



PRIME MINISTER

FOR PRESS

OCTOBER 29, 1976

ADDRESS TO THE MELBOURNE CHAMBER OF COMMERCE

Thank you for your invitation to address you this evening. I am glad to have this opportunity to discuss with you the Government's thinking on a number of important issues.

The principal concern of us all at the moment is economic recovery. Throughout this year the Government has given top priority to the fight against inflation. Until inflation is brought under control there will be no solution to the problem of unemployment.

Inflation is the greatest single enemy of individual security, of jobs, of a resumption of economic growth, and of our international competitiveness.

The attack on inflation has been based on a strategy of restraint in Government spending and restraint in wage and salary increases. With cooperation from all sections of the community there are now clear signs that the battle is being won.

The Consumer Price Index increased by 2.2 percent in the September quarter, the lowest quarterly increase, with the exception of the Medibank aberration, since the March quarter in 1973. There will be an apparent break in this improving trend in the December quarter as the changes to Medibank affect the C.P.I. The community has to pay for its health services in one form or another. We should not be diverted from that fundamental fact by focussing on one index. With continued good sense prevailing in wage determinations the December result will only briefly obscure a continuing trend to lower rates of inflation.

This in turn will create the conditions in which a significant decline in unemployment can come about. Let me emphasise that our concern with unemployment is one of the major reasons why we are pressing the attack on inflation so strongly.

Some apparently believe that we should relax the pressure on inflation and should increase Government spending, in the hope that unemployment can be brought down more rapidly. This is pursuing a mirage. If the experience of the last few years has taught us anything it has surely demonstrated that in the conditions now facing Australia, higher Government spending

can actually be associated with worsening unemployment. In one year under Labor Federal Government spending rose by 46% and unemployment by almost 200,000 - almost 200,000 in one year.

While action can certainly be taken to ease the problem of unemployment in the short term - and we are taking such action - a real solution will only be found when inflation is beaten.

If the Government tried to hasten the growth in activity and employment by "pump priming" this would quickly show up in more inflation, and, at best, only temporary reductions in unemployment.

The approach we are now following in Australia is the course which has been taken in virtually all the major industrial countries. In the light of the experience of recent years it is now accepted that the growth of Government spending must be cut back between the last fiscal year and the present one.

The United Kingdom has cut back the rate of growth of central Government spending from 28% to 17%; Canada from 19 to 13%; Germany from 19 to 4%; New Zealand from 29 to 5%; United States from 13 to 11%; Australia from 23 to 11%.

As I said earlier there are now clear signs that that strategy is working. The ultimate success of this strategy is going to depend, however, not only on what the Government does, but on the actions and attitudes of both management and employees.

No section of the community can adopt its attitudes, or act, in isolation from the rest of the community. It is a very shortsighted view to think that one group can prosper by depressing the condition of another. We are all interdependent, and if we want Australia to recover and prosper we have to be prepared to work together to achieve that result. Both trade union leadership and management carry a heavy responsibility for creating the conditions which will lead to a soundly based recovery.

Trade union leaders can do much to ease the problem of unemployment by helping to restrain wage and salary demands. This restraint makes possible conditions in which industry and commerce can provide desperately needed jobs. The social responsibility of trade unions in present circumstances extends of course well beyond the containment of wage and salary demands to reasonable levels. It encompasses rejection of unreasonable strikes of all kinds - of political strikes, strikes resulting from inter-union disputes - which raise costs, inhibit production, and destroy more job opportunities.

One crucial point which needs to be made again and again is that both employees and management - as well as the public at large - have an over-riding common interest in a profitable, efficient and productive sector.

Whatever differences there may be arising over particular matters from time to time, in circumstances such as the present we must all work to see that this common interest has a decisive voice. There has been a great deal of ill-conceived talk about the Government's policy on real wages. There is one central point here which must not be obscured: if real wages are to increase without someone else being worse off there has to be an increase in production. The best guarantee of rising real wages is a profitable private sector supporting a growing economy.

Achieving this is not just a job for the Government - but insofar as Government policy can create the necessary conditions that is what our policy is designed to do. Our policy is designed to bring about conditions in which real wages can begin to rise again in the shortest possible time. Policies designed to increase wage and salary costs in the short term run directly counter to the interests of the great majority of wage and salary earners and reveal a contemptuous disregard of the plight of the unemployed.

I know I do not have to emphasise to the members of this chamber the great importance of communicating and discussing the facts about the free enterprise system directly with employees. Part of the responsibility for this present crisis rests with those of us who have done too little in the past to get the message across that the free enterprise system is easily the best system for every Australian.

Not only does it provide choice of jobs, of industry, of employer, of product and service, through the profit and loss system it provides the consumer with more influence over the whole pattern of production than any other system.

It is an important task not only for Government, but also for management, to communicate the facts about how the economic system works. A management concerned to discuss these matters with its own employees - as many now are - is working not only in its own interests, but in the interests of its employees and the community at large.

The fight against inflation would be greatly helped if all companies made a practice of discussing with their employees how inflation affects the business, the company's trading record and the prospects and conditions for new investment and consequently more employment.

In the end, unions, companies and employees find their justification in the service they provide to others. They have no absolute right to exist apart from this.

It is inevitable and proper that in this age of growing interdependence there should be a concern with the wider social responsibilities of both trade unions and businesses. Social responsibility does not only imply that businesses should seek to supply goods and services profitably and efficiently, and that trade unions should seek to improve to the best of their

ability, the wages and conditions of their members - "social responsibility" also implies that these activities will be undertaken with full regard to their effects on other members of the organisation and the public beyond.

The age when any action was justified if it led to a profit has long since gone - if it ever existed. The age when anything was justified if it led to another victory for the union should also have gone.

People rightly demand now that both business and unions recognise they are part of a community, and that they must be concerned with the impact of their actions on other people in that community.

Mr Whitlam has recently indicated that he believes a socially concerned unionism must inevitably use the weapon of the political strike. This is a fundamental misunderstanding of the social responsibilities of trade unions. There is nothing socially responsible about using intimidation in a vain effort to impose the will of a few militant union leaders on the elected democratic institutions of the country. There is nothing socially responsible about strikes which cause direct loss to often-unwilling members and simply ensure that unemployment will stay at high levels.

Social responsibility consists in participating in the democratic debate on policy along with all other people - not trying to impose ones will in an undemocratic fashion.

Support for political strikes would appear to indicate a lack of regard for democratic principles, and processes - for Parliament which is the proper forum for democratic decisions.

We cannot, do not, and will not have decisions made in the streets. Earlier leaders of the Labor Party like Chifley took a very different attitude to the responsibilities of the trade union movement. We are all aware that some powerful unions are presently controlled by officials who do not support the democratic system, and whose objective it is to cause disruption, delay recovery, and keep unemployment high.

I believe that increasingly members of trade unions are becoming disillusioned with the irresponsibility of a few officials. The legislation we have introduced to require secret postal ballots in all union elections has been operating since August. It places a powerful weapon in the hands of union members who become convinced that the actions of their union are not in accord with their own real interests.

A discussion of the social responsibilities of unions and business inevitably leads to a consideration of what both these important sectors of the community can do for disadvantaged minorities - migrant workers, youth, working mothers, aboriginals.

Government of course has very significant responsibilities in this area. Policy role of the Department of Immigration and Ethnic Affairs is being strengthened. A number of measures have recently been introduced to help unemployed school leavers. There is an active women's affairs section in my own department. We have taken action to ensure that aid to aboriginals takes the most effective form. But as in other matters what Government can achieve by itself is strictly limited. Much can be done by unions and management who have the will to help.

In the case of migrants, for example, only a few employers provide multi-lingual information on award provisions, working conditions or workers compensation. Union journals are almost invariably published in English, despite the high concentration of non-English speaking migrants in certain industries. The lack of multi-lingual safety signs could well contribute to industrial accidents among migrant workers.

It is important that there is a sensitivity at the plant level among middle management and foremen, of the problems faced by migrant workers. Some large manufacturing organisations have set up communication networks with key bi-lingual personnel drawn from the major ethnic groups represented on site.

Unfortunately the trade union movement as a whole has been slow to recognise the needs and problems of particularly, their non-English speaking migrant membership. Until the union movement does more to close the information gap between themselves and their migrant members they can hardly claim to be adequately representing those members. When we can see that appreciably more union office holders and more delegates at union conferences are migrants, then we will be able to say that trade unions have a greater claim to represent their total membership.

Wage issues are not the only important issues facing the union movement. There are many other matters which affect the working lives of members. Inadequate emphasis has so far been given to improving consultation between management and employees and to the special problems of minority groups.

It is in matters such as this that real meaning can be given to the concept of "social responsibility". "Social responsibility" refers principally to the concern we are prepared to show for those affected by our actions, and a willingness to take realistic and practical steps to give meaning to that concern.

Unfortunately in recent years recognition of social responsibility has come to be equated in the minds of some with a preparedness to promise more and more Government spending. A willingness to make vast promises is not a mark of social responsibility.

It can be irresponsibility of the worst kind. It can lead as we have seen to devastating inflation which destroys savings and depresses the condition especially of the weaker sections of the community. It can lead to massive unemployment which bears hardest on the less well organised or disadvantaged minorities. Because it must be financed by higher taxes it actually erodes people's capacity to meet their own needs in the way they think best.

It is time we treated with scorn politicians who promise to solve all our problems - to help the disadvantaged - by simply spending more: who treat Government revenue as if it were manna from heaven rather than the product of labour and effort.

Mr Whitlam is now proposing to spend an extra billion dollars to get the economy right. I do not think this is a Labor Party view, but it is Mr Whitlam's view.

Let us face reality. Higher taxation, expanding bureaucracy growing regulation and centralisation of power is not the path to a better life - it is the very opposite of the direction in which we should be going. Australians are more equal, better educated, better informed than ever before.

Australia is a country better suited than any other to the intelligent - socially responsible - exercise of freedom and individual choice. The main determinant of the kind of Australia that develops over the next few years will be our own efforts - as individuals working together.

We cannot evade our responsibilities by trying to leave it all to Government.

In the end our standard of living, as well as our capacity to introduce new programmes of Government spending, depends on how much we produce - on how hard and how well we are prepared to work.

Making Australia a more compassionate, more socially responsible society is not accomplished by massive programmes of Government spending. It is accomplished by treating each other, as individuals - employees, employers, consumers and producers - with mutual respect.

We are all responsible for what happens to Australia. I am confident that it is within our power to make Australia a country that can be an example to the world.