



PRIME MINISTER

FOR MEDIA

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ELECTORATE TALK

I want to talk tonight about the threats currently posed to economic recovery by excessive wage increases and the 35 hour week campaign.

A surge in labour costs at this time will place Australia's economic recovery at risk. We must take steps now to prevent such a surge from occurring. Several major signs of recovery are now plain to see. Prices are not rising so rapidly, inflation is down at around 9% last year. The amounts spent on new factories and development projects have risen greatly. Resources exploration and development have started up again in a major way, and about 170,000 additional new jobs were created last year.

These are significant gains, but they are gains that can be thrown away. For there are warning signs flashing and these signs are coming from labour costs. Last year average weekly earnings rose by 13.7%. This increase is far in excess in the rise in prices. It is half as much again. It means that real wages last year increased by nearly 5%. Business has to pay for these higher wages with money that could otherwise be used to expand production and create more jobs.

What we want as Australians is to sell more Australian goods. Australian industry is now growing strongly.

We are now exporting products to markets around the world, selling Australian goods means more jobs in Australian industry. But if Australian goods cost too much, we won't be able to sell them in competition with other countries. Selling more Australian goods means employing more Australians. That is surely what we all want.

The problem of excessive wage increases is now made worse by the development of a strong campaign for shorter working hours. A campaign which seeks shorter hours but without offsetting reductions in wages or in holidays or in any of the other costs which must be met by those who provide the jobs in our community. It is obvious that the higher the cost of creating a new job the less likely it is that jobs will be created. If the cost of employing people is too high then small businesses in particular will think more than once before they expand their workforce. We have

had enough experience of downward spirals in our economy, we want now to maintain the momentum of an upward spiral. That is the way in which prosperity can continue to spread through this community.

The threat which a surge in labour costs imposes must not be under estimated. The Government regards this threat with great seriousness. The people of Australia need to know what is at stake in the 35 hour week campaign and in excessive wage demands. We all need to know about the damage that will result unless the Government and the community take a joint stand for the interests of Australia as a whole. It needs to be understood that the large wage rises to which I refer show the effects of campaigns by some militant and greedy sectional interests which have pushed relentlessly for too much.

None of us can afford to view such campaigns as being directed just against individual employers or just against particular industries. They are a cynical and selfish grab for more money by powerful unions at the expense of the rest of the country. These campaigns are no better than the anti-social tax avoidance schemes which are so abhorrent to the Australian community and which the Treasurer, John Howard, has done so much to stamp out.

The 35 hour week campaign shows a heartless disregard of the need of our young people to have jobs. It is in effect an attack by people who have jobs on those who do not. Those who are attempting to grab an unfair share of prosperity for themselves at the expense of their fellow citizens are simply not living up to the responsibilities we all owe to other people. The future of Australia is limitless if we are prepared to act together with a sense of responsibility but our future can be seriously damaged by a short-sighted pursuit of selfish gains.

We in the Government stand for the public interest and the public interest demands that labour costs must not rise at a rate which is higher than economic recovery and economic growth in this country can sustain. Unless this condition is met all our other efforts to promote economic progress and prosperity in Australia may prove fruitless and the recovery for which we have worked so hard over recent years may slip from our grasp. We must unite to make sure that this does not happen, that we recognise our common interests as Australians.