



PRIME MINISTER

CONFERENCE OF THE PRESIDENTS OF THE
NATIONAL MANUFACTURING INDUSTRY
ASSOCIATIONS

Speech by the Prime Minister, the Rt. Hon. William
McMahon, C.H., M.P.

4 OCTOBER, 1972

Mr. President and Gentlemen:

This visit gives me the opportunity to welcome you collectively to Canberra and also to say something about the matters of special interest to both Government and industry.

First, let me say that I am giving close attention personally to the representations you have made in recent months about the future of manufacturing in Australia, about current matters like the tariff review and trade practices, and about the Government's administrative system for dealing with manufacturers and manufacturing policy, and about the state of the economy in general.

Let me take this last point first because it is against the background of the state of the economy that we measure the progress and the prospects of manufacturing industry.

I believe that the worst is well behind us and that steadily and deliberately the economy will continue to gather strength, providing there are no self-inflicted injuries resulting from prolonged industrial trouble and industrial lawlessness, and always providing that when wage increases take place, productivity increases are not far behind.

The level of unemployment is being watched closely and the Government has already taken corrective measures, through the Budget and other ways, to ensure that unemployment falls.

I am completely confident that we can overcome the problem to the satisfaction of the Australian people and the discomfort of the Labor Opposition and the President of the ACTU.

To my mind it is tragic that there are sufficient numbers of people about who seem to have a vested interest in unemployment for purposes of political advantage, that they can command headlines in the media to the extent that they do.

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This is a time when by word and deed we should demonstrate confidence, each in our own way and in our own field. I ask manufacturers to join the Government in approaching the problems of the day in this fashion because manufacturers have an honoured place, a vital place, indeed an indispensable place, in this industrialised society of ours.

Now I want to mention two or three matters as a positive act of reassurance by me, because I am aware that some of you are a little uncertain and anxious about the effect of Government policies on manufacturing industry.

I refer to policies like the Tariff Board review which is already in progress and the revision to the Trade Practices legislation which has yet to come before the Parliament.

Here and now, I want to assure you that our fundamental political philosophy is unchanged. We are committed to the free enterprise philosophy, because we know it works to the benefit of the whole Australian community and that our policies are related to, and do not displace, that philosophy.

I have told manufacturers on other occasions that neither I nor the Government will do anything to compromise the future of economic and efficient Australian industries, and more than that, we will continue to encourage and provide incentives to those industries.

We seek your counsel and co-operation regularly. And we are prepared to give the most careful consideration to ways and means of developing both those practices, if necessary by new arrangements.

Mr President, in the last eighteen months, the Government has taken a new look at every major field of Government activity. We have -

- restored the investment allowance
- decided to continue the financial incentive provided under the Industrial Research and Development Scheme for a further five years
- decided to extend the export incentives scheme beyond 30 June, 1973
- made the most significant amendments to the Conciliation and Arbitration Act since 1947
- announced important new measures on overseas takeovers

and we will table the Monopolies Commission and Trade Practices Bill and we will give time for informed public debate before we legislate.

This to my mind is a sensible way because we get the benefit of public reaction, suggestions and criticisms before the final commitments are made.

Of course, you have to live with criticism that you can't make up your mind quickly. But surely there is merit in such a course. A "hit and miss" policy would be as dangerous as the application of doctrinaire socialism to the business life of this country. And, believe me, those are the only alternatives to the way we act.

Now, Mr President, may I say a word or two about tariffs. It's pretty clear to me that our tariff policy is still under fire from some groups. So let me go over some of the ground again very briefly.

As a general principle, let me say this. In all industry matters within its jurisdiction, including tariffs, the Government is the body which makes the final decisions. It does so with a full exposure of the facts. It does so after taking the advice of its experts and considering the recommendations of its committees, tribunals and appointed authorities.

The advice it seeks is objective and non-political. It comes from specialists, researching, studying and examining specialised fields. It is a major factor in political decision-making but it is not the only one. The decision a Government takes has to be made in practical terms. The theorist has his value and he is important. But he is not the decision-maker.

The Government is the decision-maker and has to take into account the national interest, the industry interest and whether a proposal can really work or not. It has to make its decision against a far wider background than the one against which its advisers, by the nature of their specialty and their brief, have to work.

Now, I've heard the Tariff Board described as a "bunch of theorists". That isn't fair to the able men on the Board. And I think that kind of criticism stems from an over-ready assumption that a Board recommendation becomes the Government decision as a matter of course.

The Tariff Board's current review of the high areas of the tariff which should be completed in about six years is, as you know, concerned with identifying any excess protection which may exist.

In recent months, some manufacturers have said they would like to have advance indication of the timing of the enquiries under this review as far ahead as possible to help them in their policy making.

Yesterday, as you no doubt know, the Tariff Board issued a publication which sets out its timetable for the thirty-five industry references which will take it up to 1978. The Board's programme gives proposed sequence and duration of individual enquiries.

This publication is available from the Tariff Board in Canberra and I hope it will go a long way to meeting your wishes in this matter of timing.

You will appreciate as the Deputy Prime Minister has said yesterday, that it was desirable to have a broad timetable and that some flexibility will be needed by the Government in the exact timing of references. I want to assure you, too, that you will have advance indication of the timing of review enquiries as far ahead as practicable.

Now I want to emphasise that the Government does not see this review as challenging either the principle of the practice of protection. The Tariff Board works in the knowledge that the Government's long-established policy is one of full adequate protection for economic and efficient Australian industries. That hasn't been changed and won't be changed.

Both my colleague, the Minister for Trade and Industry, and I have repeatedly stated this in the past year or so.

But what I do want to do today is to stress those "other factors" which are taken into account when the economics of an industry are under study. These "other factors" have their relevance in any study of the best way to allocate and use our national resources.

One is a defence consideration. An industry which has a potential contribution through some sector of its operations to our defence resources is entitled to, and will get that potential recognised in any tariff decision.

Another is the industry which may not be able to survive without protection above the level assessed exclusively in terms of its cost disability against imports, but which employs special classes of labour which we want to encourage, or which may be developing special skills and technology.

I remind you of our recent decisions in the case of woven and knitted shirts. We decided that to achieve an orderly transition to a lower level of protection, the existing level would be maintained for a longer period than was recommended by the Tariff Board.

In the meantime, the Government negotiated for voluntary restraint arrangements with low-cost countries to ensure that the manufacturers were able to keep going. However, despite these negotiations, it was not possible to reach acceptable agreements, and the Government therefore decided to establish tariff quotas on competing imports to ensure that the local industries did not "go to the wall".

The point I want to emphasise over and over again is that if tariff action is considered necessary by the Government to achieve rationalisation, then firms would not be expected to adjust overnight. Special care would be taken not to put job opportunities for Australians at risk.

Mr President, there are other examples, but my time is short. The message I want to leave with you is that the Government regards a strong, growing and prosperous manufacturing industry as a great pillar of economic strength and wants it to grow and expand.

I state further that in the Tariff review and the Government's approach to it, and in the proposed Trade Practices reforms, the Government is encouraging healthy progress in a competitive, free enterprise economy.

Our recent decision on foreign investment in Australia is, I submit, further clear evidence of our desire to foster Australian industry and to make it stronger, more efficient and affluent.
