

Interview with Laurie Power on Side Steps of
Parliament House

Question

Mr. Fraser, the last year has been a fairly tough one, economically and for employment. What are the prospects for the coming year?

Prime Minister

The prospects for activity, economic activity, I believe are much better indeed because the benefits flowing through from lower inflation, more stable cost base, is really starting to have an impact. I've been given indications on a subjective way, not statistical yet, but many firms have had a better time over the few months and are looking forward to 1979 with more optimism and enthusiasm than they have had for many years.

The BHP domestic production, steel production for domestic sort of purposes, is up very very significantly over the same period last year. That is as a result of a better situation in many Australian industries.

Coming on top of that, the Australian farming community are facing better times than they have for a very long while. You've got all the major components: bumper wheat harvest and good prices. Sheep, beef, meat prices, are all good and that's coupled with a good season right around Australia. Farmers who for many years have had to button up are getting the benefit of these things with a more stable cost base and they will be getting on with deferred maintenance, replacing worn out equipment, repairing buildings renewing fencing.

That will flow through to country towns, to the industries that service the great rural communities and rural industries and that, therefore, will provide a lift which I think our official forecasters often underestimate -- the impact of the rural community on Australia.

So all of this means a much better outlook in terms of activity and that is good for Australia.

I continue to be worried about employment and especially so in the face of the last wage decision because I don't want to see a situation develop in which, in a sense, there are two communities within Australia - a prosperous section and then a group because of the price of labour is almost permanently priced out of work.

Prime Minister (continued)

Now, the price of labour: if you have a factory and you are producing something and you can't sell it all, you try and reduce the price if you can so you will sell more of whatever you are producing. But when people come to the price of labour, something which affects the livelihood and the well-being of people, they don't react that way. They say "well, let's put up the price of labour even more". That plainly is going to make it harder to see that the jobs are created. It will provide a greater stimulus to people to go to machines that can replace labour. The 4 percent wage decision showed no appreciation or understanding of that.

Question

And that's the concern that's brought about the review of the wage fixing structure?

Prime Minister

It has yes. I have written to the Premiers about this because they have their own wage-fixing Tribunals. They often leap-frog the Commonwealth Tribunal. There is a very serious case in the oil industry in New South Wales where a State Tribunal gave a judgement three or four days after a Commonwealth judgement and destroyed the stability created by the Commonwealth judgement. Now these things are serious. They are an aspect of the problem. If we are to get to a better resolution of it, the States are certainly involved.

The surveys show that overwhelmingly, the working men and women of Australia in Australian factories understand what I am saying. They also show that they agree with what I am saying. That they know that unreasonable wage increases do harm to their colleagues and to the bloke down the street who can't get a job. What we don't have in this country is a trade union leadership that will recognize, that will lead, will act with responsibility. I suppose there is some irony in this.

You've got a Liberal Prime Minister in Australia who has these problems with his trade union leadership. You have a Labor Prime Minister in the United Kingdom who has exactly the same problems with their trade union leadership. But the view of the British Labor Government and of my government, is virtually identical in relation to the consequences that flow from unreasonable wage decisions that takes jobs away from people.

We ought to be prepared to show our concern, all of us, as a total community, in recognising that we all have a responsibility.