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EMBARGO: 7.15 P.M.

NATIONAL BROADCAST BY THE PRIME MINISTER OF AUSTRALIA,
MR. E.G. WHITLAM, Q.C., M.P., SUNDAY 22 JULY 1973

On Tuesday I shall be flying to North America, primarily to attend the meeting of the 32 Commonwealth Heads of Government in Ottawa. Before leaving I want to explain to you the reasons for the Government's historic decision - which I announced this week with my colleague, Dr. Cairns - to make an immediate reduction of 25 per cent in all tariffs on goods imported into Australia. I want to tell you also of the Government's policies on a matter that concerns us all - the world-wide problem of inflation.

First, our tariff cuts. Our purpose is simply to allow imported goods to come into Australia more cheaply and in greater quantities. This means that a whole range of imported products will cost less to the Australian consumer. It means keener, healthier competition for Australian industries producing similar goods. This in turn will encourage those industries to bring down their prices as well. So that is our aim: cheaper imports, more goods for people to buy, more competition, lower prices. There are five million wage and salary earners in Australia. They, and their families, are the people who have suffered most from rising prices. They are the people who will benefit first, and most directly, from our decision.

When my Government came to office just over seven months ago, inflation was running at its highest level for 20 years. I mention that, not in an attempt to shuffle off responsibility onto our predecessors, but to remind you that inflation is, and always has been, a problem for all political parties. And, as you know, it is a problem for nearly all the major western industrial nations. Including our friends in Britain, the United States and Japan. They know, as we do, that there is no one quick or easy solution. For example, it is not constitutionally possible for the Australian Government to introduce a prices freeze in peacetime, although the State governments could. It is not constitutionally possible in peacetime for the Australian and State governments, singly or together, to freeze all wages.

In other ways - don't forget - our economy is in a sound and remarkably robust condition. We have, for a start, eliminated the serious unemployment which faced us when we came to office. Demand for labour is high. Business is booming. Consumer spending is running at very high levels. Our overseas reserves are immensely strong - that indeed is one of the causes of our inflation problem, although to our current advantage, the reserves make it possible for us to pay easily for more imports. In most respects, we have never been more prosperous than we are now.

None of us, however, can remain indifferent to the inflationary pressures that are pushing up prices. Inflation is harmful to every Australian. It is harmful to pensioners and those on fixed incomes: it is harmful to those with savings. It is harmful - if I may take a selfish example - to my own Government, because it makes it more difficult for us to implement, as promptly as we would wish, the great social reforms in housing, education, health, transport and the cities, to which we are pledged. When people talk glibly about cutting Government expenditure, they mean that we should be content to do little or nothing about the very things you elected us to do.

For all those reasons we have taken action without delay to reduce inflationary pressures. I might say that my colleagues and I have been deeply encouraged by the reception our measures this week have met from most sections of the community. The business community, the leaders of the trade union movement, have both shown themselves sympathetic and understanding - and where it may create difficulties for them, forbearing - in the face of the difficult decision we have taken. We are confident that we can count on their co-operation to implement our policies successfully.

Of course we are well aware that our tariff reforms can entail hazards for some Australians. We know they are bound to affect production and employment in certain industries. That is why we have set up a tribunal which will be able to hear - immediately - appeals from any organisation representative of employers and employees who may be seriously affected. We are equally determined to protect the jobs and livelihoods of Australian workers. My Government did not restore full employment in this country merely to take it away again even from a section of workers. Any person who may lose his job as a result of our changes will be entitled to receive, as special readjustment assistance, a weekly amount equal to his average wage in the previous six months until he obtains alternative employment. If necessary we will offer to retrain him in a new, perhaps better, occupation. We have provided \$25 million to pay for the assistance which may be necessary as a result of our tariff reforms. Above all, you may be sure that we shall remain flexible and co-operate in carrying out these reforms.

In our attack on inflation, success depends on the co-operation of the whole community. One way we can all co-operate is by being more vigilant about price movements. Here is a way that every housewife, every consumer can help. If you know of cases where tariff cuts are not passed on to the consumer, tell us about them, or tell your member of Parliament. The Government will ensure that consumers get the benefit of our tariff reduction.

Remember, this is not the only measure we have taken to attack inflation. The revaluation of the dollar last December was a first step: the establishment of the Prices Justification Tribunal, which will come into operation in 10 days time, was another. I am confident that all these measures will allow us to keep inflationary tendencies under control, to safeguard the prosperity which Australians now enjoy, and to lay the foundations for the great social reforms we are determined to carry out for the benefit of all Australians.