



PRIME MINISTER

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ELECTORAL TALK

Australia has a unique opportunity to again take its place as a country with one of the healthiest economies and highest living standards in the world.

We have vast potential. We have unrivalled natural resources, a skilled workforce, stable democratic government, strong currency, and a broad manufacturing base.

Against this we have severe inflation, which hits us hard at home and abroad.

Japan, the United States of America, France, West Germany - some of our major trading partners - all have beaten inflation. In some cases their inflation rates run at less than half of ours.

Why do we still lag behind our trading partners in the control of inflation?

There is not one single reason. However, there is no doubt that excess wage demands are the main cause of inflation today.

Wages make up the vast majority of cost in any enterprise - whether it be a corner milk bar, an insurance company, a car manufacturer or even a league football team.

All Australians know that money wages have gone up dramatically over the past few years.

Australians generally have had more money to spend or to save.

That money has not just materialised from a giant cash register. It has come from someones pocket.

Normally, wage increases can be financed by growth and productivity. Recently, there has been no growth. So these increases have simply had to come from someone's hip pocket - at the expense of jobs.

Most Australians work for an employer. They get their fortnightly pay packet from him. If his business is not growing, he has less money to pay for all the wage increases. Sooner or later there is not enough to go around and people loose their jobs.

Some argue that prices have gone up too, and that the employer is able to maintain his profit level. The plain fact is that prices have not gone up as much as wages.

This means that profits are down. In many cases profits have even turned to losses and companies have gone broke.

What is the solution? First, the employer - the man who takes risk with capital to make profit so he can employ more and better trained people - must be given a fair go at recovering this profit.

One way of doing this is to reign in his greatest cost - that is, wages.

The Government has strongly argued this principle before the Arbitration Commission.

We want to index the minimum wage. This protects everyone from increases in the basic cost of living. It gives relief to cost pressures on employers and takes the pressure off price rises. It hits directly at the core of inflation. It gives us a real chance to beat inflation.

Excessive wage increases lead to higher costs which leads to higher prices and then to continuing inflation. At the same time this leads to loss of profit and eventually to unemployment.

So constantly increasing wages are a vital factor in the inflation disease.

That is why the Government has argued for a modification in wage indexation.

The Government is concerned about justice to all wage earners. The Government is concerned about relations between employers and employees. We want to increase national productivity. We will fail if there is unrest in the workforce. We want industrial peace, and wage justice to workers. It is precisely for these reasons that we have sought to slow down the rate of wage increases.

I feel sure that all wage earners would rather have a lower rate of inflation in 12 months time at the price of illusory money wage increases which do nothing more than perpetuate existing rates of inflation.

At the same time, all those who have lost their jobs in recent years will have a much better chance of getting them back. And all those who may have lost their jobs in the next 12

months will have a much better chance of keeping them.

The Government is determined to reduce inflation. We are determined to keep our word to the electorate who gave us a massive mandate to beat inflation and unemployment.

We have pursued a consistent strategy to carry out our mandate.

Already, we have halted the massive growth of government that took place over the past three years. We have made savings in administration and have cut out a great deal of waste. The task is an on-going one.

The Government will do what it must, but it is also a task for the whole nation, for businessmen, employers, employees, trade unions and for everyone in this community to recognise the national obligation we all have to get Australia moving again.

We have given businessmen, manufacturers, farmers - producers of the nation's real wealth - the incentive to expand and start producing again.

We have set the wheels turning for a soundly based, strong economic recovery. Already, there are encouraging signs that our policies are starting to take effect.

We will not waiver or be distracted in our determination to turn Australia's great potential into reality.