



EMBARGO: 7.00 p.m.

PRIME MINISTER

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ELECTORATE TALK

The Government is encouraged by the latest Consumer Price Index figures, which show that inflation in Australia is continuing to fall steadily. The CPI increase of 2.1 percent which has just been announced was the lowest for any June quarter since 1972.

Inflation for the 12 months to December last was 9.3 percent; for the 12 months to March, it was 8.2 percent; and it is now down to 7.9 percent, the lowest for any period of 12 months since 1973.

This is a reaffirmation that the Government's anti-inflationary policies are working. The result shows that the efforts of the last 2½ years - the fiscal restraint, and monetary control, the control of expenditure - are paying off.

The Government's budget - finalised this week - will set the scene for a further fall in Australia's inflation rate. We are determined to press on with our anti-inflation programme. The Budget will leave no doubt at all that we are sincere in this resolve.

Inflation is a deep-seated disease which destroys jobs, hits hard and direct at the underprivileged and needy, and erodes confidence throughout business, manufacturing and rural industry. Inflation is the enemy of any healthy, stable economy, the enemy of families everywhere.

The fight against inflation is a fight for investment and for jobs. If a Government neglects chronic inflation and high interest rates, then the unemployment situation will deteriorate. It is a fact of life that high inflation and rising interest rates are a deterrent for investors and that new job opportunities are lost.

There is no alternative in Australia to pressing on with policies that bear down on inflation and encourage confidence and expansion in the domestic economy. These same policies are essential for the improvement of our trading position and thus for further growth at home generated by trading activity.

Australia is showing the world that we have the will to pursue sound economic policies. We are determined to place our economy in a favoured position for a fair share of world investment. Because the Budget will continue to demonstrate that we are serious about our determination in overcoming inflation, Australia will benefit.

The Government is disappointed at the continuing high level of unemployment. We have given a good deal of attention to this problem. However, a number of events have occurred which have given less assistance to the Australian economy than was originally hoped.

There has been less growth in the world economy than one might have expected a year ago. In some countries inflation has begun to increase again, which will mean a further tightening of economic policies overseas.

Accordingly, we see no prospect of any dramatic increase in world trade, or dramatic expansion of world markets. This means Australia must win a better share of our own domestic markets, and increase our share of world trade. The latest CPI result is a timely reminder that while we continue to bring inflation down, we are well placed to do just this. Whatever the state of world demand or world trade, countries need many of Australia's great natural resources. That is why it is vital that we put ourselves in a favoured position compared with other supplier countries. By carrying out responsible economic management policies, by being active in trade, your Government can create the climate where permanent job opportunities are made.

However, the Government cannot achieve this alone. We all have a role to play. We all need to understand that we must work together to achieve this goal. Grossly excessive and selfish wage demands, disputes and bans over wage demands - these are the kind of selfish activities that hamper and retard recovery and lead to continuing high unemployment.

A series of recent disputes show a pattern of trade union activity which strikes at the economy and at the unemployed. With the support of the ACTU, trade unions are campaigning for higher wages for those with jobs at the expense of those without jobs. These union campaigns contravene the Arbitration Commission indexation guidelines across a wide range of industries.

Commonwealth Government Shop Stewards in the Department of productivity have drawn up a log of claims which exceed the guidelines. So has the Australian Postal and Telecommunications Union, which has served a catch-up claim on Australia Post. The Combined Mining Unions are reported to have reached an agreement with Utah which puts at risk indexation guidelines throughout that industry. Transport and Railway industry unions have decided on a campaign to overturn Arbitration Commission awards. The Storemen and Packers Union are pursuing a campaign against chain stores, emptying supermarket shelves throughout New South Wales. The Vehicle Builders Employees Federation has imposed national overtime bans at six motor vehicle plants, despite the difficulties which this industry is having in its competition with imported cars. There has been a concerted guerilla campaign of industrial action by the Builders Labourers Federation, which is halting projects in Victoria and costing people their jobs. It is preventing project starting. There are strikes, overtime bans, and work to rule campaigns in the printing industry in New South Wales.

This wave of industrial action is taking place although earnings have more than kept pace with inflation. All the figures so far available show that over the past year, the rise in wages has been 9 percent of higher compared with the latest Consumer Price Index increase of less than 8 percent.

It is therefore all the more irresponsible that these strikes and bans are taking place for increases in wages outside the guidelines with the support of the Australian Council of Trade Unions. In that respect, the ACTU is supporting higher wages for those in jobs at the expense of those without jobs. It is basically supporting a campaign that will maintain high unemployment.

Because of the importance of these issues, where it is appropriate, the Government will ask the Prices Justification Tribunal to inquire into the pricing policies of companies that accept wage demands outside indexation guidelines.

Unfortunately, because Utah coal is largely exported such an inquiry is not appropriate in that case. Otherwise, it would have been announced forthwith, because the Government regards the settlement that Utah agreed to as outrageous.

Australia today is recovering from the near economic ruin of the Labor years. Progress is being made in the right direction. The basic imbalances in the economy that we inherited are being corrected. Confidence is returning and investors are turning to Australia.

Our next Budget will build on that recovery. It will keep us on the right path.

It would be a tragedy for Australia if progress were jeopardised by the self-centered activities of a few union leaders who place higher wages for those in work ahead of the interests of Australia, and ahead of the interests of those who are, at the moment, unemployed.
