

EMBARGO: 8 P.M.

SPEECH BY THE PRIME MINISTER, MR. E.G. WHITLAM, Q.C., M.P., TO THE CHAMBER OF COMMERCE AND INDUSTRY, SOUTH AUSTRALIA, AT THE GENERAL MOTORS HOLDEN DINING HALL, WOODVILLE, SOUTH AUSTRALIA, FRIDAY, 21 SEPTEMBER 1973

Once already this week I have had occasion to draw attention to the remarkable number of manufacturers' dinners I have been eating, or will eat in the space of a fortnight - five in all. Manufacturers well know the way to my heart.

These eating engagements are, of course, also speaking engagements. I am happy to speak to Australian manufacturers because, quite frankly, I think we have a good story to tell. I believe there is no section of the Australian business community which shares greater common interests, more common ground with the present Australian Government than Australia's manufacturing industries. It is an historical fact that the strength of Australian manufactures and the strength of the Australian Labor movement have grown together. This has been no accident. It is of the essence of the political and industrial development of this nation; and this community of interest between Labor and industry was never greater than at this time in our history when we have an Australian Labor Government.

Let me from the first get down to the essentials of our community of interest. They are essentials which transcend, I believe, the criticisms you may have of my Government in detail - or for that matter, which I may have of you in detail. To mention these great areas of agreement is at the same time to set the present economic condition of Australia and the Australian Government's plans for the economy in a true perspective. It is timely this week to do so.

First, the Australian Government has an unqualified commitment to genuine full employment. However acute our perception of the social and economic evils of inflation may be, we are not prepared to seek a solution through the weapon of massive unemployment. In Australia, massive unemployment means empty or half-used factories. It means, whenever that weapon has been tried in this nation, your loss, your bankruptcy, the retarding and sometimes even the end of your careers as businessmen. There is no matter on which the people we represent and the industries you represent should share so strong a common view and a common determination. And that means that whatever measures we take to deal with the day-to-day problems of economic management, even when those problems have a high international component, they will not be solved - by us at least - by creating significant unemployment or closing your factories.

Secondly, we are committed to a national economy running at the highest level of its capacity and real productivity. We are a Government of growth. That means that the manufacturer and the investor can plan with complete assurance on the maintenance of the highest level of growth. We cannot be content with the two or three per cent growth prevailing in the year before our election. We need to sustain and, if possible, surpass the seven per cent already achieved, not just through our efforts in the last nine months but through your efforts and the efforts of your employees.

Thirdly, you need, as we need, a high level of real wages and a high level of real purchasing power. Your prosperity and our success depend alike on the ability of the consumers - overwhelmingly employees and their dependants - to buy your goods and pay into our revenues.

Fourthly, we have a vested interest in your achieving fair profits. We need the growth which the investment of your profits brings; and quite frankly we need healthy taxes from your healthy profits.

As to these last two matters - wages and profits - you may recall that in my policy speech last November, I acknowledged that our program of vast social reform could only work successfully within a framework of strong, uninterrupted growth. The expectation of reasonable profits is as much a factor in achieving that growth as is the reasonable anticipation on the part of employees that their real standards will rise.

Fifthly, there is the overwhelming importance to the well-being of all Australians of our social program itself, our social goals, our social priorities. It's true that by the simplest accounting, our program involves an increased allocation of the national resources to the public sector. The whole thrust of our program is towards public initiatives, initiatives that in modern societies are either taken by governments, or not taken by anybody at all. But it should be left there. It is an absurdly oversimplified proposition to suggest that any increase in public activity, public initiative, any widening of the public sector is automatically and inevitably at the expense of the private sector. For example, this year, in our Budget, we gave education top priority. It constitutes the fastest growing component of the Budget. We will provide \$843 million for education in 1973/74, an increase of \$404 million or 92 per cent on last year. But governments do not manufacture the equipment, make the bricks, erect the buildings, install the fittings which compose a school. When governments spend on these items they provide new investment opportunities for the private investor, new scope for the private manufacturer. And the same opportunities apply in our proposals in the cities, in hospitals, in transport, in housing. When governments take initiatives where none existed before, it is private enterprise, private manufacturing which share in the first fruits of such initiatives.

And to those five great imperatives, these goals, these objectives in which we share common interests - I shall add a sixth - a thoroughly political one. You have a vested interest in continuing prosperity of South Australia. So have I. I cannot survive politically, my Government cannot survive, without prosperity in this State - a State which sends seven Labor of her eleven members to the House of Representatives.

I won't go through the list of specific benefits which accrue to South Australia under the Budget and other arrangements made with the South Australian Government during the year. I may say that total payments to the South Australian Government in 1973/74 are estimated at \$385 million. That represents \$320 per head compared with an average payment to all States of \$270 per head. The benefits of increased consumption in this State are benefits which you, as the State's manufacturers, can share.

These are the things you can bank on, literally bank on, invest on, plan on, with assurance, with surety, with confidence. You can bank on full employment; you can bank on an expanding economy, you can bank on higher consuming power, you can bank on the continuance of splendid profits; you can bank on growing opportunities of the private sector to benefit from the growing initiatives of government. These are sure and certain things. Any prudent investor should be able to see these certainties and seize the opportunities.

Quite frankly, I can only express contempt for the behaviour of the Stock Exchange last week. The stock market apparently suddenly discovered inflation. The Government cannot be responsible for the masochism of the stock market, or be concerned about its self-inflicted wounds.

I took the trouble to glance at the business pages of the Advertiser this week. What do I find?
"John Martin Peak Profit and Pay-Out.....Surprise hoist in dividend rate by Hills industries....Hunter Douglas dividend up after profit upsurge....Orlit exceeds expectations - earns 15.3 per cent....Earnings peak for food group."

This I am asked to believe is the picture of an economy bludgeoned to its knees by the onslaughts of the socialists in Canberra! It is a nonsense; and I ask you, as the solid manufacturers of South Australia, people with a stake in the prosperity of your State, of your nation, as well as your own business, not to have a bar of this masochism, this schizophrenia, this psychological sabotage. It is in this context - the context of a strong, an expanding economy - that I put some of our specific problems and the Government's handling of those problems.

We have acknowledged from the day we took office that inflation was the major problem of economic management. On the 20th December, the first report I made to the nation, I said "In particular, my Government will spare no effort to restore genuine full employment to this country. Yet we must do this while continuing a battle to contain inflation. We are under no illusions about the difficulty of this double task". That was less than three weeks after the election. So inflation is not something the Government has just discovered, just started to worry about. It is just a statement of fact to say that most of the additional price increases which have occurred in Australia since we took office have been the result of the international transmission to this country of inflationary pressures being experienced in practically every developed country where a free or mixed economy operates. But we immediately began to take action to curtail these international pressures. We appreciated the value of the currency by 7 per cent in December; we didn't go down when the United States dollar went down and we revalued again by a further 5 per cent in September. Those actions generated great criticisms. Where is the foretold disaster?

Then, of course, we cut tariffs by 25 per cent in July. Let me say this: the 25 per cent tariff cut is not going to produce the 45,000 to 50,000 which "Industry News", the organ of your associated Chambers of Manufactures, told us to expect.

The Government set aside \$25 million for special assistance to industries and persons who might be victimized by our decision. The latest figures I have - two months after the decision - is that one Australian factory - not in South Australia - has sought assistance. The total number of employees claiming special unemployment benefits provided for tariff cut victims is some 25 throughout Australia. There were 13 in South Australia. Three still remain to be placed in new jobs. Catastrophe! Disaster! Doom!

I do not want it to be thought for a minute that I am cavalier about these matters, particularly as they may affect manufacturers in South Australia. I very well know the vulnerability of South Australia's great industries to changes in demand in your eastern markets. No policy decision of any government I lead will result in the dislocation of South Australian industry. I give you that unequivocal reassurance. As I told the people in a national broadcast on the 22nd July; "This Government did not restore full employment in this country merely to take it away again, even from a section of the workers."

We are, nonetheless, striving for more efficient, more competitive Australian industry, throughout Australia. It is not enough to say that because an industry exists in a particular place, it has a divine right to that existence in that particular place for all time. To achieve our aims of a more competitive, more efficient industry, we have instituted a whole range of measures - the tariff review, removal of restrictive practices, new manpower policies, the establishment of the Industries Assistance Commission. It is clear that if we are to combat inflation even moderately better than most comparable countries we shall have to cut away some of the industrial fat. It is, of course, going to be a massive task to balance these objectives with our equally determined effort to minimise hardship to both employers and employees. The Government is equal to that task.

I want to introduce a pure political note - not a party political note. But it is a matter which I think concerns all Australians. The politics of Australia have for many years been conducted in a atmosphere of virtual permanent electioneering. This is not only because of the frequency of our elections, though, of course, that is a factor. Since the two Houses of the national parliament were thrown out of alignment in 1963, there have been national elections virtually every eighteen months. In thirteen years that I have been either deputy or Leader of the Labor Party I have fought eight national campaigns. But there is more to it than that. For many years past (we might date it from the death of Harold Holt) there has been a deep element of instability and unpredictability in our national political life. We have had five Prime Ministers in seven years. As a consequence, we have lived psychologically always on the verge of imminent political change. This has not been good for Australia; it has not made for good economic or political management. I want to put this very seriously and frankly to you. It may be that the next elections will involve an election for both Houses. There must be a Senate election not much later than April or May next year. But the timing of an election involving the House of Representatives is a matter for our judgement. It is giving away no secrets, it is a simple statement of political fact that I shall recommend a dissolution of the House of Representatives at the time of maximum advantage to the Government. Therefore, the simple political fact of life in Australia is that the present Government is going to be around for a considerable time - not less than two years. Now two years is a long time in the life of a nation such as ours and certainly a long time in business planning. It is unreal for business to take the attitude that the Government could be sabotaged or undermined without far greater damage to business itself than to the Government. The Government itself in its broad objectives and I believe in the specific measures it takes to achieve those broad objectives is an eminently predictable government. Wise business, prudent business, sensible manufacturers will acknowledge that it is better to live with and plan with and co-operate with a basically predictable government, one which will be the government of Australia for a considerable time to come, than to sulk in desperate futility in resentment against the judgement of the people last December about how and by whom they would be governed for at least the ensuing three years.
