



## PRIME MINISTER

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### ELECTORATE TALK

Australia today is back on the road to economic health. The three years that devastated our country - and almost brought us to our knees - are behind us.

We are pulling out of the mess that went a long way to destroying city and country, and harming millions. Australia is back in the race largely because of one simple fact - the government recognised that above all else, inflation had to be beaten. Until that happened, we knew there would be no proper recovery, no prospect of expanding opportunities for jobs, no sustained security and not much hope.

We are beating inflation. We have not yet finished the job - but our record so far in reducing inflation is unmatched in the western world.

Let's look at facts. Inflation - as measured by what is technically called the implicit price deflator - was reduced to just over a 9 percent annual rate through the year to last June. That is 7 percentage points better than it was through the previous year. Looked at another way, over the same period and on the same basis, the percentage reduction in Australia's inflation was better than that of practically all the seven major OECD countries. Those countries are: Japan, Germany, the United States, Britain, France, Italy and Canada. In fact, Australia's performance was matched only by that of Canada.

Inflation of course is commonly measured by an index of consumer price. We are doing much better with this index too. In the first half of this year, inflation as measured by the consumer price index, was also running at an annual rate of around 9 percent. This is lower than the average increase recorded by our major trading partners - and a far cry from the 17, 18 and 19 percent levels under Labor. So whichever way you look at it, Australia is getting on top of inflation.

Australia's current inflation rate figures are not Liberal Party figures, not political - but figures produced by the OECD and by Australia's independent statistician. What do they mean for Australia?

First, they mean that our economic strategy - a strategy consistently applied from day one - has been the right strategy for Australia at this time. They mean we are doing the job the community asked us to do. They mean that we will continue with our policies that keep bearing down on inflation. There is no way - having worked so hard and having come this far - that we will slacken in our efforts to beat inflation. But above all, the reduction in Australia's rate of inflation means we are ridding the community of a real and tangible social evil.

Make no mistake about the deadliness of inflation. Inflation harms every Australian. It harms every family, every business, every farm, every school. It hits hard and direct at the young, the old and the defenceless. It is for that reason - and for that reason alone - that my government pledged to beat inflation.

As we continue with this fight, it is becoming increasingly clear that key ingredients in the national economy are responding positively to our policies. The signs are emerging. There has been a solid and steady recovery in production. In the last financial year, production increased by 3.5 percent. Just two years earlier - in the middle of the Labor experiment - production actually decreased by 0.2 percent. There has been a very good recovery in company profits. That recovery will continue through this year. Consumers too are gaining confidence and are willing to spend more of their incomes.

In simple terms, in the first quarter of 1977 Australian consumers were saving 12.5 percent of their pay cheque, while in the last quarter of 1974, they were saving more than 19 percent of their money. What all this means is that Australia is back firmly on the road to recovery.

We all know, however, that not everything is as it should be - or as the government wants. Unemployment, although slightly improving over the last couple of months, remains too high. The Government knows this. That is why we have developed a number of programmes that either have helped or are currently helping more than 100,000 young men and women. We have removed all financial restrictions on the various training programmes and employment assistance programmes. No-one will be denied training opportunities because of lack of finance. These however, are essentially short term measures, short term assistance for the unemployed.

It is only when inflation is further reduced, and when production and profits further improve that business and industry will seek to increase its workforce. For a long term and sustained reduction in unemployment, there is no alternative but to keep the battle against inflation at full pitch.

We must never forget what happened to jobs, to business, to farmers, to migrants, to fixed income earners when Labor refused to face reality, when Labor refused to accept what inflation was doing to Australia. We must never forget what happened to Australia. We could never survive that kind of experiment again.