



PRIME MINISTER

PRESS STATEMENT NO. 334

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DEVALUATION STATEMENT BY THE PRIME MINISTER

This is the most important single economic decision we have taken this year. Its main effect - its basic purpose - is to make it easier to sell our goods overseas.

This means bigger markets abroad for our farm products and minerals and manufactured goods.

It will make it easier for our exporters to compete in overseas markets; it will make it easier for local manufacturers to compete with imported goods.

I believe this decision will give an immediate boost to general business confidence.

It will improve the prospects in our rural industries.

It will give added confidence to the motor industry, textile manufacturers, and local manufacturers of appliances, electronic goods and a whole range of other products.

It will safeguard the jobs of Australian workers who may be threatened by import competition. It will reduce unemployment

Our mining industries - copper, nickel, lead, zinc - will benefit from our action. The recent decline in their prices will be cushioned by the new value of the dollar.

We have always been flexible in our approach to the exchange rate.

Along with most other countries we are prepared to vary the exchange rate when economic conditions make it necessary to do so.

Last year we twice increased the value of the dollar. Our exports last year far exceeded our imports. Our reserves were at record levels.

In that situation it made sense to appreciate the value of the dollar. That policy succeeded completely.

Now it is appropriate to reduce the value of the dollar and improve the prospects of our export industries.

Our decision means that we will also be cutting the fixed link with the U.S. dollar.

This action means that the external value of our currency will remain generally stable against that of our competitors and trading partners overseas.

Unless we decide to change the rate of our dollar it will now keep a stable value compared with other major currencies such as the Japanese Yen, the German Mark and Sterling.

As a result of our decision I believe the whole community - unions, businessmen, farmers, manufacturers, exporters - can look forward to better markets, better trade, better business and more secure employment.

CANBERRA, A.C.T.