

THE CHALLENGE TO THE NATIONAL PARTY

Oration by

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**"In the last analysis, finance is Government
and Government is finance."**

**Sir Earle Page, Leader of the Australian
Country Party 1921-39, from his
autobiography, "Truant Surgeon".**

Sixty-three years and six months ago tonight, the formation of the first Federal Coalition Government involving the then recently-formed Country Party was announced. Two days later, the Prime Minister, Stanley Melbourne Bruce, and the Leader of the Country Party, Earle Christmas Grafton Page, together with their Ministers, were sworn in. Mr Page, as he then was, took the Treasury portfolio. With the Commonwealth of Australia barely two decades old, the stage was set for a momentous reshaping of Australia's political life.

From that day to this, in spite of the inevitable upheavals, crises and dramas of politics, the party which Sir Earle Page first led has been an integral part of conservative politics in Australia federally and, with its ups and downs, at various times in every State and in the Northern Territory. In 1975, the federal Country Party became first the National Country Party and then, in 1982, the National Party. Its essential identity, however, has not changed. Other parties around the world have begun or continue with an agrarian base. They exist either as administrative conveniences - for example, in some Communist countries, they are largely peripheral to mainstream politics - or, like our namesake across the Tasman, have incorporated all conservative forces within the one "National" banner.

The National Party of Australia, however, is unique. As the political commentator, Peter Bowers, wrote in The Sydney Morning Herald in September, 1981, the National Party

“... is not merely the junior coalition partner in
Federal Government. It is the cement of
conservative government in Australia.”

The key elements in that achievement have been leadership and stability.

The second characteristic is shown most clearly by the voting returns from post-war elections. Between 1946 and 1984, the National Party primary vote ranged from a high of 11.3% in 1975 to a low of 7.9% in 1955 - respectively, the rout of Whitlam and the post Korean War squeeze on the farm sector during the Menzies years. During that period, the National Party vote has swung by only 3.4% while support for our coalition partners, the Liberals, has swung by 9.8% and that for Labor by 10.4%. The primary vote for the Nationals in 1984 was 10.63%, only 0.06% less than it had been in 1946, 40 years before.

The number of House of Representative seats held by the party, increasing with Australia's population, almost doubled, from 11 to 21. The variation between the three major parties in terms of actual representation in the House of Representatives - in political terms the most important factor - is more striking. Apart from the 1946 election, representation in the House has swung from a low of 17 seats to a high of 23, a range of six. The range of Liberal representation has been 35 and Labor 39, disregarding the 1984 result affected by an enlarged Parliament.

Nothing in these statistics should suggest the Party is content to remain static. Indeed, in the 1984 election, the influx of new members to our party, together with those already there, created a new generation which, in ability and Parliamentary performance to date, has demonstrated the future of the party remains secure.

In its 63-year federal Parliamentary history the party has had only six leaders. Sir Earle Page (1921 to 1939), Archie Cameron (briefly to 1940), Sir Arthur Fadden (1940 to 1958), Sir John McEwen (1958 to 1971), Doug Anthony (1971 to 1984), and currently myself. My own term is not for me to judge. My predecessors, however, all made substantial and lasting contributions both in themselves and to the development, growth and character of the nation. The possible exception was Archie Galbraith Cameron, a complex man, Member for Barker (SA) from 1934-56 and Speaker from 1950-1956. His influence was considerable and I doubt the slide in Parliamentary behavior, so rightly condemned today, would have occurred if his strength in the chair had been maintained by his successors.

Sir Earle Page was the father of central banking in Australia, and originated the Loan Council and the Commonwealth-State Tax Agreement. He introduced the voluntary health insurance concept to offset personal medical and hospital charges - and we may well ask how much better off would we be today with the Page scheme instead of Medicare. He established the CSIRO and the permanent nature of his achievements is particularly symbolised in my own electorate of New England by the University of New England, which Sir Earle and a few other Country Party colleagues did so much to establish.

Sir Arthur Fadden, who also held the Treasury portfolio, has many claims to fame but I mention particularly his establishment, in 1957/58, of the Reserve Bank with an independent board, and the establishment of the Commonwealth Development Bank.

Sir John McEwen was the iron man of Australian politics for almost 20 years. He won lasting recognition for his role in developing industry policy after World War Two, and in establishing and developing the Australia-Japan trade relationship. There have been fundamental changes in political perceptions in Australia, and what McEwen saw as policy imperatives in the 1960s and 1970s are now regarded with considerably less enthusiasm by all. However, the wave of agricultural protectionism now threatening the survival of Australia's commodity exports was mirrored by the protectionism of the industrial world for their manufactured products in McEwen's day. It was against this that the Tariff Board, now Industries Assistance Commission, was developed.

There is one other remarkable contribution he made - the undoubted preferment he gave Doug Anthony, Peter Nixon, Ralph Hunt and me as younger members in our first appointments as federal Ministers. While other capable, intelligent and competent members were available, that experience gave us background that no other member of the Federal Parliament can equal.

Doug Anthony, apart from presiding over an especially active effort to expand Australian trade and markets, has his own memorial in the beginning of Australia's new relationship with Saudi Arabia and the Middle East, and the Closer Economic Relations agreement between Australia and New Zealand which will eventually create fully free trade between our two countries.

The future of the National Party will essentially depend on the determination and cohesion of our party members. It has essential interests which transcend changes of leadership and passing fashions in ideology. The Australian Country Party began life, naked and unashamed, primarily as a farmers' party. Throughout its existence, the National Party has focussed its efforts on improving the lot of the farmer and the lot of country people generally.

Farmers, buffeted by seasonal change and the vagaries of international marketing, have sought - and received - domestic orderly marketing and price stabilisation mechanisms.

The party has also taken a leading role in negotiating agreements with the states in such areas as drought relief and rural assistance. Today, its major concerns lie with input costs, particularly at the Government level. In its efforts to promote the lot of country people generally, the party has also been active in the areas of transport and communications, where the Commonwealth has been able to make significant contributions to the quality of country life.

The National Party, claimed by some to have a narrow base and limited objectives, has a greater membership in New South Wales - the largest State - than the Liberal and Labor parties combined. The same is true in Queensland where the party governs alone and, at its last annual conference, had more delegates from city branches than from the country. In Victoria, our membership is higher than either of the other two parties on their own. In South Australia and the Northern Territory, the political landscape was altered dramatically by the success of the Liberal Country League which, under Sir Thomas Playford, successfully united both conservative parties.

However, after his departure, the LCL mutated into the Liberal Party, leaving those particularly interested in rural Australia in a difficult position.

in the Northern Territory, the party established by the National Party is now affiliated both with us federally and our coalition partner under the CLP banner. In Western Australia, the party, after several years in decline, again united last year and doubled its representation in State Parliament at the last election. Tasmania remains the only State without substantial National Party presence but the nucleus of a party organisation remains.

The support the National Party receives from the community is evidence of the success of its work. That success has involved the recognition that the key to providing a secure future for rural Australia and its people lies in economic policy, integrally bound with securing adequate markets for our industries. Those emphases cannot and will not change. We cannot and will not be a party ignoring the central importance of economic policy or of the productive industries which contribute to the wealth of the nation.

To continue pursuing these essential interests successfully, we must examine both our record and the economic, social and political environment in which we operate.

The party is perceived to have failed between 1975 and 1983 to achieve all or a major part of what many believed was possible and essential, particularly in industrial relations. There is a widespread feeling that the Fraser-Anthony Government, with a massive mandate in 1975 and 1977, should have moved decisively to reduce the power and influence of unions.

It applies also to tariff reform and the level of Government spending and intervention in the economy and life of the individual. Even as someone intimately involved in that Government and bearing some responsibility, I have to agree the concerns are justified.

Another factor producing disillusionment is a perceived failure by conservative politicians to resist forces seen as destructive to the foundations of institutions of our society - such as the family, marriage and the rule of law. The self-styled progressives in the Labor party, the union movement, education and statutory bodies - the Gareth Evanses, John Halfpennys, Justice Michael Kirby and Dame Roma Mitchells - together with those in the media, especially the ABC, who work to develop and promote this attack, seem not only to be leading the debate, but controlling the agenda.

Another area of influence on the party's re-evaluation of its role is the economic climate. It is accepted the export industries have concentrated on efficiency as a basis for export success. In both the farming and mining sectors, Australia has utilised overseas technology and developed its own to the extent that it has been able to equal, and largely better, its competitors. This process has been given particular impetus by Australia's high-cost wage structure. Whether it is wool,

wheat, beef, bauxite, coal or iron ore, Australia is one of the world's lowest-cost producers and has been rewarded with major markets. Governments have raked off a substantial share of the profits in costs and charges, and protection has posed a major cost to exporters. Today, efficiency is no longer enough, and non-price factors, such as US agricultural policy and the EC's Common Agricultural Policy, are distorting world commodity markets to an increasingly disturbing extent.

The phenomenon of "social metals" - mineral commodities in which market signals are distorted by policies of governments - is well known to our mining industry.

Australia has no choice but to fight such distortions in multi-lateral and bilateral negotiations because such policies in other countries will continue to exist. Our policies, therefore, must change to reflect the fact that fundamental distortions in many world commodity markets now have serious implications for our traditional exports.

There are no simple answers. One direction is to encourage greater secondary processing in Australia to ensure maximum added value is achieved domestically. This has been a long-term objective of the National Party but our high-cost wage structure and high level of government taxes and charges are disincentives. Another problem in developing markets when countries processing our commodities want to protect their own industries is that there is already over-supply in several products and manufacturers worldwide are trying to cut costs by limiting material usage. Enhancing the value of our raw materials, however, must be a national goal. It is essential we identify and progressively exploit niches in world markets to maximise secondary processing here and also seek markets, particularly for farm products, and ensure that our existing products meet market needs.

Yet neither secondary processing nor primary production, family farmer, small business nor private investor can survive unless we create an economic climate in Australia where profits and savings can again become the norm. This requires a new policy direction.

For too long, Australian industries and individuals have been encouraged to accept they cannot succeed on their own. This idea was taken to its illogical extreme in the Whitlam Government's belief any problem could be solved by throwing money at it. The Coalition Government which followed partly succeeded by severely restraining Government spending and public service growth but it did not change the public's underlying expectations, so when the Hawke Government won office, the way was open again for massive federal splurging. By creating dependency, Labor Governments have advanced their own political fortunes. They have introduced a type of auction, with higher and higher bids at each election for the favors of the voters.

Social welfare spending has reached massive levels, the cost of industry protection to exporters is horrendous, our industrial relations process is making us less and less competitive on world markets and enterprise and initiative are being crushed by a punitive taxation system. Unable any more to raise the massive capital requirements of a national sheltered workshop, the Hawke Government has almost tripled our overseas debt in only three years. It has institutionalised wage policies which are driving the dollar down further and further, reflecting our weakening competitiveness. Its whole corporatist approach has locked out from the development and implementation of Government policy small business, the entrepreneur, the self-employed and, most significantly, the individual. A fundamental change in thinking is needed to recognise enterprise and initiative, encourage and reward boldness and success, and lift the weight of Government intervention from individuals and the productive private sector.

Australians have always been suspicious of success and authority. Our suspicion of authority and our larrikin tradition have been an important factor in retaining the freedoms we value so highly but our suspicion of success - the "tall poppy" syndrome - has meant that a great deal of the economic development of the world has passed us by. We must reverse this if we are to grow and prosper in the increasingly hard, cold economic environment of the remainder of the 20th century. Success must be recognised and achievers enabled to gain the rewards they deserve.

The tendency of government has been to try to ensure the outcome of the race is as equal as possible by handicapping better performers to excess. The proper role of government is to make sure the race is fair; to remove obstacles to free competition; to equip as many Australians as possible, by training and education, to enter the race and then to ensure the prize is worth winning and can be retained. The key to that lies in cutting taxes and altering the basis of taxation and the key to that is cutting government spending.

The National Party is already committed to abolishing the fringe benefits and capital gains taxes, the assets test and tax on superannuation; to a programmed reduction in protection, beginning with the replacement of tariffs by bounties on farm inputs; and to freeze government spending in real terms. Real growth in government spending of zero or less has been achieved only in three of the past 30 years - two during the term of the previous Coalition Government.

If there had been no real increase in spending in each of the three Hawke Government budgets, Australian taxpayers would have saved \$9 billion and government spending would be down 131/c. If the Coalition were elected this month, it would, as a result of its spending commitment alone, be able to slash the budget deficit by about \$2 billion in 1986-87. By 1987-88 the budget would be in surplus and by 1988-89 would be large enough to deliver major tax cuts.

The aim of the next Coalition Government must also be to restructure fundamentally Government responsibilities, introduce the concepts of private sector financial management into the public sector and depoliticise the public service. Not only must it cut spending but it must spend more effectively, particularly by rationalising the massive Commonwealth bureaucracy now operating within a web of conflicting requirements, duplication and waste. The challenge is to make the best use of reduced resources.

Reducing Government spending and rationalising its public service will come to nought if State Government spending and State and local government services expand. For years, growth in State taxation revenue and the size of the State public services have been far outstripping that at Commonwealth level. A major change to Commonwealth-State financial arrangements is necessary to impose on the states the same fiscal responsibility which the Commonwealth imposes on itself. As present, the Commonwealth remits funds to the states based on a percentage of personal income tax revenue. The previous Coalition Government gave states the power to levy their own income taxes but they refused and instead

increased pay-roll and other taxes and charges. An alternative is for the states to advise the Commonwealth of the amount they wish to receive from personal tax. This would enable their economic performance to be measured.

To create a society of enterprise and regard for effort, the tax system must be made more open, fair and simple. It must give incentive for investment and labour instead of penalising them. A single rate income tax for all Australians remains the objective of the National Party, but it might be necessary to move towards it gradually. Other schemes are also being studied. The over-riding aim is to bring marginal tax rates down, reduce the number of tax scales and remove the tax creep. Creating the climate of enterprise and initiative is basic to turning our economy around and giving Australians a secure, strong and prosperous future. It is also basic to the survival of our export industries and to small business, and to ensure effectiveness, strong action must be taken to curb union power. Our massive current account deficit is a direct result of the wage policies pursued by a Labor Party headed by a former leader of the ACTU, and the ACTU itself. The trade union movement today exercises disproportionate authority against every other sector of our society and it does not even subject its leaders to the restraints imposed on company directors. What Australians get today is not what unionists want but what their leaders give them.

All Australians need to understand that without a productivity gain or rise in industry profitability, every success in campaigns for higher wages and better conditions means that other Australians lose their jobs. Also, in a declining economy, every so-called gain means Australia is weakened and its standard of living lowered. They also must realise that labour costs are not wages alone and that it is labour on-costs that contribute to Australia's non-competitiveness.

Our aim must be to bring about a rational, fair and constructive system of industrial relations which puts national need above individual greed. Our policy emphasises dismantling the centralised wage system and returning to employees and employers the freedom to negotiate on wages and conditions. Also, we are determined to give Australians a right not to join a union. Unions must be responsible for their actions - to their members and the public. In the Federal sphere, sections 45 (d) and (e) of the Trade Practices Act, provide part of the answer, as the court decision in the Mudginberri dispute showed, and existing Common Law remedies are also vital. Another basic measure requires the disciplines imposed on unions in the private sector to be pressed home in the public sector as well. We are determined to apply to unions accounting and reporting standards equal to those applying to public companies and we will give union members the right to vote by secret ballot on any proposal for industrial action.

The National Party believes strongly that it must respond to changes in the social and political climate, one area of particular concern being the family. There is no simple explanation or policy response to the massive increase in the divorce rate, the number of single parent families, births outside marriage and latch-key children. At government level and in our legal system, there must be a commitment to supporting the conventional family and fighting pressures which threaten it, but the government must ensure that those who take on the responsibility of children continue to meet those responsibilities if they choose to separate from a partner. In addition, we must remove the tax disincentives for one-income families, maintain the spouse rebate, recognise the need for a family allowance for the wife with young children and ensure the availability of part-time work. The National Party believes a clear commitment to the family is the best investment in the future any political party can make for Australia.

Our support for individual rights and responsibilities is the antithesis of the socialist concept of "what is good for the government is good for the citizen". The freedoms of the Atlantic Charter apply within our society as much as within the society of nations but the average man, woman and child often become the forgotten players. Yet, it is these such individuals, forgotten or discarded in their home of origin, who have developed Australia into the nation it is today. Government has a responsibility to maintain the pace of individual progress and to continue to provide opportunities for young residents and new Australians. This brings into focus Australia's relationships with the world, with the original Australians, and our attitude to the physical environment.

Our defence and foreign policy objectives must be designed to ensure a continuing responsive and responsible role as a plausible partner in regional affairs and we must help to develop strategies designed to maintain political, social and economic stability and so establish an environment for rising living standards in our neighborhood.

While we have a major role alongside the United States in maintaining peace around the world, our defence and foreign policy should be concentrated on developing mutual strategies against external threats and fostering industrial development and interdependence wherever possible. Self-sufficiency for Australia should mean self-sufficiency within our region, not in national isolation.

In racial relations, our domestic record is poor. Inviting Aborigines to a lifetime on social welfare, where alcoholism and disease become endemic, is not the answer. The National Party believes Aborigines must be given the respect their traditions and heritage justify and their future must not be settled by white activists intervening to the denigration of the views of tribal elders. Appreciating their love of the land, we seek their equality within our society so they can engender respect for themselves once more. In developing Australia's harsh terrain, little concern was given to preserving our natural assets, so our charge must be to restore the soil and trees and conserve our vast water resources - and we must ensure our natural environment is enhanced, as the nation develops.

Roads and buildings can easily destroy an attractive natural environment. Proper urban planning and a consideration for the needs of people in our cities, particularly in communications, are, therefore, high in our priorities for the Government. There needs to be a proper balance between an excess of restrictions and continuing development.

We look to freedom of opportunity for overseas investment and the import of managerial skills with that capital to enhance our national base and as that base expands, so the threat of overseas domination over our national aspirations recedes. Handled properly in the 1980s and 1990s, this could give Australia the same stimulus we enjoyed in the 1950s and 1960s.

The greatest challenge we face is securing the future of our young people. The policy directions I have outlined not only respond to our immediate economic problems but are aimed at building a framework in which those now young can build their future. Unless we can break the cycle of youth unemployment, we risk creating a generation of Australians alienated from their own society, resenting it and many of their fellow-Australians, and passing on to their own children traditions of alienation and dependency which pose serious risks for society's future.

To meet our responsibilities, a Coalition Government has to do much more than tinker with existing policy. We believe strongly it is essential the next conservative Government of Australia acts quickly and decisively on election to begin putting the nation back on the right track. If this framework is not in place in its first six months in office, and it does not act decisively on major issues in the first three months, it will imperil its own future and, more importantly, the future of the nation. Australians are looking for strong leadership, a clear policy and repudiation of waste, bureaucracy and regulation.

Australia needs new national vision and a new recognition of its place in the world. It is no accident that all the leaders of our party had in common a great belief in and hope for Australia and they looked outward to the world with an understanding Australia had to involve itself in the great global issues. That sense of national identity we seem to have lost. Just look at the inscriptions on the memorials around Australia to the Australians who died fighting for their country in World War One. They display a sense of purpose and a belief in the value of the sacrifice that cannot be matched today. We have forgotten or come to ridicule the qualities that built our national greatness, qualities such as self-reliance, a determination to get the job done, loyalty to our fellows or mateship, and a sense of humour in adversity.

In the quest to accommodate the views of every conceivable interest group and every ethnic minority, however, we are diluting our identity to the extent that it is almost invisible. The confusion reigning over our Bicentennial celebrations, under the insipid theme of "Living Together", is symptomatic of this lack of identity.

We celebrate Australia Day half-heartedly and organise the commemoration to give the nation another long weekend rather than an occasion for national pride. Our flag is under attack from a noisy minority, the industries that made us great - our farms and mines - and still provide the backbone of our economy, are given little concern in the rush to pamper the cities which depend on them.

To give the leadership Australia wants and needs, any government must start uniting our increasingly disparate nation behind a new, genuine Australian nationalism - not the charisma cult of a leader or the spurious nationalism seen in a new flag and a republican system of government. The nationalism we need is more than a sense of shared glory at sporting victories. It is a sense of pride in achievement in all areas of human endeavour; a system of values that welcomes the outstanding in every field; and an attitude that applauds and regards success among all those who contribute to building the nation. It involves an appreciation of the Australian heritage and Australian achievement and understands that only a strong prosperous Australia can contribute to efforts around the world to relieve poverty, famine and illness, and combat tyranny. It is a nationalism that cares for the weak in our own society, for our children and for their future, and believes the greatest hope for all lies in encouraging individual initiative and effort.

It is this direction and national purpose that the National Party wants to encourage. It depends, first, on a sound financial and economic base, but beyond that, it demands courage, vision, compassion and wisdom from those the nation elects to lead it. Sadly, these are now lacking in government, yet they are the most important qualities we must have if we are to build the strong, confident nation and people we all seek today.