

CONSUMER PRICE INDEX - SEPTEMBER QUARTER 1971

Statement by the Prime Minister, Mr. William McMahon

It is perfectly obvious that this further rise in the Consumer Price Index is predominantly due to cost increases which have been brought about, directly and indirectly, by very large wage increases.

For example, the big lift in the Index for Sydney largely reflects increases made by the Government of New South Wales in fares, hospital charges and the like. But these were rendered inescapable by steep preceding increases in wages and salaries to State employees.

The same sort of influence shows up in the rise of 1.6 per cent for the quarter in the housing component of the Index for Australia as a whole. This reflects rising costs of building labour and of building materials.

It is therefore plainly absurd for the Leader of the Opposition to attribute the rise in consumer prices to the policies of the Government. We have been doing everything in our power to restrain the underlying forces which have caused these price movements. In particular we have sought to induce both employers and employees to observe greater moderation in wage settlements. I am certain that the great majority of intelligent people in the community perceive the connection between wage increases and price increases and appreciate the futility of the reckless industrial policies advocated by Mr. Whitlam and his industrial backers.

If they were genuinely concerned to bring about cost and price stability in our economy they would be exerting themselves to achieve the same sort of moderation as the Government has advocated. This applies especially to the President of the A.C.T.U., Mr. Hawke. It is along these lines that Mr. Whitlam and he could be making a real contribution to stability and therefore to the wellbeing of the Australian public.

In the Budget we directed attention to the fact that costs and prices were rising under the influence of excessive wage increases and we shaped our Budget strategy to bring about greater restraint on these and other cost factors. The rise in the Consumer Price Index in the last quarter has proved that the diagnosis on which our Budget was founded was entirely correct.