



## PRIME MINISTER

FOR PRESS

17 APRIL 1977

### ELECTORATE TALK

In an historic move, the Federal Government and every state government, has agreed to work together to break the wage and price merry go round - one of the central causes of inflation.

Premiers from every state - both Labor and non-Labor - and the Federal Government, unanimously agreed to put their weight behind the call for a three month pause in price rises and wage increases.

We have called for manufacturers, wholesalers, retailers, professional bodies and business firms to voluntarily hold prices at existing levels.

Already, a reference has been made to the Prices Justification Tribunal - a body that can help contain prices.

The PJT is a body of considerable influence - and its influence will be used.

There has not yet been one company that has gone outside its general recommendations. Some firms have reduced prices and charges as a result of the PJT's recommendations.

So clearly it will continue to carry great weight in the move to keep prices down. It will survey the prices halt and report on its findings.

We have also called on employees to agree to a voluntary wage pause at the same time.

In these endeavours, we are seeking the closest co-operation of employer organisations and trade unions - and already the signs of co-operation are most encouraging.

Our call to all Australians is a call to put aside sectional interests for the good of the nation. We have not sought to coerce or force any group into any course of action. We have simply appealed to the good sense of men and women running business and to the men and women heading trade unions.

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Our message is plain. Hold off increases in prices and wages for three months. Hold off seeking personal gain at the expense of someone else. Give it a fair go, and put Australia first.

There is no doubt that if Austr alians give this a fair chance to work, then we can break the back of inflation. I want Australians to understand clearly that this is a wonderful opportunity to break the link in the ever-revolving and vicious wage/price spiral. It is a wonderful opportunity to consolidate on the good start we have already made in beating inflation.

I think we are all now too well aware that excessive wage increases and its consequences - have been the central cause of our high inflation over the last few years.

We know that higher wages lead to higher prices. This in turn leads to our products pricing themselves out of the market here and overseas. The inevitable result has been increased unemployment

It is for this very reason that the Government has been arguing strongly for wage restraint ever since we were elected.

This call for a wage and price pause comes at an opportune time.

Australians have just received a wage increase from the last Arbitration Commission hearing. Additionally, from July 1, wage earners will benefit again from tax indexation which will put about \$4.50 a week extra into the pay packet of an average family of four on average earnings.

I am absolutely certain that trade unionists see the benefits in a voluntary wage and price pause. Wives of unionists know too the exasperating experience of receiving extra cash, only to see it evaporate because of monotonously increasing prices at the supermarket.

I want to make the point that businessmen do have a special responsibility in this call for a voluntary pause in prices and wages.

If they do not conscientiously keep prices at present levels, then the call will have been of little avail.

It is precisely because of its voluntary nature that I expect every businessman in Australia - from the largest manufacturer to the smallest corner store - to keep faith.

If a business says it must pass on cost increases already in the pipeline, he has perhaps misunderstood, or misinterpreted the proposal.

Of course, wages are a major component of cost and the \$5.70 increase from the last wage case will be concerning some businesses. However, with a commitment from business to hold prices, then a significant benefit will flow through to them. This is because it will be infinitely easier to command wide support for the wage pause in the next three months. That would mean a halt to increases in major costs of businesses.

The Government is pleased at the response to the wage and price halt.

Many companies, many employer organisations, have indicated firm agreement with the plan.

The Prices Justification Tribunal was immediately asked to monitor and report on price movements and to defer decisions on price applications before it.

Some companies have agreed not to implement price increases already approved by the PJT before last Thursday.

All this means that recent wage increases will be absorbed by companies at this time - and not passed on in the form of higher prices.

In addition, the Government now proposes that in the event of broad agreement from the union movement on the wage/price halt, a special group comprising representatives of employers, unions, and the PJT, will be formed to advise Government on the overall progress of the wage/price halt.

Such a group would also be able to advise whether or not further amendments to the Prices Justification Tribunal Act should be introduced to lend support to the implementation of the wage/price halt.

Such a body could also act in a general advisory way to the Government in implementing the wage/price halt.

With all these developments what happens within the Arbitration Commission and the response of the union movement will of course be critical.

With the pause in wages and prices, at the end of three months we would be better off as a nation. Better off because inflation could be lower and still coming down, and better off because the repetitive wage/price spiral will have been broken.

Business would know that wages - their major cost - would not be going up for three months. That is a great incentive. Wage earners and trade unionists would get the relief from price increases.

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Everyone - business and trade union, employers and employees - have a clear obligation to play the game.

Clearly, however, no single decision of the Prices Justification Tribunal or the Arbitration Commission will ensure the success of this call.

For success there must be a total commitment from all organisations and all people to make it work - to put Australia first.

Australia now has a unique opportunity to demonstrate just how much we really want to beat inflation.

The opportunity is in our hands. I am confident that Australians will want to get behind their Governments and make it work.

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