



## PRIME MINISTER

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### ELECTORATE TALK

What Australians want is prosperity, stability and security. A year ago the Government took over the economic management of a country in which a generation of progress had been destroyed, and from which the prosperity, stability and security which Australians had come to take for granted, had disappeared. We began the fight against inflation immediately.

The Government's goal was economic restoration with the fight against inflation as first priority. That fight has gone well - better than expected.

Nevertheless, the high cost structure developed between 1972 and 1975 continued to have its effect. Australian manufactured goods were no longer competitive in world markets. The returns to Australian farmers became more and more out of line with wages and salaries for the rest of the community.

For instance, before devaluation, the forecast for average nett farm incomes was expected to fall to around \$126 a week. This is only about two-thirds of average adult male earnings, which currently are around \$185 a week.

The social structure was becoming more and more distorted with the Arbitration Commission protecting trade union members against some of the effects of inflation, while the burden on others became heavier and the economy and the nation as a whole suffered.

In September, regrettable and incautious remarks by the Federal Opposition exaggerated a run against the Australian dollar. 800 million dollars drained out of our national reserves. Devaluation halted this run on the dollar. It has opened the way for a recovery in foreign investment and of exports by rural industry, by miners and by manufacturers.

The fight against inflation goes on. Those sectors hardest hit by rapid wage increases and declining overseas markets now have their chance for revival. Those overseas firms which have held back from investments in Australia by approval for specific projects given by the F.I.R.B. have been encouraged to press ahead. Those Australian firms, with plant capacity under-utilised because of pressure from imports, now have the potential to expand production. There will be greater return in Australian dollars for primary producers. Over the past year, these sectors of the economy, along with Australia's unemployed, have made sacrifices in the cause of fighting inflation. The burden on them has been eased, or will be eased, as a result of the restored competitiveness of Australian industry.

As a result of the decision to devalue, farmers can now look forward to an increase in their nett incomes of about thirteen percent to a forecast \$143 a week. This is still \$40 less than the adult male wage, but it is an improvement. Nevertheless, farmers, together with all other sections of the community, must face the fact that the fight against inflation will go on.

Devaluation is part of an overall approach. The business community has been warned to make preparations now for the seasonal tightness in liquidity in the June quarter next year. A new, slightly higher, interest rate structure has been established as another of the control measures. An examination has been launched of the structure of customs by-laws to see whether tariff reductions can be made in areas where imports do not compete with domestic industry and do not endanger Australian jobs.

Devaluation means an increase in economic activity, and a decrease in unemployment. It does not mean any diminution in the fight against inflation. Our resolve to fight and beat inflation is stronger than ever.