

NATIONAL BROADCAST BY THE PRIME MINISTER OF AUSTRALIA,
MR. E.G. WHITLAM, Q.C., M.P., SUNDAY, 30 SEPTEMBER 1973

Good evening. I want to speak to you tonight about some very important decisions taken this week by the national Parliament. I want to explain what these decisions mean to you, the people of Australia. The Parliament has decided to seek your authority to deal as effectively as possible with a problem affecting all of us - the problem of inflation. We will be asking you to give the national Parliament power over prices and power over incomes. These two requests will be submitted to you as a referendum - a vote of all the people in the six States - on 8 December.

Let me tell you why the Government - and both Houses of Parliament - have taken this course. It's just ten months since you elected us to Government. You may recall that soon after the elections - a fortnight after we assumed office - I addressed you on national television and acknowledged that inflation was the major problem of economic management we had to face.

I pledged to continue the fight against inflation while at the same time restoring full employment. We have achieved genuine full employment. That part of the task is done. The other battle - the battle against this worldwide problem of inflation - continues.

I want to emphasise that there are some old-fashioned methods of controlling inflation that our Government rejects. We will not attack inflation by creating unemployment. We will not attack inflation by throwing Australians out of work. We will not expose industry to clumsy, stop-go fluctuations in demand, which can destroy its efficiency and incentives. This year we have lifted our national growth rate to a near record of 7 per cent; we are enjoying conditions of buoyant business prosperity. We want to keep things that way. So our attack on inflation has been through a series of carefully timed and related measures. We have cut tariffs. We have twice revalued the currency, stimulating the flow of imported goods and reducing their prices. We have initiated a whole series of long-term policies to assist industry, to protect the consumer, to encourage greater efficiency and competition in a system where business - and Government - must share responsibilities.

There is, however, one weapon against inflation that the national Parliament lacks. It is the only weapon that will give real force to the measures we have taken. That weapon is power over prices and incomes. The national Parliaments of all comparable countries, including those with federal systems, possess such powers; our Parliament does not. Every other major industrial nation has been able to use such powers when the national Government needed them; we have not. Accordingly, my Government will be asking you to grant these powers to the Australian Parliament.

Our referendum has been designed to give you the widest choice of alternatives. We shall submit to you two separate questions - one concerning prices, the other concerning incomes. You will therefore be able to decide whether you wish to give the national Parliament power over prices alone, over incomes alone, over both, or - as at present - over neither.

You may ask why we are seeking a specific power over incomes. I give you one reason. There are many lawyers who believe that a power over prices alone would include a power over wages as well - since wages may be regarded as the price of labour. But that would leave the Parliament without power over other forms of income, like rents and dividends. So we believe the fairest course is to seek a power over incomes of every sort - not just the wage earner's pay packet.

Let me remind you how this referendum came about. You will remember that early this month, representatives of the Australian Government, the State Governments and local government met in Sydney to consider changes in the Constitution. At that convention I invited the Premiers on three separate occasions to refer to the national Parliament the powers over prices which the State Parliaments have. The Premiers of the major States were unwilling to do so. I have to say frankly that, had they done so, there would be no need for this referendum. Some people argue that the States could apply these powers themselves; again they have not done so. Even if they did, we believe the difficulties of applying control over prices and incomes would become immensely complex if many different governments were involved.

Remember, we are not asking you to deprive the States of any powers they are using; we are merely asking you to give us the same powers that the States have but refuse to use. Inflation is not a problem for the States; it is a problem for us all. If the powers we need are to be effective, they must be immediate, beyond challenge, and uniform in their application. Only the national Parliament can act in that way.

You may ask why these questions have to wait till December to be decided. The answer is that we are required by the Constitution to wait at least two months before asking you to vote on our proposals. That gives both sides time to prepare their arguments, which will be printed and distributed to every voter in Australia. I remind you, in passing, that new voters must be enrolled no later than 12 November. But do not imagine we will sit idly by till this issue is determined. We shall act, if necessary, to strengthen the measures we have already taken.

I do not want to give the impression that the powers we are seeking will be a magic cure for inflation on their own. I should not be honest with you if I did. For there is, of course, no magic cure; no simple solution. Other countries have proved that. But we believe that the Australian Parliament, charged with responsibility for the management of the national economy, should have a full range of weapons in its armory. Do not ask us to fight this battle with one arm tied behind our backs. Grant us the weapons which other national governments possess and have found it necessary to use.

A second reason why the Commission can contribute to a better use of the nation's resources stems from its status as an independent statutory authority. The Commission will be able to develop and pursue a long term program of inquiries, free from day-to-day political pressures. This in turn has very important implications for the amount and quality of its information and for the depth of analysis which the Commission can undertake. This of course includes analysis of the effects of its recommendations on the use of resources in different industries. For example, industries which are comparatively wasteful in their use of resources and which impose a significant cost on the community can be systematically examined through public inquiries, and obliged to justify any special assistance they receive from the government by demonstrating the benefits they bring to the community. The Commission will be obliged, through its public reports, to explain why it considers that certain industries should receive more assistance than others.

I propose now to consider some of the more important clauses in the Bill and the reasons for them.

Clause 21 states that the functions of the Commission are to hold inquiries and make reports...."in respect of matters affecting assistance to industries and other matters that may be referred to the Commission....". This clause covers any industry, whether in the primary, secondary or tertiary sector of the economy. It is therefore the clause which gives effect to the Government's wish to extend the present advisory system for manufacturing industries based on the Tariff Board. Together with Clause 23 (2) - which allows the Commission to consider all possible forms of assistance for a particular industry - Clause 21 provides the basis for systematic analysis of the structure of industry assistance in Australia, and thus for evolving a more coherent and rational policy by the Government towards industrial development.

Clause 22 provides certain policy guidelines for the Commission which place the work of the Commission firmly in the framework of general economic management.

The guidelines will also help those making submissions for assistance from the Government, by providing a basis for them to relate their claims to the public interest. They also make clear the need for Australia's assistance policies to recognise our international trade obligations.