

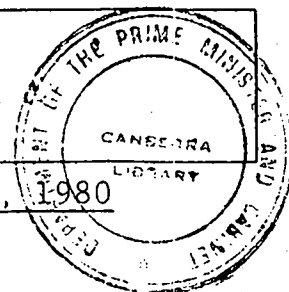


EMBARGO: 5:00 PM

# PRIME MINISTER

FOR MEDIA

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## ELECTORATE TALK

Federal Cabinet has been meeting in Canberra over the past week making decisions that will lead to the framing of this year's Budget.

There is still much to be done, but the Budget that the Treasurer will deliver in four weeks' time will consolidate and strengthen the progress that we have made over the past five years.

That progress has resulted from consistent policies that have cast aside soft options and the so-called "easy solutions".

Our policies have consistently maintained downward pressure on inflation, and have helped restore the profitability, the competitiveness and vitality of Australian industries.

The Organisation for Economic Co-Operation and Development has recently drawn attention to the fact that Australia's growth prospects are twice as strong in 1980 as those for the O.E.C.D. area as a whole.

What is particularly pleasing to the Government is that Australia has been able to maintain and improve its level of economic activity at a time when there is a significant downturn in a number of major overseas economies.

This better growth rate reflects Australia's sound economic management, improved competitiveness and abundant resources, including energy.

This potential would not, of course, be realised were it not for our tighter control over inflation.

Australia's inflation rate this year is forecast by the O.E.C.D. to remain significantly below the average of the O.E.C.D. area. Current developments in the Australian economy support our faith in Australia's prospects.

The basis for this encouraging outlook can be seen in a revitalised Australian capital market; in the high level of private capital inflow; in the progress of our industries such as the great rural industries which had earlier encountered severe setbacks.

For the first half of the past financial year the main source of improving activity was exports.

It is most pleasing that recent figures show that the sources of economic growth broadened in the second half of the financial year.

Private consumption and private investment are showing indications of solid growth.

The rise in investment, based on confidence in the future, is expanding Australia's capacity to generate prosperity and jobs in the years ahead.

A number of important domestic surveys confirm the strength of Australia's prospects as forecast by the O.E.C.D.

The survey in May of investment prospects by the Department of Industry and Commerce shows that there is \$29 billion of investment projects committed or in a final feasibility stage.

This investment is beginning to be put in place.

A survey taken during April and May by the Bureau of Statistics shows that expected investment expenditures for the current financial year are about 40% higher than the expectations at this time last year.

Even allowing for inflation, this rise is dynamic.

The Statistician's survey reflects the very large anticipated investment in resource-based projects but also shows the improvement taking place in a wide range of Australian industries.

This investment demonstrates a confidence that Australian goods can be competitive both at home and abroad.

In the competitive trading world in which we live the present encouraging outlook is due largely to the Government's economic policies.

Sensible and firm economic management is a continuing requirement if we are to keep this momentum going.

We have particular advantages in resources, in energy, and in our geographic position in the fast-growing Asia-Pacific region which gives us the potential to partially ride out the bleaker conditions in the world economy.

More than 45% of our exports now go to Asian and Middle East countries which in general are likely to do relatively well in sustaining their growth rates in the years ahead.

The world is becoming increasingly dependent on reliable energy supplies and in that we are better placed than most.

I must emphasise, however, that these forecasts depend very much on the continuing success of our anti-inflationary strategy.

Warning signs are already here.

The rate of increase of wages has been accelerating in recent months placing upward pressure on the Australian inflation rate.

Claims for increased benefits such as a 35-hour week are totally self-centred and irresponsible when the welfare of the whole Australian community depends on retaining our favourable position in the world; on keeping our recovery on the move.

It is fair enough to ask what all this activity and development means to the average Australian; what all this development means to an Australian family wanting a decent education for its children and a secure future for them.

The answer is straight-forward. A nation can only consume what it produces. A nation cannot consume what it does not work for.

If we want improved standards of living, if we want improved education, health and welfare programmes; all of these can only be provided from the wealth earned by the people of our nation.

There is no particular value in development for its own sake.

Its merit lies in the jobs that it provides for Australians; and in the opportunities that it makes available to individuals and to our community to share in a high standard of living as a result of sustained economic growth.

To this end, the Government is committed to responsible, disciplined economic management.

Our track record matches that commitment.

The Budget to be brought down next month will show all Australians - and those looking to Australia - of our resolve to build on the strong foundations established over the last five years.