



PRIME MINISTER

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ELECTORATE TALK

The decision of the Conciliation and Arbitration Commission to replace quarterly national wage increases with six-monthly hearings is heartening news for Australia.

I believe the decision -- which comes at a time when Australia's rate of inflation is heading towards the five percent mark-- will certainly add to confidence and economic stability. Less frequent hearings give us greater opportunity to moderate wage increases. Another piece in the economic jig-saw is falling back into place. It is good news for business, for manufacturers, for exporters, for farmers and for Australia's great rural industries.

Moderation in wage increases is critical in the fight against inflation. It is critical in the restoration of the profitability of business and industry. But on top of that, it is fundamental to any government's attempts to create new job opportunities and to reduce unemployment.

This decision should mean that companies will be able to budget ahead with greater confidence in the stability of business conditions and in the reliability of their forecasts.

Wages are a key and central factor in the control of inflation. We have only to look back to 1974 and 1975 when wages went up by 50 percent. In that period, inflation rocketed and unemployment grew with it. Excessive wage increases, excessive inflation, cost jobs -- that's the experience in Australia and around the world.

Just recently the world's largest trade group, G.A.T.T. -- said in its annual report on international trade: "The inescapable conclusion is that the industrial countries can only move towards increased growth and employment, sustainable payments processes and more stable exchange rates, by reducing their inflation to levels of the mid-60s". "Inflation does not reduce unemployment, on the contrary, it is one of the main causes". Clearly, Australia's strong stand in its fight against inflation is the only responsible course if we are to bring unemployment down.

Although the Government would have much preferred -- and argued for -- annual wage hearings, the unanimous decision of the Commission is encouraging. I hope that all governments, employers, and unions will meet the decision with full and sincere support.

If we continue to restore the economy back to health -- and put the jig-saw pieces back in place -- Australia can expect an improvement in growth, welfare and job opportunities. Overseas and local investors can see this happening and are demonstrating their confidence in Australia. I have no doubt that this confidence will continue and that after many years of fighting our way out of near economic chaos, Australians will see a return to real and sustainable prosperity.

The Australian economy has been given greater breathing space. We accept and welcome the decision of the Conciliation and Arbitration Commission.

However, all Australians have a part to play in our return to full economic health. The Government certainly has a role. We have demonstrated through our determination to press on with the fight against inflation that we are prepared to accept our responsibilities. We have been unswerving in our commitment to get the economy right.

The Arbitration Commission, too, has a key role. Its decision to replace quarterly hearings with six-monthly hearings is perhaps the best indication that it accepts its important role.

We have stressed that employees and employers both have their part to play. Employers have a clear responsibility not to seek unreasonable price increases for their products and services. Employees have a responsibility not to push outside the Arbitration Commission for higher wage increases.

Labor Treasurer Frank Crean once said: "One man's wage increase is another man's job". That remains true today. The more wages can be restrained, the greater the opportunity Australian industry will have to find a larger domestic market and compete more successfully on world markets. That can only lead to greater job opportunities.

The Government is giving industry this opportunity to develop. Inflation is falling, interest rates are falling, imbalances in the economy are being put right, and business investment is rising. But the recovery process would be quicker if wage increases were more restrained.

The Government is not in the business of hitting the pockets of the working men and women of Australia. The figures show that over the last few years average weekly earnings increased at a greater rate than inflation, as measured by the Consumer Price Index. I believe the overwhelming majority of Australians know the damage caused by excessive wage increases. They will remember what happened to jobs when wages soared in 1974 and 1975.

The trade union movement know that by pursuing higher and higher wages they are putting their workers' jobs in jeopardy.

There is an opportunity for us all to work together with a sense of national purpose to help this great country move forward into the exciting decade that lies ahead.

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