



PRIME MINISTER

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There is no question - no room for doubt - that inflation continues as the world's major economic illness. Inflation respects no geographical or political boundaries. It hits hard, fast and with constant pressure in every corner of the globe - with devastating effect. It is a disease that not only retards the growth of markets at home and reduces job opportunities - it helps cripple world trade.

And it is this cumulative country-by-country and region-by-region effect that leaves its imprint on the livelihood and security of millions and millions of families.

Inflation is not just another economic statistic. It is a burden inseparable from the daily and personal problems of modern living. It is this issue of continuing inflation that leaders of the world's major industrial nations again will confront at the forthcoming economic summit in Tokyo.

Conferences of this magnitude regularly examine the problems of inflation. At the end of discussion, leaders generally issue communiqués. Of course, communiqués themselves are simply words. Unfortunately, too often they remain just that - rather than a living document that lays the basis for firm and concrete policy measures. The conference in Tokyo must strive to produce a real hope and understanding that the large and powerful nations will keep on with strong anti-inflation policies.

This time, what is said will have to be followed by government action which is seen to get to the heart of the problem. If it does not, it will be much harder for the community to believe there is a real desire to win the fight against inflation.

I fervently believe that unless the great and powerful industrial nations give a more vigorous lead in the fight then we are going to be in for a long decade of difficulty. The picture is stark.

Since 1973-74 world trade has grown by only four per cent a year. In the two decades before that it grew at eight per cent a year. That four per cent trade growth has taken place during a period of high inflation, high unemployment, and with activity, investment and development at minimal levels.

It will stay that way unless the major industrial countries have the political determination and courage to overcome inflation. What the major industrial nations do determines much of what happens around the world.

But in Australia we are fortunate in having political and economic stability. We have a lower rate of inflation than North America and much of Europe. Therefore our industries should continue to be more competitive thus gaining larger shares of home and overseas markets.

We are also fortunate in having great mineral resources and a strong rural base. Because of our lower inflation we will attract investment from overseas - at the expense of other industrial nations.

Accordingly, because of these factors, we have a capacity to cross these hurdles in a way that is not open to many countries. The fight against inflation is at the core of our economic policies - policies endorsed strongly by the OECD and the GATT.

There is no easy way of restraining inflation.

But the crux of it is restraint on government expenditure.

We have to destroy the very false and shallow philosophy that governments can provide all things that are asked of them. What governments spend, they have to take from people. What governments spend needs to be limited, needs to be responsible.

The recent economic package - or mini budget - introduced by the Government, was not a device that added or sought to add to the Government's popularity. But it was necessary to keep up the fight against the ever present pressures of inflation.

It is sometimes said that in democracies where elections are held every few years, it is difficult to persevere with firm anti-inflationary policies. This is an opinion I do not share.

Governments committed to anti-inflationary policies show more concern for the real well-being of people than those politicians who glibly carry out short-term stimulatory policies.

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