



PRIME MINISTER

FOR MEDIA

SUNDAY, 23 SEPTEMBER, 1979

ELECTORATE TALK

The Commonwealth Statistician gave the nation some encouraging news this week with the publication of figures showing that food prices are evening out.

In fact, the CPI food index for August fell by 0.6 of 1 per cent.

This, of course, does not mean that the fight against inflation has been won. Far from it.

Several cost and price increases are already in the pipeline. They will mean that the CPI for the September, and particularly the December quarters, will inevitably rise.

The June national wage decision, oil prices increasing sharply in July, and the sharp rise in the price of beef and other meats have affected the CPI.

The key point to be remembered is that these price increases have already occurred, even though they will continue to affect the CPI through the remainder of the calendar year.

Although the next few months will see inflation edge up again, the downward trend that Australia has now enjoyed for some time should reassert itself in the new year.

That will come about because the Government is firmly resolved in continuing with anti-inflationary policies -- policies that are paying off.

One has only to glance at the business pages of the daily newspapers to see the renewed enthusiasm in the Australian financial world. Large scale investment is taking off with millions of dollars tagged for projects right around the nation. They are the projects that will provide sound, rewarding jobs for the working men and women of Australia.

One of the things that has been of great benefit to Australia is that we have been able to keep our inflation rate below that of most other industrialised western nations. We have not sat back and blamed overseas developments. They are a fact of life -- we have faced up to them, and are carrying out policies that minimise the damage they cause.

In an earlier period, under Labor, inflation in Australia shot up to 17 per cent levels -- 5 points above the average of the O.E.C.D., and caused by policies pursued in Australia. In the last 6 months, with an inflation rate 'round 9 per cent, we are doing much better than the O.E.C.D. -- nearly 3 points below their average.

We are not suffering the agonies of Britain and the United States. In Britain over the past 6 months inflation has been running at annual rates around 22 per cent -- in the United States at about 14 per cent.

In this climate our manufacturers and our exporters have an increasing competitive edge -- both in Australia and in overseas markets.

The much improved international competitiveness of Australian industry is demonstrated by the rise of 16 per cent in the volume of manufactured exports in 1978-79.

And because of our almost unequalled natural resources, our great mineral wealth -- and because of our lower inflation -- we are attracting more than our share of investment.

Overall, more than \$13 billion worth of investment in mining and manufacturing are ready to go forward in Australia.

That's a real sign of confidence as hard-headed investors show their faith in our country. We are, in short, seeing the benefits of the Government's sustained responsibility in economic policy.

At the same time, let me recognise quite frankly that some economic problems persist. The outlook is for a subdued world economy and Australia cannot expect to be completely immune from the consequences.

Nevertheless, we are in a much sounder position than most of the industrialised world to withstand those difficulties and to make the most of the opportunities on offer.

One economic lesson we have learned from the decade of the 70's is crystal clear: nations plagued by high inflation do little to enhance the welfare of their peoples.

That's why it's in the interests of all Australians -- and not just business -- that we keep on with firm economic management. It is a responsibility we will not shirk.