YOUNG LIBERALS' CONVENTION

SURFERS' PARADISE, QLD.

Speech by the Prime Minister, the Rt. Hon William McMahon CH,MP

11 February, 1972

Mr. President, Ladies and Gentlemen,

I want to talk to you today about three things - first the economy - second the role the Government has to play - and third the Liberal Party.

I realise you have dealt with these subjects in one form or another during your Convention. However, I want to give you the Government's view because we are immediately concerned with decision-making on these matters of direct concern to us all.

This is election year. And a year where we have inherited problems from the past, many of them not directly within our control, and also common to most industrialised countries throughout the world. They are our problems, however, and we are at grips with them.

They are well-known to you all. There is inflation. It continues to threaten us and, so far as it is in the Government's power to do so, our measures to contain it must be constantly under review and flexible in their application.

There is unemployment, which is the cause of considerable public anxiety, though by world standards the level is low, and it is by no means chronic.

No matter what a Government does its efforts will be aborted unless there is confidence on the part of the public, business and industry, and, I emphasise, the Trade Union movement. I am well aware that there is some lack of confidence. We in the Government are as sensitive to this as we are to the root causes - inflation and unemployment.

We are doing everything in our power to correct this and what we are doing is dictated entirely by the national interest In other words, we are not looking at it from the point of view that this is an election year. We are not looking at it from the point of view that there might be some very favourable signs and some that are unfavourable. We are looking at it in order to ensure that immediate and the long-term public interests receive paramount concern. There are, with all this, a number of encouraging signs.

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In the long-term, of course, our prospects are excellent. Even the Jeremiahs concede that. Our international situation is very sound both in terms of trade and financial resources. And we are showing strength and steady growth on the domestic front. But it is the immediate problems that are commanding public attention in Australia today, as you so well know. We have to make sure that growth continues while we apply remedies to our immediate problems. We must not throw the baby out with the bath-water.

This, therefore, is a time for carefully-considered decisions, taking both the immediate and long-term situations into account. There is absolutely no cause and no need to press the panic button now. That, briefly, is the position in Australia today.

Now about the Government's role. We are tackling the causes of inflation at every point we can. Inflation I want to assure you, has been largely caused directly and indirectly by excessive wage claims and wage rises in Australia. It is no good putting blinkers on about this problem.

If you don't get a lift in productivity when you get wage increases, then you are bound to get inflation no matter what action the Government might take, and we haven't been getting a lift sufficient to cushion the impact of those wage rises. On top of that,industrial disputes and lawlessness, and political strikes, are making the problem a great deal worse. But I can illustrate this in a few sentences. The total man days lost was 2,877,000 compared to 2,283,000 last year. To give another example of what disputes are costing the wage earner himself, the total loss in wages for the first eleven months of 1971 was $43 million, compared with $29 million for the corresponding period of the previous year.

Look at the trouble in the Post Office, look at the trouble we now have with the S.E.C. in Victoria. Having said this, I think you are entitled to ask: What is the Government doing about it? What can the Government do? And what sort of leadership is it providing. Most people don't realise and I want to stress this to Young Liberals that one of the impediments we have is that, under our own constitution, the Government is very limited constitutionally in the action it can take.

Nevertheless, time and time again, we have sounded the warning that excessive wage increases must be resisted by Governments, by wage-fixing tribunals and private employers and that the Arbitration Court must take into account the national interest and ability to pay. We have intervened in the national wage cases and will continue to do so. This is a positive contribution to the task of getting all the facts, the most important facts, on a national scale before the Arbitration Commission. And we are determined that a State of full employment will be achieved and maintained.

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The Government undertook at Budget time last year to keep the economy constantly under review, to be flexible and act promptly in response to trends and movements. This we have done. We made a review in October/November. In December we decided to review the economy again in January. This we have done and Cabinet has discussed the results fully in recent days.

We have made and announced various decisions, as you know, particularly on monetary matters, as a result of which interest rates on Government Bonds have been substantially reduced, and, of course, the maximum overdraft rate has also been reduced.

There are now some indications that some interest rates in the private sector are starting to fall. Just two other examples of action we have taken -

- We made a special interest free capital grant of $20 million to the States for the building of primary and secondary Schools and

- We limited the migrant inflow during the period when school-leavers would be coming on to the labour market.

In recent months we have also intervened in other significant cases before the Conciliation and Arbitration Commission, with some effect, as in the annual leave case. These interventions included the carpenters, bank officers and the Victorian Electricity Commission cases.

Much of this has largely escaped public notice but I believe these actions show decisiveness and leadership on our part. We have always insisted that the Arbitration system must be preserved. Generally it has served us well since Federation. If it is weakened or destroyed by pressure tactics from anyone, then both the boss and the working man will really be in trouble. We insist that industrial disputes must be settled by conciliation and arbitration.

You will understand that I cannot go into details of our latest review as I am to meet the State Premiers next week and we will take a number of decisions which will be important for the future. But I want to say this. The Government has acted deliberately, and I believe sensibly, to demonstrate flexibility in its management of the economy. It will continue to do so.

My Government is concerned to see that a state of full employment is maintained. I am confident that the immediate pressures can be eased off if there is a concerted community effort to face up squarely to the problems of the day. The employment position, no matter what the underlying trends are, can be seriously compromised by prolonged and unnecessary industrial stoppages, of the kind which is being experienced in Victoria and which is forcing employers to stand down a large part of the work force. The current level of registered unemployment in Australia is 1.6 per cent of the labour force, after adjusting for normal seasonal influences.

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This is a little higher than the average level of 1.4 per cent achieved over the last fifteen years but it is still very low by world standards. Australians have come to expect very high rates of employment and my Government is determined that this expectation will be fulfilled. There is no reason at all why anyone should join the "disaster lobby" and become crepe-hangers and mourners about something that hasn't happened.

We are determined to continue to give leadership in economic management. And are confident that the inherent strength of the economy will show itself increasingly as the year goes by. We will continue to take prompt action to anticipate and deal with specific conditions as trends develop.

There is good news today as well as bad. The bad news must not be swept under the carpet. It must not be concealed. But neither should the good news. When the number of days lost by strikes goes down, when productivity goes up - then let the story be told. When wool goes up - as it has.When the stock market lifts - as it has - when companies show better trading and increased profits - as many are - then let that story be told too. This is the way to sustain confidence, encourage development, create more employment and take us forward to better days.

Despite all the difficulties we have had in the past year the Government has made a great deal of progress on a wide front. Time doesn't permit me to give you a list of many of the things we've done, but I leave with you a paper which records in some detail our decisions and achievements from March of last year to date.

There are pages of it.

And in the first month of this year we have already announced :-

- An important decision on bond and interest rates.
- A new deal for our aboriginal citizens.
- A major re-organisation of the Army and other defence developments.
- A decision to make Australian pensions payable overseas.
- A decision to make Government papers and Cabinet records available sooner to the public.

And there's more to come.

Now about the Liberal Party. First of all your Conference. I am delighted to hear from those who have been here throughout the Convention that you have really been getting down to things.

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You have demonstrated in the most vigorous way your loyalty to the Party, your concern for the future of Australia, your interest in the well-being of the Australian people and your determination to help us win the election. I congratulate you and I thank you.

For my part let me assure you the Parliamentary Party is in good shape - and so is the Government. We are a good team pulling well together - and we are going to win the next election. I have had talks with the Liberal Party's Federal Policy Committee in Canberra this week, and I think you'll find we'll have a first-class, forward looking, refreshing election policy for the Electorate. A number of Party Committees have been busy for several months overhauling all aspects of Party policy and they've done a good job. I am sure that relations between the Parliamentary Party and the Liberal Party Organisation have never been better.

One can look at an election two ways. You can mention the risk of losing, to prod the faint hearts into action, or you can make up your mind you are going to win and get that message across loud and clear. That's the way I prefer to do it.

In the months that remain before the Poll we have to make a concerted effort to strip the mask off the Lobor Policy and its pretensions, so that our policies can be judged on their merits against theirs. We can best do this by putting our whole effort into our own performance as a Party and a partner in Government.

Don't believe the rubbish you hear "that we've been on the Government Benches a long time and that's good enough reason for a change." It's good enough reason to stay. The record of achievement during our 22 years of office has been remarkably good and the Australian people like the way we do it. But again, don't be complacent. We mustn't take it easy. There's too much that's new going on all around the world and yesterday's diet isn't always the best for tomorrow.

I belive Liberalism has its greatest opportunities ahead of it in this decade of the seventies.
