

Mr Feen

PRIME MINISTER

FOR PRESS

2 February 1976

PUTTING JOBS FIRST

The Government's paramount responsibility is to overcome inflation, so that there will be jobs for all those who want to work.

While inflation remains at high levels, individuals do not have the confidence to spend, and businesses, small or large, do not have the confidence to invest in the future of their industries.

A 5.4 percent increase in wages and salaries would increase unemployment and inflation, and undermine the confidence necessary for economic recovery. This large increase would quickly lead to price rises. These in turn would lead to further wage claims. The vicious cycle has to be broken.

In the present circumstances, we had to place the highest importance in fighting inflation and in creating jobs. We have placed jobs first. We have placed Australia first.

I believe the great majority of Australians now recognise that high wage increases result in higher prices and the loss of jobs by tens of thousands of Australians.

Our responsibility in managing the nation is to break the inflationary spiral. If the Government is not prepared to tackle this task, no one else will do so. And thus we made the decision that we did.

It would have been easy to take the other path and fail to oppose passing on the C.P.I. increase in full. It would have been irresponsible, and it would have been paid for by higher unemployment and inflation.

Australia cannot afford continued inflation, continued unemployment.

I can understand the disappointment that some people may feel, but the Government has had to choose between jobs and illusory wage increases. That choice may not be popular in the short-term. But for the good of the Australian economy, for the employment of Australian people, for young men and women seeking their first job, there is no question that the choice we have made is the only responsible one.

Earlier we indicated a willingness to listen to other people's views concerning the P.J.T. A conference is being organized to discuss its future in March. That has been welcomed.

Now with the fullest knowledge available to us from Government departments, with more recent knowledge concerning the economy, we believe that earlier views on implementing wage indexation to the fullest extent of the C.P.I. have to be modified if Australia's inflation and unemployment is to be overcome.

I have already said there are no soft options left for Australians. There is no quick way out of our economic problems. The Federal Government must do what it believes to be right to overcome inflation and to restore employment.

A further statement will be made later this week concerning economies in the Federal Government's own Budget.
