gains tax, and in social policies of slash and burn which reward the rich at the expense of the less well off, the sick, the newly arrived migrant, the Aboriginal Australian?

If you really believe in increasing investment and employment, and an Australia which works in harmony to modernise and diversify its economy, how can you justify a "Who's to know?" attitude towards wage outcomes and seek to substitute industrial turmoil for steady, sustained industrial reform?

If you believe in productive investment for a growing economy, again, how can you believe in abolishing the capital gains tax with all the distortion of investment decisions and the tax avoidance which that would entail?

If you believe in boosting national savings and international competitiveness, how can you oppose award superannuation, and promise billions of dollars in unfunded Government spending which will lead to exactly the opposite result?

If you believe in an enhanced quality of Australian life, how can you believe in logging our rainforests and mining our national parks?

If you believe in a competitive Australia meshed into the world economy and trading effectively around the globe, how can you even toy with the idea of forming an

inward-looking Asian trade bloc, a proposal which no country in the region would accept; and rightly so.

If you believe in a constructive role for Australia in international affairs, how can you believe in scrapping the South Pacific Nuclear Free Zone in order to leave open the stationing of nuclear weapons in Australia, or in slashing aid to our neighbours and other countries in need, or in dismantling the Department of Foreign Affairs and Trade simply to find a slot for a National Party Minister? And this comes from the hypocrites who talk in their policy speech - and I quote - about the need to integrate foreign, economic and trade policies.

Make no mistake - across the board the Opposition's policies point clearly to the very different sort of Australia for which the Liberals and Nationals stand.

This would be an Australia in which the well-being of the many will depend upon trickle down from the few. It would be an Australia in which the less well-off are denied dignity and opportunity. It would be an Australia in which the social trap door replaces the social safety net. It would be an Australia used as a laboratory for irrational experimentation by the New Right. It would be an Australia in which profit always takes priority over environmental protection.

This is, therefore, an election about fundamentals.

Now, my friends, the Coalition's approach in this election has been, in the words of the Financial Review, "to dredge up old issues and old battles rather than develop new blueprints for the future".

But Labor has gone into this campaign united, with a positive plan for Australia's future and above all with concrete proposals to give that plan reality. We know what we are going to do, and we know how we are going to do it.

By a positive plan I mean the following - first it is a plan which is demonstrably workable; second it is a plan which genuinely addresses the long-range needs of the country; and third it is a plan which is fully funded and therefore totally credible.

Our methodology going into this campaign was utterly different from that of the Opposition - we identified offsets and savings first, and then determined what new programs were affordable. And we did so for a full three years. The final scoresheet from the Minister for Finance - which is attached to the printed copy of this speech - reveals we have come out exactly on target.

In each of these respects the Opposition's alternative fails the test.

First, take the issue of realism. Nowhere else is the Opposition incapacity to develop clear and workable policies more evident than in their chaotic industrial relations policy and in their health policy fiasco.

Second, take the obligation to address the fundamental issues affecting Australia. Here the Coalition program is replete with sins of omission - like education and science - and of commission - like the abolition of the capital gains tax, the opposition to national savings through award superannuation, and the dismantling of our reforms to the very machinery of the Commonwealth Government itself.

And third, over and above all this, Mr Peacock has been utterly unable to explain where the money is coming from. He has in fact been incomprehensible.

Let's be clear; there would be only three options for a Liberal-National Government in dealing with their fiscal black hole - to eat into the budget surplus, to ditch their election promises, or to take the meat axe to social programs. A fourth option is a consumption tax, but I will resist the temptation to which Mr Peacock succumbed and not drag out that old chestnut here.

My Friends,

The plan which we have put to the country has been spelt out in the series of announcements we have made during the campaign, starting with the Treasurer's statement in the first week and ending with our statements on the environment and law and justice in the last.

This has been no disparate series of ad hoc proposals. Each and every one links directly back to the architecture for the Australia of the future we are trying to build.

To build that Australia we must increase national savings. Labor has clear, workable policies to do this. We have increased the public sector's contribution to national savings by 8 percent of GDP. We have boosted superannuation in a way that will see additional annual savings equal to around 3 percent of GDP. These changes will do two things - address our current account deficit and allow for continued growth in the capital stock. Along with other measures, including encouraging growth and diversification of exports, this is an integral part of our strategy to tackle Australia's overseas debt.

The Coalition has no policies to boost national savings. Indeed, their opposition to award superannuation and their unfunded spending promises would seriously erode Australia's national savings.

To build the sort of Australia we want we must expand Australia's productive capacity and exports. This

involves predictable and affordable wage outcomes to ensure continued investment and employment growth, improved recognition of training through award restructuring, our ten point program of realistic micro-reform, better targeted export promotion programs and strategies to increase Australia's exports of services.

Peacock and Blunt, by contrast, only offer a free-for-all wages policy and micro-reform devoid of implementation plans. Micro-economic reform through all-out confrontation means, in the end, no micro-economic reform at all.

To build the sort of Australia we want, we need positive programs for the clever country. In putting that objective high on the national agenda we have struck a chord with the Australian community; they know it needs to be done. Our co-operative scientific research centres, the Education Completion Allowance and the disadvantaged schools program represent major innovations which will deliver the results. But these vital matters are completely overlooked in the pronouncements of the Opposition.

To build the sort of Australia we want in terms of a ladder of opportunity for all Australians, we have offered proposals in childcare, in tackling the new generation of social issues in outer urban and rural areas, to abolish the concept of the dole with enhanced programs of training and retraining for the unemployed, and forward looking agendas on women's issues and multiculturalism. So here too we have delivered.

To build the sort of Australia we want requires the strong decisions we have taken to protect the natural environment. The list of specific environmental issues on which we disagree with the Liberals and Nationals is now as long as your arm. But underlying them is a fundamentally different philosophy.

We put environmental protection side by side with economic development in judging whether a particular proposal should go ahead. The Opposition, by stark contrast, will always consider environmental protection to be, at best, a secondary consideration. Look at the Daintree rainforests; look at Kakadu.

And to build the sort of Australia we want we need a foreign policy which is ahead of the game in a rapidly changing world.

I am proud that this Government has delivered exactly that with our initiative on Cambodia, our leadership in Asia/Pacific economic cooperation, our constructive role in the fight to ban chemical weapons, the greater maturity in our vital relationship with the United States, our early recognition that change in the Soviet

Union was real and provided new opportunities for Australia, our uncompromising assertion of Australia's interest in a free and open international trading system and our lead role in the Commonwealth on southern Africa, something which the conservatives would wind back at exactly the wrong moment in the long history of the fight to end apartheid.

And whereas we have acted, you will search in vain in Mr Peacock's campaign statement to find any suggestions on how he would advance Australia's vital regional or global trading interests.

My Friends,

We have always acknowledged that the solutions to secure Australia's future are not simple ones.

To be sure, many Australians, especially those paying high interest rates, have faced difficulties. To be sure, there are concerns such as overseas debt which need careful management. But the way through, the way to achieve the great potential of this great country, is sound policy - policy based on realism about both our problems as a nation and our capacities as a nation. Hollow promises and superficial prescriptions are no answer at all.

I want to say to those who intend to vote for third party and independent candidates that they should consider with the greatest care where they direct their second preferences. This is a vital election and it is - I make no bones about it - a tight election.

In no way do I question the right of people to vote for a third party or independents. But what I do emphasise is this reality - that when people who wish to vote this way wake up on 25 March there will be either a Labor Government or a Liberal-National Government elected to office in Canberra - with either myself as Prime Minister or Andrew Peacock as Prime Minister. There won't be a Democrat Government; there won't be a green independents Government.

And so I say specifically to them - if you do not want Medicare gutted, the capital gains tax scrapped, more uranium mining, a uranium enrichment industry in Australia, up-front tuition fees, mining in Kakadu, then your preference between the two major parties must be Labor. That is the simple imperative.

And I want to urge all my fellow Australians to think very long and very hard about the fiscal recklessness, social injustice and environmental vandalism that are absolutely inherent in the Liberal-National policies revealed in this campaign. They have failed utterly as an Opposition to develop workable policies for Government.

Despite all those deplorable Coalition faults and failures, I have not been governing - and I am not campaigning - to win by default. I ask the Australian people to vote for Labor not because the alternative is so demonstrably dreadful, but because we have the ideas, the properly defined policies and the capacity to lead.

I believe in the people of Australia and therefore I believe that good sense will be shown on 24 March. And then my pledge to my fellow Australians is this - that the Government will shoulder the high responsibility conferred upon it, and will work with all the strength, determination and creativity of which only Labor is capable to achieve the Australian future of hope and promise which I have described. We have the plan to do it, we have the will to do it, we have the capacity to do it, we have the leadership to do it. And we shall do it - together.

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MINISTER FOR FINANCE

EMBARGO

NO: 12

MARCH 1990 ERC SCORESHEET - LABORS FISCAL DISCIPLINE

	90.91	91.92	92.93
	\$m	\$m	\$m

SAVINGS IDENTIFIED IN ECONOMIC STATEMENT	(347.7)	(547.8)	(602.9)
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OUTLAYS ANNOUNCED

. Labour Market Reform	24.9	78.8	84.0
. Tasmanian Package	7.0	2.5	0.5
. Non Govt Schools	5.0	10.0	13.1
. Roads/Land Transport	100.0	100.0	100.0
. Export Marketing	10.0	17.0	17.0
. Initiatives for Women	16.0	22.0	32.0
. Veterans	4.8	6.5	7.3
. Childcare	86.8	144.6	166.5
. Education	37.0	75.4	65.5
. Family Services	8.4	14.5	20.5
. Urban Transport	25.0	30.0	30.0
. Research Centres	5.0	16.0	51.0
. Multicultural Media	0.9	1.7	1.7
. Environment	11.8	14.4	9.7
. Law and Justice	3.0	3.0	3.0
	<u>345.6</u>	<u>536.4</u>	<u>601.8</u>
REMAINDER OF SAVINGS FOR INCREASE TO BUDGET SURPLUS	(2.1)	(11.4)	(1.1)

P WALSH
MINISTER FOR FINANCE

21 MARCH 1990