



## PRIME MINISTER

FOR PRESS

4 DECEMBER 1977

### ELECTORATE TALK

As a principal part of our economic policy the Government is creating conditions for a fall in interest rates. We believe it is essential that interest rates fall so that Australia's economic recovery continues.

It is vital for many reasons. It is vital for the build up of business investment - for the re-equipment of our factories and for the building of new plant. That will create jobs.

A fall in interest rates would also be reflected in a stronger stock exchange which will help in the raising of new share capital.

It will lower the cost of new fixed interest capital borrowings and thus encourage businesses to borrow more so that their operations can be expanded. That will create new jobs.

As lower interest rates help to improve the investment outlook there will be a greater willingness for overseas investors to provide capital to Australian industry. This will lead to a further strengthening of our dollar.

For hundreds of thousands of Australians, a fall in interest rates will have immediate and direct impact. Lower interest rates will reduce the cost of buying or building a new home - the cost of mortgage finance will be lower - up to \$10 a week on an average building society loan for a new home.

The effect of lower interest rates on existing mortgages will be even more widely felt. Lower interest rates will mean even more young people will be able to buy or build. That will quickly lead to increased demand for furniture and household goods and appliances.

As a consequence - factories will run at a higher level of capacity - that will create jobs.

Lower interest rates improve standards of living in many direct and indirect ways. It will mean low cost of bank finance, personal loans and consumer credit; thus assisting families to buy consumer goods from retailers.

Lower interest rates help to raise share prices - that benefits Australians whose savings, particularly for retirement, are invested directly and indirectly through the stock exchange.

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All these rewards can begin to be realised over the next twelve months, only if current economic policies are maintained.

Now compare Labor's stated economic plans. Its commitment to increase Government spending and a much larger Government deficit does not mean lower interest rates - nor does it mean a continuation of existing levels of interest rates.

A Labor Government would mean higher and rising interest rates. Their spending and wage policies will increase inflationary expectations and, inevitably, lead to higher interest rates. Clearly that would damage business investment and consumer confidence.

It is notable that Mr. Whitlam, Mr. Hurford, Mr. Willis, Mr. Hayden and Mr. Hawke - the men who make economic policy pronouncements for Labor - haven't told us their interest rate policy.

Mr. Hayden challenges the Government's expectations of a 2% reduction in interest rates over the next twelve months. He fails to grasp, or does not want to grasp, that interest rates will come down because inflation is coming down.

Again, over the last few weeks, major companies in Australia, together with their underwriters, have expressed their confidence in this outlook by continuing to lower the interest rates on medium and long term debentures.

When a Government pursues economic policies that get inflation down and strengthen the economy, interest rates will fall.

In the United States, in the twelve months from December 1974, the bank lending rates for top industrial companies fell by 3%.

In Britain, in the nine months to September this year, the equivalent rate fell from 15% to 8%.

Mr. Hayden says it cannot be done. What he means is that under his policies it could not be done.

Our policies are putting Australians in jobs.

We have stopped the massive rate of increase in unemployment because we are encouraging industry to increase employment opportunities. Lower interest rates will give even more incentive.

We are protecting industry and saving jobs.

Labor has refused to guarantee to protect tens of thousands of jobs in the apparel industry. Labor wants to pursue free trade policies. They know this will throw workers out of their jobs.

We are reducing inflation, encouraging development that will make new jobs.

Labor will again stifle development - increase inflation at the expense of jobs.

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We are reducing interest rates - that will encourage activity throughout the community and provide more jobs.

Labor's big spending policies will increase interest rates and add to unemployment.

Sadly, Mr. Whitlam's Labor Party no longer represents the working men and women of Australia - and he knows it.

His economic policies will not reduce unemployment - they will add to it.

His tariff policies will again create another pool of jobless. His wage policies regrettably mean prolonged unemployment. His tax policies will penalise hundreds of thousands of trade unionists.

Mr. Whitlam's Labor Party - the Party that increased unemployment by 192,000 in one year alone, precisely because of these policies - is a sad and sorry shadow of the Party of Chifley, of Curtin and of Calwell.

It is out of touch with today's realities.

It is out of touch with Australia's working men and women.