



# PRIME MINISTER

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## ELECTORATE TALK

The strength and health of our great rural industries affects the lives of every Australian. One of the most important messages your Government is trying to make clear is that there can be no permanent prosperity in the great cities of Australia, unless there is prosperity in the countryside.

City and country are interdependent. If farmers are not producing, are not selling, then they are not adding to their farms, not making improvements, they are not investing.

This has direct impact on companies in the cities producing farm machinery, equipment, fencing -- and even affects the local general store trade. On the other hand, if factories and industries are not going well in the cities, the whole country is adversely affected. That is why the Government determined from the very first days to seek to work in the interests of all Australians -- irrespective of where they live.

We have given considerable assistance to our great rural industries. We make no bones about it. For too long, farming communities bore the brunt of inflation and operated in very depressed markets with low prices and rising costs.

Slowly, the farmer's lot has improved. For the first time in maybe a decade, the men and women on the farms and the great pastoral areas of Australia are looking ahead with confidence. They are optimistic about the future.

There are a number of reasons, but the key is the fall in the inflation rates. No group feels the effects of raging inflation harder than farmers. Costs take off, prices remain low and farmers were caught in the squeeze -- their incomes weren't indexed like most of the community.

Inflation is now down to 7.9 percent and it is falling, and that has given farmers new incentive, and new ability, to compete again. There is confidence in the great rural communities for other reasons. Sheep prices are reasonable, wheat and wool prices are good, and the beef industry is now moving out of its trough. A bonus for farmers is that the damaging drought of recent years has broken for most of Australia.

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One of the real strengths of the Australian rural economy is that the wool marketing operation is working extraordinarily well. It has put a floor in the industry -- and that floor has been steadily increased by the Government. The stabilisation scheme has given the industry real backbone and protection during difficult times.

Overseas, great markets are opening up for our beef industry - the industry that has probably been hardest hit in recent years. The renewed United States interest in our beef, for a variety of reasons, including a desire to keep domestic prices down, is a boon for cattlemen and the cattle industry generally.

The additional 200 million pounds weight that the United States wants imported before Christmas is a first step. I believe that quota will have to be increased, otherwise meat prices will rise again to unreasonable levels in the United States and add to inflation and inflationary expectations.

At the same time, we are vigorously seeking increased access to the great markets of Japan, the European Community, the Middle East and other markets. Beyond that, we have been pressing for a more general liberalisation of international trade.

Our attempt to gain increased access for agricultural goods has been recognised as fair and reasonable by other world leaders, and by the world press. President Carter has recently written to me about international trade negotiations and in his letter he said: "I will not consider these negotiations a success unless they lead us towards a significant liberalisation of world trade in agricultural products". The British Prime Minister, Mr. Callaghan, and the Foreign Minister, Dr. Owen, have also recognised the cost to the European consumer of the European Economic Community's total protection of agriculture.

We do not intend to desist from trying to get a fair go for Australia in the world's largest and richest market. I am sure that no-one in the rural community - or people in the cities - want us to stop trying. Farmers know, better than most, that greater access for our agricultural goods would bring benefits to all Australians.

All of these factors combined - better prices, markets opening up, increased beef exports, a strong wool marketing scheme, and drought breaking - mean a greatly improved farm outlook for Australia.

It is estimated that average farm income will increase substantially this year, although from a low base, and this presents a better outlook for families in rural Australia than for almost a decade.

Farmers traditionally have shown they will spend their incomes on investment and property improvement. That has impact on confidence, impact on jobs, right across Australia.

Of course, one of the key factors that will help the great rural industries, and all industry, is a continuing fall in interest rates. The level of interest rates is important to farming communities. Farmers require considerable cash sums to buy expensive machinery, equipment, and for stock. Next week's Budget will show we are determined to keep on the path to lower inflation, because this is the way interest rates will keep coming down.

The Government is mindful of the special cash flow problems of the farming community. That is one reason the Government recently asked the Commonwealth Development Bank to give special attention to the financial needs of purchasers of rural machinery and equipment. Legislation already passed enables the Bank to finance the purchase of replacement as well as additional items of rural plant and equipment. The new Primary Industry Bank of Australia is close to opening and beginning operations. The Bank will aim to commence lending as soon as possible.

I am most optimistic about the prospects for rural Australia. With inflation falling, interest rates coming down, prices improving and markets opening up, the signs are good. A strong rural community will benefit all Australians. City and country people need no reminding that, above all else, we are all Australians with great interests in common.