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FOR PRESS

PRIME MINISTER

CANBERRA

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AUSTRALIA'S INFLATION RATE

The Prime Minister, Mr Fraser, said today he had received official information which forecast that Australia during 1976 will suffer the second highest rate of inflation amongst the major western nations.

Mr Fraser said the forecast indicated that Australia's rate of inflation during next year would be at a level more than three times greater than West Germany and twice the forecast rate in the United States and Japan.

The Prime Minister stressed that because the information relating to forecasts of the level of inflation in other countries was confidential to OECD nations no statistical details could be given at this stage.

He expected that statistical information would be released in mid-December.

In the case of Australia, however, the forecast was highly relevant to the state of the Australian economy at the present time.

He said the forecast confirmed his statement in an address to the nation eight days ago that the factors of the budget deficit, declining investment, slower than expected growth and low confidence all meant that next year Australia would be facing more inflation and the highest unemployment since the great depression.

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It was further confirmation that under Labor's policies the economy is not coming out of its recession.

The Prime Minister reiterated that in fulfilling its pledge to provide Australia with sound management until the election, the Caretaker Government had given special emphasis to its duty to be fully informed on the state of the economy and its future outlook.

The unpleasant facts that had come to light showed that, as a result of past policies, Australia would face very severe problems of economic management in 1976.

These facts included the likelihood that the budget deficit will not be \$2,800 million as planned but about \$4,000 million. As well, the rate of price increase in the December quarter would be about 5 per cent - one of the highest rates in the western world.

Mr Fraser said the new forecast of 1976 inflation in Australia together with recent official statistics on the food price index and industrial production further supported these facts.

They were further evidence of the extent of the damage caused by the incompetence of the former Labor government and the degree of failure of its economic policies.

It was essential as a first step to prosperity that Australians be honest with themselves about what has happened in the past three years and to recognise the immensely tough problems that could be solved if we are prepared to work together as a people.

The principal objective of the incoming Liberal National Country Party Government would be to revive the basic health and strength of the Australian economy so that Australians could once again look ahead with confidence and security - confidence in themselves and in their country.

This would be achieved through a full three-year programme to get Australia moving ahead, combining the taxation reforms recommended by the Mathews Committee together with the further policies which will be announced in the Policy Speech on Thursday night.

Mr Fraser said these policies would provide a sound basis for the rapid recovery of business confidence and for co-operation between all sections of the community for restraint in government spending.