

SPEECH BY THE PRIME MINISTER, MR E.G. WHITLAM, Q.C., M.P., TO THE
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PRICES AND INCOMES

I welcome this opportunity to address the Labor Council of N.S.W. on the forthcoming referendums on prices and incomes. Your council is the largest State trade union organisation in Australia. Clearly the attitude of the one million members of the 110 unions affiliated with this council will play an important part in determining the success of the referendums.

I believe it is undeniably in the interests of these people - and all of the wage and salary earners of N.S.W. - that the referendums do succeed. For what we are seeking - the power for the Australian Parliament to make laws about prices and about incomes - will enhance our ability to try to ensure that the prosperity of our nation is a reality for all our people, and not just an illusion. Such a power will not be a cure-all but it will add significantly to the armoury of economic weapons which we can deploy, particularly in the fight against inflation.

No section of the community can be more aware of the effects of inflation than the trade union movement. No section of the community is more constantly engaged in trying to achieve a real improvement in living standards in the face of inflation than the trade unions. With one possible exception, it is their members who suffer most from rising prices. That exception would probably be pensioners and other people on low fixed incomes - and the trade union movement has always shown a vigorous concern about any erosion of the value of their benefits and savings.

The Government has demonstrated beyond doubt its determination to deal with the problem of inflation. Not that we concede for a minute that the overall economic picture should be regarded gloomily. This year we have lifted our national growth rate to a near record of 7%. We are enjoying conditions of buoyant business prosperity. We are intent on keeping things that way.

Nevertheless we must recognise, and we have recognised, that Australia, in common with the rest of the world, is undergoing a period of high inflation. Rising prices must obviously diminish to an extent the benefits of any general prosperity, particularly for wage and salary earners. Already we have acted by introducing a series of carefully timed and related anti-inflationary measures. We have established the Prices Justification Tribunal. We have cut tariffs. We have revalued the dollar twice. And other fiscal and monetary action has been taken when needed.

I would mention in this context our decision this week to cut tariffs on television sets and other electronic equipment. Primarily this has been done to ensure that Australians do not have to pay excessive prices for colour television sets. We are sure that Australians will be able to benefit from this decision without any drop in the level of employment in the industry.

One measure we have not been prepared to take to counter inflation is to create unemployment. We are not prepared to see a return to the situation in 1972 when economic action taken by the previous government resulted in 130,000 people being out of work. We repudiate firmly and unchangeably such an antiquated and harmful approach to dealing with inflation. Indeed, within months of coming into office, the Labor Government has reduced unemployment as nearly as possible to acceptable limits.

I have already mentioned however, that, despite the action we have taken to try to counter rising prices, the Australian Government is denied a full complement of economic powers to deal with this problem. The power to make laws about prices and incomes resides with the States. They have been unwilling or unable to use effectively their power to contain prices. This applies particularly in N.S.W., Victoria and Queensland, all of which are dominated by non-labor governments. The Australian Government has asked the States to refer their powers to it so that national action can be taken but the three largest States have refused co-operation.

It is against this background that we are now taking this question to the people in the referendums to be held on 8 December. This approach is based on the firm conviction that inflation is a national problem which demands national answers. All comparable countries have the powers that we are seeking. We are asking the people to give us nothing more and nothing less than the economic authority which the governments of these countries command.

The trade union movement is, of course, solidly behind us in seeking the price power. It knows that this power will provide the chance for hard-won wage and salary gains to catch up on price increases. It knows that it will give the elected government the opportunity to protect the incomes and savings of pensioners and fixed income earners. It knows that it will give homebuyers the prospect of stabilised costs for land and materials.

The Government does not intend to rigidly apply wide-ranging price control. It will make flexible and selective use of the powers which it is seeking. However, it should have the ability to prevent, where necessary, excessive rises in the price of essential commodities. I am confident that with the continued support of the trade unions and other sections of the community, that we will be given this ability on 8 December.

The union movement however, is not solidly supporting us in seeking the power to make laws about incomes. I know that the fear of a number of officials is that this power might be used to introduce a freeze on wages. I have said before, and unequivocally I will say again, that the Australian Government has no intention of taking such drastic action. You have more than just my pledge on that; a freeze on wages and salaries would be contrary to the statement in the A.L.P. Platform that "good industrial relations will be best achieved by agreement initially arrived at between trade unions and employers." I also believe that even our opponents, if they were returned to office, would be forced to recoil from such a freeze because of its arbitrary and heavy-handed nature. The disruption and disharmony that this type of action would cause, would I believe, deter them.

Despite this, we are all aware that the Australian Council of Trade Unions has called upon affiliated bodies to campaign against the incomes power. The ACTU Executive on 15 October decided that this proposal is "beyond ACTU policy". I am not suggesting that too much significance be read into the use of the word "beyond"; but it is interesting that the Executive did not say that the proposal is "against ACTU policy".

The substantial ground of objection by the Executive is that "the A.C.T.U. will under no circumstances accept a wage freeze and will actively campaign against any proposal to implement a wage freeze in this country." I have already pointed out that the incomes power and a wages freeze are definitely not the same thing. You have the undertaking of the Government and the Australian Labor Party that there will be no freeze; and you can make the realistic assessment that any blustering inclination towards it by our opponents would disappear if they had the chance to consider such a move.

I do not believe that the incomes power is against the interests of trade unions. Indeed, I would point out to you that the ACTU Congress - the supreme policy-making body of the organisation - as recently as 4 September carried without dissent as part of its economic policy for the ensuing two years a demand that "direct regulation over non-wage forms of incomes as a means of preventing excessive increases in these incomes" be introduced.

There is no way that any national Government could act on this demand without the incomes power which we are seeking. It would be a legislative nightmare - although perhaps ultimately a lawyer's delight in the courts - for us to frame and seek a more restricted power. How would we define non-wage incomes for the purpose of an amendment to the Constitution? I do not believe that we could achieve the necessary precision of definition. I believe that the public would be so confused by any attempt to do so that, in keeping with the result of so many referendums in the past, people would play safe and reject a proposal of this kind in favour of the status-quo.

In making my opening broadcast on the referendums on national television on Tuesday night, I said that, if powers over prices and incomes are to be effective, they must be uniform, immediate and unchallengeable in their application. Even if we were to attempt to succeed in an attempt to acquire a limited power over incomes, that power could not be either immediate or unchallengeable in its application.

So we are left with the proposition that, for the national government to do anything about non-wage incomes, it must be given the power that we are seeking now. In keeping with our attitude towards price control, we would only apply our authority over incomes flexibly and selectively. Even then, it would be a mistake to regard this as a purely negative power. It would, for example, enable us to ensure the eventual attainment of equal pay for all women in the workforce. It would also permit the Australian Parliament to make allowances for inflation, if necessary, by making periodic adjustments to wages and salaries, as it is already making periodic adjustments to pensions.

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On this last point I was amused recently when my attention was drawn to a statement made by Mr Snedden, when he was Treasurer, in an interview published in the "National Times" in February 1972. He was asked about his attitude towards quarterly costs-of-living adjustments to wages. And he said: "It's curious if you go back to - I think it was '53 - when the adjustments were suspended, they were doing damage at that time in a different environment. The curious inversion now is that if you had quarterly adjustments you would reduce the wage increase." The changing attitudes of Mr Snedden become curiouser and curiouser! The only effective way that he could pursue such a policy would be for the Australian Parliament to have the power to make laws about incomes.

Aside from Mr Snedden's vagaries, a strong economic argument can be made for the introduction of regular cost-of-living adjustments to wages and salaries. The argument rests on the view that some wage and salary demands are forced very high by the fear that more moderate pay increases will be rendered inadequate by rising prices. The Australian Government at present does not have the power to introduce cost-of-living adjustments to counter this problem. It is unable to do more than ask the Conciliation and Arbitration Commission to do so. Clearly, it would be a great advantage to unionists to be able to enter wage and salary negotiations or award hearings with the knowledge that the Government could, if necessary, subsequently adjust upwards any new wages or salaries achieved through these processes, if their value was eroded by rising prices.

I also ask you to consider the use to which income powers have been put by the State Government in N.S.W. To my knowledge, no N.S.W. Government of any political complexion has used its legislative authority to decrease or freeze wages or salaries. In fact, any legislative action has always resulted in an improvement. The only action to diminish pay has always been taken by the N.S.W. Industrial Commission.

The general reduction in wages in N.S.W. during the Depression was made by the Commission, for example. Then we can look at what has happened to cost-of-living adjustments in this State. In 1953 the Commission followed a Commonwealth court decision to abolish these adjustments to the basic wage. State legislation in 1955 required the restoration of the adjustments. This legislation was abandoned in 1964 but the State basic wage was increase significantly by the Parliament to equate it with the Federal basic wage. Finally, we can examine the history of the movement towards equal pay for women. A State Industrial Commission decision failed to adopt completely a 1950 Commonwealth court decision to increase the basic wage of one pound a week and to lift the female basic wage from 54 per cent to 75 per cent of the male rate. Legislative action in the N.S.W. Parliament in 1958 redressed this decision and introduced a program for the attainment of equal pay.

In short, legislative action based on the State's incomes power, even if it has not been used to a great extent, has been in favour of employees for 40 years. This means that no party in office has been prepared to use that power to reduce workers' pay. I argue that this provides a positive indication that no party in control

of the national Parliament would use an incomes power to reduce or freeze wages and salaries.

The Australian Labor Party has gone further than giving an unequivocal commitment on this point. Our Federal Executive declared in October that the implementation of prices and incomes powers "can only be successful with the direct involvement of the trade union movement in the formulation and administration of any policies affecting trade unionists." All overseas experience has proved that policies on incomes cannot work without a broadly-based community consensus and the co-operation of the bulk of the trade union movement. Any failure to achieve this consensus and this co-operation has inevitably led to a failure of such policies overseas. Thus there can be no question of coercing the bulk of the union movement or of the business world as we would need their support to make any action on incomes effective. However, the powers we seek would prevent any small recalcitrant minority from imposing its will contrary to the consensus of the community.

My final point is that division within the labor movement, often based on short-term considerations, has usually resulted in the defeat of constitutional amendments put to the people by referendum. Members of the labor movement have come to regret these earlier failures in subsequent generations. On this occasion I hope that we can learn from our history and minimise any disputation which might result from doubts or fears.