

EXTRACT FROM PRIME MINISTER'S INTERVIEW WITH LAURIE OAKES
MELBOURNE - 24 JULY 1978

QUESTION

Can I ask you about unemployment not specifically related to the Budget - is it true that you have got an Employment Department projection of 500,000 out of work at the beginning of next year?

PRIME MINISTER

I am not sure what specific projections there are in the Department of Employment and Industrial Relations. I am disappointed at the employment prospects, and I am also disappointed at the outlook. The Government has given a great deal of attention to these particular problems and remains very firmly in the view that there are no short-term solutions, there are no easy answers. I think a number of things have happened. We have got less assistance from overseas trade than we thought. There is less growth in the world economy than one might have expected a year ago. I don't really believe that the Bonn Summit is altering that situation, when you look at what the different countries have committed themselves to. In part it was a reaffirmation of what has already been announced: the United States and energy policy, Japan and target growths, Germany's growth has been lagging a little but Germany's inflation is very low by world standards, and they are going to take some measures to try and improve the rate of growth. Britain has hauled back on the reins, and America might have to overcome inflation - President Carter has said that as far as the economy is concerned inflation is the United States' number one problem. The plans for the forthcoming United States Budget are going to be very tight - that seems to indicate some toning down on the United States expenditure. Out of the total scene I don't really see any dramatic uplift in world trade or world markets generally. That means that if Australia is to improve her position overall we have got to do it by getting a better share of our own domestic markets, the extent that we can to increase our share of world trade. I think we are well placed to do the latter so long as we get inflation down further, especially since in some other countries inflation is increasing. We are well placed to do it because whatever the state of world demand, or world trade they do need many of the resources that Australia has available. I think many look upon us as a secure and stable supplier and we ought to be able to put ourselves in a favoured position compared to some other suppliers. That depends on the way we handle our own economy - with responsibility, and predictability making within Australia. It is in our capacity to help ourselves in these areas. It is also within our capacity to make things more difficult for ourselves. I was in New York speaking to a group of businessmen about industrial relations, and pointing out to them that the Australian record in the last couple of years is better on international figures than the United States. But they happened to be people involved in shipping, and they have got a direct comparison between

United States' ports and Australian ports - and Australian ports did not compare very well. So the overall figure got lost. There is no doubt that Australian industrial relations is one of the things which people take into account in determining what they want to do - what they are going to do. I had something to say on Sunday over the wage claims pressing beyond indexation. Leave aside philosophical differences where there may be a few people who really do want to break the system and just look at it on an historical basis. The arbitration commission in that system grew out of the most damaging strikes - that is going back to the turn of the century - and grew out of the view that there has got to be a better way than just having employers and employees having a brawl which does grave damage to both.

So the concept of arbitration of an independent third party, again will serve Australia very well. By and large it is well known that the Government doesn't always agree with the decisions we accept their decision as the third party. We put our own case to the Arbitration Commission as other people do and the result ought to be accepted. There is all the difference between criticism and accepting it, and trying to break it by industrial action at one time or another.

Attempts for wage catch-ups, so-called, or wage increases outside the guidelines, industrial disputation, with the guerilla tactics of the Builders Labourers Federation, are all going to lead to the circumstance where Australian employers will want to employ fewer people and do whatever they do with more machines. Nobody can deny that the results of the Arbitration Commission decision have led to a reduction in real wages. Whatever we've argued, all the indications, and all the forecasts available to me are that for the last financial year average weekly earnings will have grown by something greater than the rate of inflation. That has been shown in the statistics. I think, at the end of March - but those statistics have aberrations in them which give the growth level, average weekly earnings - they make it appear a bit higher than I think it in fact is. The later forecast we have got going to the end of June indicating - emphasis the word forecast, because they.. round about 10 percent - which is more than the rate of inflation. When people talk about wage catch-up they need to understand they are talking about something which follows the most massive growth in wages, well beyond Australia's real capacity to sustain - the figure I have most quoted is over 50 percent in two years.. on hourly rates. I make these remarks not in the context of the Government not having a role in these things - of course we have - but against the background that if we are to overcome these employment problems in Australia we have all got a role to play. We all need to recognise that we have got a role - it is within our capacity, working together, to do a great deal about it. It is also within our capacity, as a nation, to take the wrong policies - in which case unemployment would remain too high. I don't believe the unions have recognised that they have a very real role.