



# PRIME MINISTER

MACQUARIE NETWORK WEEKLY BROADCAST

BY THE PRIME MINISTER, THE RT HON.  
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## W A G E S , P R I C E S A N D I N F L A T I O N

Last week I spoke to you about our arbitration system. Tonight I want to speak to you about a related problem.

We have now reached a crucial point in our campaign to dampen down the inflationary pressures in the national economy. The decisions of the Arbitration Commission in the National Wage Case which was made public only last Friday, was a balanced and sensible decision. On the one hand the National Wage decision gave a sizeable increase in the wages of those members of the work force who have been left furthest behind in the race for higher and higher wages. I am referring to the increase for people on the minimum wage. The Arbitration Commission gave this section of the community the greatest assistance.

The National Wage decision is consistent with the submissions made by the Australian Government to the Arbitration Commission. I am glad the Commission adopted the needs approach to these people on the minimum wage. On the other hand, the Commission came down on the side of moderation and restraint in its general wage decision. So the Commission has set us a national example, and it has also given us the chance to place some brake on inflationary forces.

Let me emphasise there can be absolutely no doubt whatsoever that wage costs are the biggest factor in the inflationary process. In the twelve months up till last Christmas, wages went up by an average of about eleven per cent. We got the inevitable and inescapable result. Inflationary pressures broke out in a rash of increased prices. In the twelve months to the end of March this year, the official figures show that prices went up by seven per cent. This was alright for the big unions using industrial muscle and strikes to force big wage increases at the expense of other people. And it was at the expense of people on fixed incomes and people on low incomes who do not have a great influence over the level of their wages. These sort of excessive and unremitting demands for higher and higher wages are one of the root causes of inflation and in turn high prices.

The other root cause is closely linked to it. And I refer to the industrial trouble that goes with these wage demands. In the last two or three years some trade unionists have got so involved in their own power and political struggles that they seem to have forgotten the main interests of their own members lies in curbing inflation. And in legitimately obtaining through arbitration, improvements in wages and conditions in proportion to the actual and real increase in production of the national economy. This is the familiar story of trying to squeeze a quart out of a pint pot. It just won't work.

In facing up to these causes of inflation, we in the Government have been determined to put a stop to this sort of thing in four ways. We have made the biggest changes in the industrial laws since 1947 to blunt the militant use of union power and to democratise the unions. The debate on these changes is going on in the National Parliament today.

We will also promote more competition between businesses by making the restrictive trade practices laws stronger and by overhauling the levels of tariffs. The Attorney-General is now preparing a statement for the Parliament on restrictive trade practices.

I have told you what the Government is doing in the fight against inflation. I appeal to both union leaders and employers to show restraint and commonsense. Union leaders know that the best interests of their members lie in curbing inflation. And employers, too, must not use this National Wage decision as an excuse for further price rises.

I can assure you that inflation works against your best interests. That is why we in the Government are taking the leadership to control it and are taking the decisive action to ensure sound development and progress in Australia.

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