



PRIME MINISTER

LIBERAL PARTY RALLY

CIVIC CENTRE

SOUTH PERTH

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

May 7, 1972.

Ladies and Gentlemen,

This is my second visit to the "West" in ten months and I can assure you that both occasions have been rewarding. I have been delighted by the warmth and strength of support for the Liberal Party and the coalition government generally. I have found this warm support everywhere I have gone during this five day visit to Western Australia. There is undoubtedly a wave of enthusiasm for liberalism running for us here. I think there are a number of good reasons for this. There is the steadily rising tide of business and economic confidence including the strong recovery of the rural economy. There is a widespread and accurate impression that the worst is well behind us economically. The economy "bottomed out" in the first months of the year and the recovery is well and truly underway. I think we are also getting some benefit from disillusionment at the state level.

West Australians are always prepared to give even a Labor Government a fair go. But I think the resurgence of Liberal Party membership and the great warmth I have encountered here indicate very clearly which way the political tide is running now. I don't think doctrinaire attempts to impose bureaucratic and cumbersome controls do anything but downgrade individual freedom and interfere with individual initiative. It's clear that West Australians recognise this in relation to price control plans. At the Federal level, there has been a fair amount of discussion about price control. We have responded initially by commissioning a document which will review the operation of price control attempts both in Australia and overseas. When it is complete, we will present that document to the Parliament and allow debate on it. In that way, people can be fully informed about the consequences of prices control. We are opposed to it, at this stage at least. We believe it leads to distortions and economic bottlenecks and that real headway against inflation is more likely to come through an attack on its root causes. Here I refer to the combination of industrial lawlessness and excessive and unremitting wage demands that we have experienced.

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During the year to the end of December average weekly earnings went up by 11 per cent, and during the year up to the end of March, prices went up by 7 per cent. Productivity or the actual increase in real production and income from the economy was around 2½ or 3 per cent. The inescapable result of that situation is an inflationary pressure which sooner or later breaks out in a of price increases. Rising prices affect everybody especially do they make life harder for fixed income earners and others who have limited influence over the level of their own income. That aspect of this problem is particularly on my mind today, as I have just come from a ceremony where I opened a new section of a home for old people, and I am also glad to see that in the national wage decision, the Arbitration Commission placed the major emphasis on the increase in the minimum wage. But of course, others have been doing quite well through the exercise of industrial muscle by militant and powerful unions groups, and this is the question that lies at the heart of the inflationary problem. This is the issue which must be dealt with before we can be confident of restoring price stability.

The time lost in strikes last year increased very strongly over the previous year. The total increase in the time lost was 28 per cent and the total of wages lost was 45 million dollars. We have not just been standing idly by in this situation. We have made decisions on a whole package of measures to fight inflation. They can be summarised under four major decision areas:-

There was our decision to make the most significant changes to the industrial laws since 1947. We brought these amendments into Parliament only a few days ago, and they will be debated this week. They will provide for secret ballots and they will strengthen the arbitration system which has served this nation so well for so long. Next, there was our decision to promote great competition in business. We are going to do this by strengthening the restrictive trade practices laws and reviewing the level of tariff protection. This will make it harder to pass on wage increases too readily given, by simply raising prices. Next, there was our decision to exercise our influence before the wage tribunal to exercise moderation in wage increases in the Commonwealth's own area of influence. Lastly, there was our decision for continuous Commonwealth intervention in important wage cases before the Arbitration Commission, to impress on the arbitration tribunals as strongly as we were capable of doing what the economic consequences of their decisions would be.

For months until the carpenters case we had very indifferent success in this. But in recent weeks, and in the national wage decision only on Friday, our policy of wage restraint is starting to bear fruit. We have a balanced and sensible decision in the national wage case. It presents us with a national opportunity to make further real headway against inflation. We need now a period of industrial peace and price stability. Union leaders should realise that the best interests of their own members lie in curbing inflation. Employers too, must not use this wage decision as an excuse for further price rises. Let's have a bit of old fashioned commonsense, moderation and restraint.

I have outlined our major areas of decision in combating inflation. There are many other areas of national life where we have shown a willingness to act boldly and decisively in matters calling for public decisions. We have implemented a whole string of economic management decisions from action on interest rates and bank lending in the second half of last year through to the mini-Budget", just a couple of weeks ago. Throughout that period we have not hesitated to make a decision to further stimulate the economy. We will not hesitate to do so in the future. We have made many other decisions and taken initiatives right across the spectrum of national policies; whether it be in land rights for aboriginals in defence aid to Indonesia and Malaysia or in our early recognition of, and support for, Bangla Desh: whether it be in our initiative to establish the Australian Environment Council of Commonwealth and State ministers. And I will be making a further statement of national policy on environmental policy quite soon.

In the defence area we have recognised the importance of the Indian Ocean to our strategy. We have gone ahead with the second stage of Cockburn Sound. We are spending twelve and a half million upgrading Learmonth Airfield as a base for long range reconnaissance.

Take education as another example. In December, we made a decision that 20 million dollars would be given to the states for classroom construction and some of that money is already being used to replace or refurbish old schools in inner suburban areas. We made a decision to increase the grants to independent schools and we liberalised tax deduction provision for education. We decided on an extensive programme of support for the arts. We are helping the wool industry: We have a programme of rural reconstruction.

Ladies and Gentlemen, I have a list here which covers over 20 pages describing our policy decisions. I will not list them all, but I will say that as these decisions work through the community; as they become more widely known; as economic confidence grows stronger; as Australians come to understand the serious defects and consequences of the policies of our opponents, then I have complete confidence that policies of the Liberal Party and the decisions and actions of this coalition Government will ensure our safe return as a Government. We are in a particularly strong position here in the "West" and I ask you to do all you can to help return the Liberal candidate in your electorate.
