

STATEMENT BY THE PRIME MINISTER (Rt. Hon. R.G. MENZIES)

We have now had conferences with three groups of representatives of industry and commerce, and have several more to come. These conferences are not regarded by us as formalities. On the contrary, they afford a splendid opportunity for Ministers to receive both criticism and constructive proposals and to have some frank discussions on what are essentially common problems.

I cannot at this stage anticipate the judgments which the Government will form when these special conferences are completed; but they will be formed and announced promptly.

Meanwhile, it may help us all if, in what is a purely interim statement, I say now that already, on some aspects of the matter, certain lines of approach seem clear.

1. The existing volume of registered unemployment cannot be allowed to persist. There are unused resources of manpower, of plant and equipment, and of money. We want to put them to work.
2. These undoubted facts require at least two sets of decisions; those to operate in the short run, i.e. long before the next Budget, and those to operate in the long run.
3. It is already common ground that there are people available and eager for employment; that the Banks have a high level of liquid assets; that private savings, as expressed in Savings Bank deposits, are rising; that the Loan market is buoyant; but that industrial capacity could employ many more operatives.
4. Business has begun to improve, but the general improvement is too slow, and short-term measures are needed to accelerate the improvement.
5. While various measures have already been put to us, it has been generally accepted that the object to be achieved is to secure a normally expanding level of production and business, but to avoid a recurrence of boom conditions which could re-activate inflationary pressures or cause a new and high demand for imports.

But this object cannot be fully achieved without a marked improvement in confidence about the future.

6. We are addressing ourselves to these problems with certain central principles in mind.

As secondary industry is a great employer of labour, with a real capacity for quick expansion, we are determined to give it a proper degree of protection, and a proper sense of security for its future growth.

As there is always a danger that a restoration of buoyancy in business may tend to increase quite sharply the demand for imports, we have, in addition to what I have said about the protection of secondary industry, welcomed the assurances of the Retail Trade that it is determined to see that the demand for Australian-made goods is given priority. This is essential, for a growing demand for

Australian products means rising employment in Australia. Such rising employment is essential to achieve the twin basic objectives of a maintained migration programme and the full development of our national and natural resources, both primary and secondary.

It will, of course, not be forgotten that the maintenance of monetary stability and the consequent avoidance of upward pressures on the price and cost level is essential for the great export industries and for the encouragement of those investible savings which are essential for capital expansion in basic Government works and private enterprise.

We have acknowledged the existence of some urgent problems. But it is proper to recall that our economic policies have secured important results in the halting of inflation and the building up of our international reserves. Our exports have risen and our imports have fallen. The "credit squeeze" is now over.

It will, I hope, prove useful, in what remains of our consultations, to have stated these admittedly general principles and to expose them to close examination.

CANBERRA.

21st January, 1962.

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