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EMBARGO: 9.30PM MONDAY 17 SEPTEMBER 1973

SPEECH BY THE PRIME MINISTER MR. E.G. WHITLAM, Q.C., M.P.,
TO THE ANNUAL DINNER OF THE AUSTRALIAN ELECTRICAL MANUFACTURERS' ASSOCIATION, LAKESIDE INTERNATIONAL HOTEL, CANBERRA,
MONDAY 17 SEPTEMBER 1973

Your convention is the second of two conventions I have attended in the past fortnight. Yours is an annual event; the Constitutional Convention occurs with roughly the frequency of Halley's Comet. The last one was 82 years ago. I notice that one of our magazines published a photograph of me on its cover the other day, purporting to show me - in the midst of that distinguished company - in a state of unaccustomed somnolence. All I can say is that this convention promises to be a more electrifying occasion than that one.

This is by no means my first speech to a manufacturers' dinner. Two weeks ago I spoke to the Chamber of Manufactures in Sydney. Next Friday I shall be speaking to the South Australian Chamber of Manufactures, and next Monday to the Heavy Engineering Manufacturers' Association here in this hotel.

Now whatever you may think of the Government, I can hardly be accused, in these circumstances, of snubbing the manufacturers. My only fear is that you will grow weary of hearing the same message five times in succession. So let me assure you that tonight's speech is a completely new model - there's no wasteful proliferation of speeches in my department. My real difficulty is that two weeks from tonight I shall be speaking yet again to the Chamber of Manufactures in Brisbane. I shall have to tell them what I have already told manufacturers in the southern States. You will understand, of course, that it always takes a little longer to get our message through to Queensland.

If I may be permitted a truism, gentlemen, we live in changing times. When I spoke earlier this year to the Metal Trades Industries Association in Melbourne, we were about to introduce the 25% cut in tariffs which we announced in July. When I spoke to the Chamber of Manufactures in Sydney just over a fortnight ago, we had just brought in our Budget. Now, as I speak to you tonight, we have just announced a further revaluation of the dollar, a new policy by the Reserve Bank towards Government securities and interest rates, and, more recently, our intention to submit to the Australian people a referendum to give the national Government power over prices. You can see the hazards of going to too many businessmen's dinners. Basic to all our economic measures are two clear and simple purposes, two consistent and overriding aims - to stimulate a more vigorous and competitive climate in Australian industry, and to stem inflationary pressures in the economy.

Let me speak first about inflation. One thing I caution you against - and caution the Australian people against - is a sterile obsession with inflation such as our opponents seem determined to foster. Inflation is not the sole issue for the Australian Government; the be-all and end-all of economic management. Exaggerated fears may be as damaging as inflation itself - by encouraging defeatism and timidity, by encouraging a needless, heedless rush to put up prices against the vague possibility of competitors doing likewise. I would hate to see the price structure become as irrational, as psychologically vulnerable, as fickle a feature of our economic life as - dare I say it - the share market. I appeal to you to keep the whole issue of prices in perspective, to bear in mind that Governments throughout the world face the same problem that we do, that my Government is determined - and pledged - to do all in its power to restrain inflationary pressures. We shall do this with or without the assistance of the States, with or without the assistance of our opponents. But we shall do it, I believe, with the assistance and concurrence of the Australian people.

In our attack on inflation I want to stress one thing above all: we are pledged to a program of reform and renovation of Australian society, we were elected to carry out that program, and we shall carry it out - steadily, steadfastly - as we have been doing since last December. It is all very well for our opponents to talk of curbing inflation. Their last and most notorious attempt to do so was the Budget of 1971/72. Statesmanslike as I always am on these occasions, I forbear to remind you who was the author of that document. But you all remember its consequences: stagnation, a paltry growth rate of 2 or 3%, the worst unemployment for 10 years, and, when our predecessors left office, the highest rate of inflation for 20 years. That was our inheritance. That was our lesson. You will all remember how my colleagues and I, when we were in opposition, were regularly accused by the previous Government of "calamity howling". Yet no one hawks calamity more than they do. At least they gave us calamities worth howling about: We now have a strong demand for labour: growth at 7% and rising; and record profits. We have combined this strong and basically healthy economic situation with the most effective and far reaching program of economic reform ever undertaken in this country. We shall not, however, fight inflation with the methods of our opponents. We shall not throw away people's jobs, we shall not resort to clumsy stop-go economics, we shall not renounce our commitments to the people of this nation - and especially to the poor, the children, the sick, the migrants, the city-dwellers, the low and middle-income earners - whose interests have been neglected so shamefully for so long.

The weapons we have chosen to fight inflation are the same weapons with which we hope to achieve more competition and greater efficiency in Australian industry. There is one other weapon, however, which the Australian Government lacks, and which we shall ask the people to grant us. That is power to control prices. Our opponents are recent converts to the idea of a prices and incomes policy. Not long ago they were saying such policies wouldn't work. For myself, I frankly confess that I have always had reservations about the value of price control powers - reservations I have publicly acknowledged and explained. But I have no doubt - and I believe the people will have no doubt - that it is intolerable that Australia should be the only country in the western world whose Government is denied such powers, and which cannot use them if the need arises. Equally I have no doubt that if such powers are to be applied, they must be immediate, unchallenged, uniform in their application.

The States have these powers. They have refused to exercise them; they have refused to refer them to us, either temporarily or permanently. They won't use them; they won't let anyone else use them. And with their allies in the national Parliament, they propose to campaign against the very suggestion that the people - employers, employees, housewives, businessmen, manufacturers - should be allowed to decide whether the national Government should have the powers or not. Yet these are the Premiers, these are the parties, who protest about inflation and whip up people's fears about it.

If I were more cynical about these matters, I might be tempted to believe that our opponents had a vested interest in inflation, and hoped to confound the Government and weaken its nerve. I am sorry to disappoint them. We will not be dismayed. We will not be deflected. We will beat inflation, and beat it with measures that are fair, constructive and humane.

The prices referendum bill which we introduced in Parliament today will be a test of the good faith and sincerity of our opponents. I hear some of them say that we ought to include incomes in the referendum. Well, of course, incomes are already fixed for the vast majority of Australians - either by negotiation or arbitration. Apparently there are some people, until recently quite vociferous in defence of the arbitration system, who now lack faith in the ability and judgement of the Arbitration Commission. But let that pass. I have no doubt that if the people of Australia give us power to control prices, we can count, if necessary, on the responsible cooperation of the trade union movement in restraining wages and incomes. I give that assurance.

Let there be no mistake about the persistence or the consistency with which I have approached the question of power over prices. At the opening of the Constitutional Convention just two weeks ago I first invited the Premiers to refer to the national Parliament the powers held by the States. I explained that the Australian Government could seek a constitutional change by referendum, but that this would take some months, depending upon the behaviour of the Senate. I said:

"The Parliament can obtain the power by reference, by some or all State Parliaments. That is something which could be done in a matter of weeks. The reference of power could be permanent or temporary. If, however, the Governments in the two great States of New South Wales and Victoria, Governments which currently have a majority in both Houses of their Parliaments, decline to introduce a Bill, then the reference would be ineffective. I venture to say that without New South Wales and Victoria, it would be a largely futile exercise, while, with those two States alone referring, it could be made effective throughout Australia."

On the following day, the Tuesday, I appealed again for a reference of these powers. It was all too clear, however, that nothing in the private or public responses of the Premiers of New South Wales, Victoria or Queensland gave any room for hope that they would do so. The position then is this: We have had a Premiers' Conference on inflation; we have had a Constitutional Convention. The States - in this context, of course,

I am referring to the anti-Labor States - have bluntly refused to budge or co-operate. It is fruitless to ask them again. We can only appeal to the people. If our bill is passed this week, we can have a referendum within two months. And by Christmas, I assure you, we shall have passed legislation to stabilise the growth of land prices throughout Australia. That will be our first and most important action if the referendum is carried.

The measures we have taken against inflation - revaluation, tariff cuts - will have several important consequences. They will help keep down the price of imports, they will increase the supply of goods within Australia, they will reduce any artificial stimulus to capital inflow, they will stimulate competition. I suggest that Australian industry, because of strong domestic and world demand, and buoyant conditions in the rural sector, is well placed to absorb the effects of our revaluations. Those industries which have special difficulties we stand ready to assist. And of course, we are assisting industry in much more positive and enduring ways.

Look back on our decisions and actions since last December, and you will find our record replete with schemes and initiatives to benefit industry. Our Budget provided an estimated outlay of \$145 million for assistance to industry in 1973-74, \$34 million more than actual expenditure in the last financial year. We have increased assistance under the Industrial Research and Development Grant Scheme from \$14 million to \$16.8 million. We are encouraging higher standards of industrial design. We have provided \$1.83 million for better apprenticeship training. We are developing new manpower policies to help industry adjust to changing needs and conditions. We are strengthening the Australian Industry Development Corporation to enable it to play its full part in developing local industry and keeping it in Australian hands. We are establishing an Industries Assistance Commission to coordinate all forms of assistance to industry and to open up the process of assistance to full public scrutiny. We are setting up industry panels - bringing together employers, employees, consumers and Government - to advise on a whole range of industrial problems.

I do not pretend for a moment that our reforms will be painless, or that our plans to streamline and invigorate Australian industry do not involve quite basic structural changes and new attitudes on the part of us all. It is precisely because I have confidence in the strength of industry - as well as its good sense and public-spiritedness - that I believe our reforms will be welcomed and understood. Let me, however, give an example of the sort of practice my Government cannot tolerate. You will forgive me for choosing an instance that is uncomfortably, distressingly, close to home. I refer to an agreement made between five Australian manufacturers for the 12 months to last April. The agreement raised to an agreed level the minimum price of Japanese fans exported to Australia. It was entered into after negotiations between your own Association and the Japan Electrical Manufacturers' Association. The Commissioner of Trade Practices investigated the agreement and referred to it in these terms in his 1972-73 annual report:

"I notified the parties that I considered the agreement was contrary to the public interest and should not be renewed when it expired in April 1973; the agreement had the effect of increasing the price of Japanese fans to Australian consumers and weakening external competition without any inquiry by the Tariff Board which has the responsibility of recommending the level of protection to which Australian manufacturers may be entitled against imports; in addition the agreement aggravated a shortage in the total supply of fans available to the Australian market which occurred in the unusually hot summer season."

That is what the Commissioner of Trade Practices had to say, I am glad to record the fact that although your association disagreed with the Commissioner in good faith, the agreement in question was not renewed. Now I didn't come here to give lectures or to rake over past history, but I would be less than candid if I failed to make it clear to you that such agreements as that will not be tolerated by my Government. Under the restrictive practices legislation we shall introduce, that agreement would have been illegal. Under our legislation, consumers will not have to wait while the Commissioner investigates and makes a report. We shall take action to prohibit a great range of restrictive practices directly and immediately.

Mr. Chairman, I have spoken bluntly to you. I know you would not want from me, or my Government, anything other than straight talk and square dealing. Let me now tell you - with equal candour, with equal conviction - what my hopes are for your industry, and for all industry. First, we want ready and open communication with you. We want to hear from you and be involved in your problems. Next, we want your continued prosperity. Our whole program depends upon a healthy and prosperous business community. We want to encourage the transformation of weak, dependant industries into vigorous and more self-reliant ones, to help industries withstand the pressures of national change and international competition without the need for inordinate Government support. We want to encourage more competition, more rational use of resources, lower prices for the consumer. We see the growth of sound and healthy industry as basic to the growth of a modern industrial economy.

Finally, I ask you to keep in mind your basic strength, your real and growing prosperity. This year your sales have risen strongly, your exports have increased, your orders are high. It is fair to say that, despite rising costs and other pressures, Australian industry is in better condition today than it has ever been. What better time to undertake with the new Government, the lasting and far-reaching reforms that will ensure greater strength and prosperity in years to come?