

Embargoed until 1900 hours



F77/151

PRIME MINISTER

FOR PRESS

17 JULY 1977

ELECTORATE TALK

The high level of unemployment in Australia is of continuing concern to the Government, as it is to the community as a whole. Unemployment is a dispiriting experience that not only undermines self-respect but creates social problems. Its effects are not just confined to the person unemployed, but they are felt throughout the whole structure of family life. High unemployment cannot - and will not - be solved overnight. No single action by the Government - any Government - can wipe the slate clean.

It is possible for government to follow a misguided policy and try and spend its way out of trouble. But bitter experience has shown that this kind of action boosts inflationary expectations and worsens unemployment, while business tends to pull in its belt even further. Unemployment can be reduced on a long term and sustained basis. This will be done as wage demands are moderated and as the rate of inflation continues to come down.

Australia's manufacturers and businesses will not employ high cost labour at the present time - particularly unskilled labour - when they can cut their costs by buying labour saving machines. It is a fact of life that businessmen will opt for this course rather than pay high wages for unskilled labour.

Government policies can, however, lay the groundwork so that industries are in a position to maintain the level of their workforce or even to increase the number of people they employ.

Over the past few weeks, as a direct result of Government action and initiative, employment opportunities for many thousands of Australians have been safeguarded. We have saved jobs.

When I was in Europe recently talking to the European Economic Community's Commissioners about trade with Australia, I was asked to agree to a voluntary 25% cut on Australia's steel exports to the Common Market countries. I did not accept that request. I argued that Australia, through B.H.P., supplies only a very small amount of steel to the European markets and on fair and competitive terms. A few days ago I was gratified to learn that the E.E.C. had in fact withdrawn this request. This decision is good news for Australia. It will, I believe, prove important for the maintenance of existing jobs in Newcastle, Wollongong and Whyalla - centres of great steel manufacturing activity.

/Last week,

Last week, the Government also decided to place special restrictions on the number of passenger cars that could be imported into Australia. This decision was made effective immediately. The decision was in line with our long-standing policy that Australian industries share of our local market should not fall below 80%. We decided that import quotas for the next six months would be based on a total annual quota of 90,000 cars. The Government has asked the Industries Assistance Commission to recommend what further action we should take in this area. The decision to impose special quotas was made only after careful examination of the present and potential car import situation. We concluded that immediate action was necessary to prevent severe disruption to employment in local industries. In other words, we wanted to protect jobs in the industry to the extent that this is possible.

Early next month I will be attending a meeting in Kuala Lumpur with the Heads of Government of the five ASEAN nations - and the Prime Ministers of New Zealand and Japan - to discuss a range of trade and other issues. Apart from consolidating our overall relations with ASEAN and individual ASEAN countries, this meeting will be of particular relevance to Australia's manufacturing industries and jobs in those industries. I will be explaining Australia's policies in relation to imports, and how they affect our own industries. Trade between Australia and ASEAN is buoyant and has been for some time. In fact, it has grown rapidly over recent years.

For instance, since 1970-71 total imports from ASEAN into our country have increased at an annual rate of 29%, while our exports to ASEAN have increased at a rate of 17%. ASEAN countries are winning an increasing share of our overall import market - particularly in manufactured goods. Since 1970-71 imports of manufactured goods have increased in value from \$47 million to \$221 million. This average annual growth rate of 36% is more than double the growth rate of our total Australian imports of manufactured goods.

What needs to be clearly understood is that this increase has coincided in the last few years with a period of economic downturn in Australia. Accordingly, some Australian industries - which of course means many companies which were already facing cost pressures - found themselves in increasingly difficult situations. Jobs were lost while others were put at risk.

But, rather than ban imports of products in sensitive areas, like textiles, and footwear - as some countries may have done in a similar situation - the Government has acted with restraint and moderation. We took steps to limit - and not prohibit - imports. We recognised we did have obligations to our trading partners in ASEAN as well as to our own industries.

/Our policy

Our policy is clear. In the short term with Australian jobs on the line, increased market access for ASEAN goods in the sensitive areas poses real problems for Australia. However, in the longer term, developments in the Australian economy are almost certain to create additional trading opportunities for ASEAN countries.

I make it clear that the Government is sympathetic to the particular trading problems of ASEAN. Indeed, there are many we share.

A special working group of ASEAN and Australian trade experts set up to discuss trade is unmistakable evidence of our willingness to overcome trading difficulties.

I look forward to the meeting with the Heads of Government in August. I am sure it will play a significant role in promoting and fostering relations between Australia and our ASEAN neighbours.
