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SPEECH BY THE PRIME MINISTER, MR E.G. WHITLAM, Q.C., M.P., TO
THE ANNUAL DINNER OF THE HEAVY ENGINEERING MANUFACTURERS'
ASSOCIATION LAKESIDE HOTEL, CANBERRA, MONDAY, 24 SEPTEMBER 1973

Some of you may remember, when we brought down our Budget, certain commentators describing it as Phase I of the Government's economic policy. I suppose this occasion will be branded as Phase IV of our manufacturing policy. Yours is the fourth manufacturers' dinner I have attended in the past few weeks. Now at last I am dealing with the heavies.

Let me begin by proclaiming the fundamental community of interest between the Labor Government and your branch of industry. Rather, let me proclaim it in your own words. In one of your recent annual reports I found this passage: "Since its formation in 1968, the Heavy Engineering Manufacturers' Association has consistently advocated Government-industry co-operation as the best means of attaining the national objectives of development, full employment and prosperity."

I accept those words as an accurate statement of our common policy - our shared objectives, our shared methods. I should add that my Government has been pursuing the same objectives since its formation in 1972. So we are both, in a way, fledgling organisations. You can be proud of your Association's achievements in the past six years. I am equally proud of the Government's record in the past 10 months.

I return to those three objectives again - "Development, full employment, prosperity". First, consider employment. There is nothing more central to our common needs, to our common philosophy, than the maintenance of full employment. You cannot afford the waste and losses which large-scale unemployment inevitably brings. We cannot afford them either; nor can we afford, or tolerate, the social and political consequences. We inherited the worst unemployment for 10 years. We have restored full employment in less than 10 months.

Second, prosperity. I venture to suggest that Australia is more prosperous today than it has ever been. In saying this, I do not overlook the vast areas of poverty that remain for many of our people, and I acknowledge that for such Australians the very word "prosperity" has a hollow ring. Nevertheless, it is true that for most of us consumer spending is running at record levels; profits are higher than ever; world demand for our exports is immensely strong. And nowhere is this healthy situation more manifest than in manufacturing industry. In short, we have record prosperity.

Your third criterion is development. Let me assure you that the Government regards the development of strong, healthy Australian industries as a fundamental, long-term objective. It is one of our essential and unqualified commitments - and it is reflected, I believe, in every major policy announcement, every major economic decision we have taken since coming to office. We are a Government of growth. Our success, perhaps our survival, certainly the achievement of our basic social objectives, depends upon the maintenance of strong and prosperous local industries. We need your strength, we need your growth, we need your prosperity.

I think you will agree on reflection - perhaps even my friend Senator Cotton will agree - that our incentive in this matter is far more powerful than it was for our predecessors. It is precisely because we are pledged to certain reforms, to a program of social change and renovation which the Australian people entrusted us to carry out, that we are more than ever determined to maintain and develop the underlying strength of our industrial economy. Does anyone imagine that my Government - of all governments - can be indifferent to the needs of industry, and especially of your industry - an industry that provides the know-how and the muscle for important development projects, for construction, for transport, for shipping or pipelines, for power supply and generation, for water conservation projects, for northern development, for vital defence industries (like light aircraft), that we are determined Australia shall maintain for herself? (Now that a certain by-election is behind us, I might even mention such things as airports.) Of course your industry's prosperity is essential to us, essential to our plans, our vision, our whole philosophy. You are the businessmen, and yours are the industries, that will be needed to bring many of our plans to fruition.

I give you this further assurance tonight: Nothing my Government does to correct our economic difficulties - either those we have inherited or those we have imported - will be allowed to jeopardise the fundamental strength of Australian industry. The very opposite is true. The whole burden of our attack on inflationary pressures has been through measures designed to strengthen industry, streamline it, to build up its efficiency and sharpen its competitive edge. We inherited a pattern of growing inflation. The great bulk of that inflation has been due to factors and pressures imported from countries where inflation is running at a high rate. It is as much an international as a national problem. There is no simple solution. But faced with this situation, what did we do? We did not throw up our hands in despair or bludgeon the economy to a standstill.

We took prompt and responsible action. We initiated a series of carefully timed and related steps designed to increase our level of imports, build up the supply of goods and reduce domestic prices. We are now seeking a further weapon from the people - direct power over prices. Depending on the attitude of the Senate, we shall submit that proposal to a referendum of the people before Christmas or as early as possible in the new year.

That has been our approach - a steady, responsible, coherent attack on the roots of the problem. How easy it would have been for us, faced with an inflationary problem, to act as other governments have done, and throw thousands of Australians out of work. How easy to take refuge in conventional remedies, despite their futility in the past! But what would be the effect on industry if we did? Loss of production, half-empty factories, businesses driven to the wall. Your industry, as you are all painfully aware, is only now recovering from the effects of the most recent attempt to restrain inflation by such means. Again, how easy it would have been for me and the Treasurer to yield to the clamour of our critics, the editorialists, the airmchair propagandists, and cut back on public spending in the Budget. Think of the plaudits we would have received for acting responsibly. But think of the consequences. We would have totally abrogated the trust placed in us by the people. We would have denied to industry, to you, to manufacturers, the great long-term opportunities that our program offers for investment and growth.

Let me explain those opportunities. I have pointed out to manufacturers on other occasions that it is an absurdly over-simplified proposition to suggest that any increase in public activity, any widening of the public sector, is automatically at the expense of the private sector. For example, in our Budget this year we gave top priority to Education. We shall provide \$843 million for Education in 1973-74, an increase of 92%. But governments do not manufacture the equipment, make the bricks, install the fittings that make a school. When governments spend on these items they provide new investment opportunities for the private investor, new scope for the private manufacturer. The same opportunities apply to our proposals in the cities, in hospitals, in transport, in development projects. When governments take initiatives where none existed before - initiatives that would not otherwise be taken at all - it is private investment and private industry which share in the benefits of such initiatives.

I have not yet mentioned one great quality of your industry that commends it to the new Government. That is: you are an Australian industry, you are overwhelmingly Australian-owned and controlled. You exemplify what we hope to achieve in other sections of the economy: greater Australian ownership and control of our industries and resources. Moreover, as you yourselves have pointed out, the very platform of my party

recognises the importance of heavy engineering in the achievement of our national goals. Section 8 states that the party's policy is to encourage nationally the scientific development of our national resources through the use of our raw materials and human skills in the fields of metallurgy, metal fabrication and engineering. This is to be achieved through Government and private co-operation in the development of national industries for the greatest advantage to Australia. Section 5 of the Platform provides that the Government will protect industry by whatever means are necessary after thorough examination by an independent government authority.

Many of the decisions we have taken reflect this awareness of your special importance, your central role in Australia's future. We established at the outset a new Department of Secondary Industry, and, within that Department, an Engineering Industries Division. You have always emphasised the need for co-operation between government and industry; so have we. My colleague Dr Cairns has announced his proposal for "industry panels" to bring together representatives of industry, government, the trade unions and consumers to advise on the development of industries. Your Association has had discussions with the Department of Secondary Industry on setting up a panel in the area of heavy engineering. We will strengthen the Australian Industry Development Corporation and free it from restraints, to enable it to play its full role in developing Australian industry and keeping it in Australian hands.

I acknowledge the anxieties you have experienced recently over our tariff proposals. The Tariff Board completed a long review of your industry early last year. Our predecessors accepted the Board's recommendation for protection on the grounds that you are an efficient, economic industry and a national asset. I should not wish to dispute that finding for a moment; I wholeheartedly endorse it. But in view of your application for a review of tariff levels in the light of our currency realignments, I do not wish to anticipate what future assistance your industry may receive or deserve. As you know, we have decided to transform the Tariff Board into an Industries Assistance Commission. It will co-ordinate all forms of aid to industry and improve the allocation of resources among industries throughout Australia. It will throw open the whole process of assistance to public scrutiny. It would be unfair to mislead you at this stage with predictions of what the new Commission will or will not do. But I assure you of this: no section of industry ranks higher in our estimation, or higher in our priorities, than yours.

I know the measures we have taken against inflation - two revaluations, our 25% tariff cut, our policy on interest rates - are not necessarily the measures you would have chosen yourselves. Yet I suggest that Australian industry, operating within a basically sound economy, is in a strong position to withstand the effects of our measures, and to respond to them in positive and beneficial ways. As you know, we have undertaken that the Government will assist any industry adversely affected by our revaluations or tariff cuts. We have set aside \$25m to

help industries and employees hurt by our tariff measures. The latest information I have is that one Australian factory has claimed assistance. The total number of employees claiming benefits as a result of our measures is 25 throughout Australia. Three still remain to be placed in new jobs. That is how disastrous our measures have been to date. So let us be realistic. If you have worries or grievances we expect to hear from you. But we want to hear of specific and detailed cases. We do not want vague and generalised forecasts of unspecified calamities.

There is no point in my coming before you pretending that nothing has changed since last December, or that Government decisions on which you based your plans and expectations last year will remain unaltered. You know as well as I do that much has changed. We have a new department with a new and able Minister at its head, dedicated to your welfare. New positions are being created and filled in that department. We are establishing new machinery for consultation and co-operation between government and industry. We are establishing new machinery to assist industry and assess its needs.

I ask you to accept that all our reforms are designed with one purpose: to strengthen Australian industry. Not to benefit me, or the Government, but to benefit you - and ultimately the Australian people. We have a new Government, a vigorous Government, a Government that is likely to be around for some years to come. I suggest that you accept that reality and work with us, beside us, for the welfare and progress of our nation. Because you are prudent men, realistic men, and in the last resort, courageous men, I know it is not in your nature to shirk the challenge of change and opportunity. If I merely wanted to offer you comfort and reassurance, I would simply remind you, as I have already done, that we have your interests at heart and will safeguard your security. But I do more than that. I invite you to accept that our plans for Australian industry, undertaken now in the context of a sound and expanding prosperity, will lead us forward to a richer, more progressive, more exciting future.
