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## PRIME MINISTER

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### ELECTORATE TALK

I would like to talk to you tonight about the National Wage Case decision brought down by the Arbitration Commission last Tuesday. The Commission has decided to grant in full the wage increase of 4 percent sought by the trade unions at the hearings.

This decision to award the 4 percent flow-on is the worst possible Christmas present that could be made this year to the unemployed. How long is it going to take before trade union leaders and the Arbitration Commission come to understand that price operates in the market for labour as it operates for everything else.

When there is too much of any commodity in the market and the price is raised then the quantity sold must fall. The tragedy in this case is that the commodity we are talking about is labour - the lives and wellbeing of people. If there are more people than jobs and the cost of employing people goes up then it becomes harder to find work.

What prudent business manager would raise the price of his product when it is already hard to sell? Yet, that is what has happened just now.

The Government argued against any increase at all based on an irrefutable proposition first put forward by a Labor Government Treasurer some years ago, that one man's way increase is another man's job. There is no worse time for this decision to be made than when tens of thousands of school leavers are coming onto the labour market.

Already as a result of trade union activity over the past few years, wage prices for these youngsters are so high that they constitute a positive deterrent to employers. Young men and women entering the workforce for the first time could once acquire the experience they needed at comparatively low wages. But for some time, it has been starkly apparent that many employers consider they are unable to get a reasonable return from unskilled staff at present salaries.

Now these salary levels have been raised by another 4 percent as 200,000 school leavers are about to start their search for jobs.

The President of the Arbitration Commission, Mr Justice Sir John Moore, has awarded the full flow-on of 4 percent in a climate of concern about the growing level of strike activity. With clear signs that some trade union leaders are unwilling to accept wage restraint he has said that if the number of disputes continued to grow it would throw into question the future of the present system of national wage case hearings before the Arbitration Commission.

It is a topsy-turvy world when the trade unions embark on a campaign of action which hits at the ability of industry to provide jobs for the trade unions' own members.

The Government is calling for a report as a matter of urgency on how wage fixing at these hearings can be made consistent with the Government's economic aims, and particularly with the aim of increasing employment opportunities.

Because the States are also involved in this wage fixing process they have been asked to cooperate. Their wage fixing tribunals often leap-frog Commonwealth tribunals and the results can be serious.

In the meantime, let me emphasise that the Government remains determined to continue the fight against inflation, a fight which is having results in reduced inflation, lower interest rates and developing business confidence.

Indeed, a short while ago the Confederation of Australian Industry and the Bank of New South Wales reported that manufacturing activity strengthened markedly in the last three months of the year, with most of those taking part in the survey saying it was their best three months for four years.

The struggle of the past three years against the excesses which the Government inherited at the end of 1975 is one which must continue if economic recovery is to be consolidated. Wage restraint is essential to raise the level of job activity and to fight unemployment without a resurgence of inflation.

I can only call on the trade union leaders to show restraint in the interests not only of their own trade union members, but of the nation as a whole, in particular in the interests of those who are at present unemployed. Their success at the last National Wage Case Hearings can help no-one. It harms the young and adds to the ranks of the unemployed.

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