



EMBARGO: 7.00 p.m.

**PRIME MINISTER**

FOR PRESS

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ELECTORATE TALK

This week's announcement of a 2 percent increase in the Consumer Price Index for the September quarter is good news for Australia. It is good news for big companies, small companies for farmers and its certainly good news for families. It is the first time in more than four years that the rate of increase has been held below 2.5 percent in each of three successive quarters. It confirms that Australia's rate of inflation is now running at an annual rate of around 9 percent - and coming down.

The figure confirms - as I pointed out ten days ago - that we are beating inflation. There can be no doubt of that. It again shows up Mr Whitlam's pitiful attempt to talk the economy down in the Parliament just ten days ago when he claimed that inflation would spurt ahead in the quarter. He was trying to wreck confidence throughout Australia. He failed then. He will continue to fail.

Clearly, the latest CPI result continues to vindicate our consistent economic strategy. Surely, there could hardly be a clearer confirmation of the success of our strategy. It shows above all else - as we have never stopped repeating - the benefit of firm control on Government spending, sensible monetary policies and wage restraint.

This sustained and steady decline in inflation - and in inflationary expectations - will strengthen the economy in many ways. It gives business and industry the green light to expand with confidence. Industry can now see that we have broken through in the fight to stop run-a-way inflation. It can plan ahead with the knowledge that the Government will maintain its policies. Industry can be certain that the Government will keep on with policies that encourage them to produce and to make profits, in a stable economic climate. Australia's export and manufacturing industries will be in a stronger competitive position.

The gains from last year's devaluation have not been thrown away in higher prices. Exports are strengthening and we can look forward to a consolidation in this vital area. The economy will also strengthen as interest rates come down. This will reduce the cost of borrowing to Australian companies and will certainly encourage new investment decisions.

Our fight against inflation is not being taken in isolation. Inflation has hurt millions of Australians. Perhaps its most devastating effect has been on the growth of jobs in the community. There is only one way to effectively increase the number of jobs in Australia - and that is by restoring growth in our economy. We are growing as a nation if we produce more goods and services. These goods and services must be sold and the degree to which this can be done depends on individuals buying and business investing.

Now the great problem in Australia over the last few years is that inflation has affected people's willingness to make these decisions - about buying things they want. This also has other effects. If people don't spend on the things they want Australian manufacturers and other producers pull back their production. This inevitably means that jobs are lost. That is why we need growth to provide those essential jobs for people now looking for work - and especially for young people still at school who will be wanting jobs in the years ahead.

That is why we have placed priority in winding down Australia's rate of inflation. We know that we cannot relax in policies to beat inflation. Our determination to keep inflation moving down must be fully maintained. We cannot afford to throw away the hard won gains. The Government is completely determined to press on with its economic strategy. There is no alternative.

The full benefits of our strategy - consistently applied from our first day in Government - will soon become even more widely recognised. There will be a lift in optimism, in confidence. It will be reflected throughout Australia - in the cities and in the country. Australia is back on the road to economic health. There is no question of that.

I and my Government know that our policies are right for Australia. We know too that Australia will never accept the kind of forlorn economic thinking still being advanced by the Labor Party. As I said two weeks ago - we must never forget what happened to Australia under Labor. There is no way we could survive that kind of experiment again.

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