



EMBARGO: 7.00 p.m.

**PRIME MINISTER**

FOR PRESS

30 APRIL 1978

ELECTORATE TALK

This week's announcement of an increase of only 1.3 percent in the Consumer Price Index is more welcome economic news for Australia. It is certainly good news for business, housewives, farmers - all sections of the community.

This quarter's increase in the CPI indicates that we are in the best position for over five years to overcome the evil of inflation. The figure confirms that Australia's inflation rate is running at about 8 percent. This is a significant improvement.

We are now down to about the levels of our overseas trading partners - this can only benefit our export and manufacturing industries as it will improve their competitive position. Clearly, this figure again shows that our economic policies - consistently applied from day one - have been the right policies for Australia.

Australia - any country - will always have economic problems. They are a fact of life in a changing world. We have shown that Australia now has a government able to competently tackle the problems and overcome them. We have shown that we will not run away from problems, and pretend they do not exist. We have spelt them out in plain language and set a firm course to overcome them. We have been following that course since late 1975 - I think with some success.

There is simply no realistic alternative. The business community - for one - has given us its support as it comes to recognise that there are no simple and speedy solutions to the fundamental imbalances with which our economy is still beset. We have never stopped preaching firm control of government spending, finely balanced monetary policies and wage restraint.

Of course, this 1.3 percent figure is not the end of the line in our fight against inflation. The Government is well aware that inflation must continue to fall before we can have full economic recovery, with job opportunities for all Australians who want to work. We have achieved notable success in our battle against inflation - but much work remains to be done.

With our inflation rate down at less than half the peak of the Labor years, the financial and economic conditions are steadily improving for the return of investor confidence. The Government has stressed that a sustained fall in inflation is a pre-requisite for greater business investment by both Australian and overseas companies. It is encouraging to see this development taking place.

The conditions are also steadily improving for young Australians seeking to buy and build their own homes. I know that the high monthly repayments have put homes out of the reach of many thousands of young couples. That has begun to change and as inflation keeps falling the conditions will be established for a further reduction which will assist families everywhere.

The Government will continue with its economic policies. We will not relax and not be side-tracked. Any drift away from firm, responsible economic policies designed to reduce inflation and encourage investment and activity would seriously damage confidence - both of business and consumers. That would set back economic recovery.

The Government is determined to continue with its firm and responsible economic policies. We utterly reject any course that risks the hard won gains already made.

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