

PRIME MINISTER INTERVIEWED BY JOHN LAWS, RADIO STATION 2UE  
TELEPHONE INTERVIEW

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(QUESTIONS NOT AUDIBLE)

Question

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Prime Minister

Good morning to you. I'm fine thank you.

Question

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Prime Minister

Oh, there's always something to do.

Question

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Prime Minister

Yes we did.

Question

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Prime Minister

We've modified it. We have not done it for a simple reason: we believed in the wage bargaining process, that it was relevant and that it was important to be able to demonstrate that there is a body that can cast an eye over the kind of pricing policies that are sometimes charged by large corporations. I do not particularly like the sort of role that the PJT takes. If you have perfect and reasonable competition you would not need it. But you do not always have that situation. We made the judgement that we should not abolish the PJT on industrial relations grounds - on no other grounds.

Question

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Prime Minister

Oh, never is a very long word, isn't it? It really is.

Question

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Prime Minister

The present decision is to continue with the PJT. The charter of course, has been altered substantially from that which prevailed in 1975. It is a less burdensome body on industries than it then was. I think occasionally it has got its uses.

Question

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Prime Minister

And if necessary, what we have said, we will do, because I think if companies are going to - or the wealthier companies - are going to do side deals for a 35 hour week and then that starts to run right throughout the whole economy, you will be adding in effect an average of over 20%, 21%, to the total wage bill in Australia. On that basis, of course, we are going to produce less. We will sell less overseas. We will sell less in Australia, and more people will be unemployed. We could see no reason why the wealthier companies should make it more difficult for everyone else and do their own sweetheart deals which they would seek to get registered before the Arbitration Commission. Therefore, we fired one or two warning shots over the bow. 35 hours, or 40 hours - which is the official working week for most Australians - is not a very long working week. I do not know how often you have worked only - I have read what you said on the weekend, but I do not know how often you have worked only 35 or 40 hours a week. I suspect not very often.

Question

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Prime Minister

If it is a 35 hours pay, but that is quite a different matter. If somebody wants to work 35 hours a week and have a reduction in wages as a result so that the hourly rates are the same then that is quite a different matter. But nobody is asking for that. Nobody is suggesting that. What they are saying is: "let's have the same pay but work less hours for it". And if they are going to work the same hours they will get overtime rates for the extra five hours. All that results in a substantial increase in real wages. It is that that would do the damage to Australian industries, which are now starting to do better here and they are starting to get into export markets - some of them in quite an imaginative way.

Question

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Prime Minister

I think probably it would work out on the basis that if you got two companies producing the same kind of commodity and one of them is only working a 35 hour week, I suspect there is no way it would be able to produce a competitive tender.

Question

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Prime Minister

What we said is that this is one of the things we would examine. But the main weaponry we have in this particular matter was to say that there could be a PJT pricing inquiry into companies that gave into a 35 hour week. We were doing that on the basis that we believed it would damage the Australian economy and at the same time it would make it much harder for those who are presently unemployed. I think the grounds for doing that - sometimes we have had companies saying to us "look, we don't like this sort of weapon you know, but at least it strengthens our hand very much in negotiations with the union movement".

Question

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Prime Minister

I think they had made a deal significantly beforehand. I have not had a report yet on some discussions a couple of Ministers had with the tobacco industry yesterday. My understanding is that it was not a 35 hour week that had been negotiated, that there was a productivity arrangement. But I have not had a report from the Ministers about that yet.

Question

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Prime Minister

I do not know that a Government will ever be satisfied with the way wages are fixed. I think the centralised system of fixing wages in Australia is probably as good as any system that we could have within the Australian context. The alternative, of course, is to let all industries just go out and negotiate on their own account.

Question

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Prime Minister

There is nothing wrong with that, so long as all the -- I think you need to look at the history of it. Unions used to be weak. Employees used to be weak. The Arbitration Commission was established in a very real way to provide a protection against what could be large and powerful companies and the actions of those companies. Over many, many years, the Arbitration Commission provided that protection, provided a minimum wage, and provided a basic level of security and fairness for Australian working men and women. But now, you have a situation where it is the unions that are more powerful. Even the larger companies do not carry the same kind of weight, the same kind of power, as many of the unions do which have incomes of up to \$8 million or \$10 million a year - one or two of them. On that sort of basis, I am not sure that you now do not need the protection of the Arbitration Commission and system to protect the interests of a number of companies that would, in other circumstances, be pushed to the wall. If we had a union leadership that showed itself concerned for unemployment and behaving reasonably in its wage claims, then that would be one thing. Under those circumstances collective bargaining might work. But here, we have had it made perfectly plain to us that union leadership will go for maximum wage increases, irrespective of the impact on their own members in terms of employment and all the rest, irrespective of the damage they do to industries. Under those circumstances, I think you might be making it very difficult for smaller industries, smaller companies, if you just said "there is no Arbitration Commission, go right back to collective bargaining".

Question

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Prime Minister

No, I do not. I think if under it, companies gave in to higher and higher wages, wage demands, it would add to unemployment. One of the other things which has happened in Australia is that - whether it is called comparative wage justice or whatever - you have a person doing the same job in Melbourne, in Sydney, in Wollongong and Bourke, Alice Springs- if he is doing the same job with the same sort of classification he gets the same pay. But the bloke working in Sydney might be working for a very profitable company which could afford to pay more. The other companies might be much less profitable and less able to pay more. If they all had to pay the wage rates that the Sydney company is paying, the other companies go bankrupt and the people become unemployed. If unions were prepared to accept that, on a collective bargaining basis, that people doing the same work were getting, or could get, different rates of pay, because different companies in different parts of the country were in different economic positions, then again, it might make collective bargaining easier. But unions do not accept that principle.

Question

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Prime Minister

Not under their present leadership, no.

Question

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Prime Minister

Well, the companies were saying that could mean dearer petrol. What has happened under the present system of marketing of course, is that there has been very great price cutting in some of the capital cities; price cutting, or competition or whatever you want to call it. So the people who have benefitted from that are those who live in capital cities, not those who live outside them where that kind of competition has not prevailed. I think it is has occurred in a significant measure because the oil companies have more and more got into direct selling through commission agents and whatever. They have put a pressure on the retailing industry, which in effect has been driving a large number of retailers out of business. It is all very well to say that competition should be free and that there should be no restraints on it. But when you have a collection of small business people - which the petrol retailers are - and large and powerful oil companies on the other hand, the competition is not free, because the weights are just too much on one side of the scale. If you had free and perfect competition, well government should keep right out of it. But the very fact that if a company has a large influence over a market or industry because of its size and then tends to drive out small people, well that is something that I think governments need to be concerned about. I think one of the - almost one of the worst - decisions that was ever made in Australia was the abolition of resale price maintenance. Mr. Hawke was fighting for the abolition of resale price maintenance on the basis, I suppose, that it was going to help Bourke's Store, but what it has done is to help all the large supermarkets and make it very difficult for the small family store - which used to be a hallmark of country towns and suburban shopping centres. It made it very difficult for them to survive. All right - in some senses that might be progress. But I think something very sad would happen in Australia if we did not try and keep small business and family businesses together in the kind of economic organisation which enabled those businesses to prosper. That really goes to heart of much of the reason for the package that Mr. Garland announced yesterday.

Question

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Prime Minister

Well, I am sure they will, because they have been squeezing the retailers. They have been establishing more and more commission agents, and they have been putting retailers out of business. You know, it is worth noting that while the PJT says that the authorised wholesale price of petrol is about 31¢ or 32¢ a litre, in many Melbourne and Sydney areas the retail price is, in effect, less than that. The oil companies supply petrol to different categories of customers at different wholesale prices. What they have done, in a sense, is dominated the market.

Question

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Prime Minister

I think it will benefit the private service station operator, the small businesses if you like. I cannot see why it should make any difference at all to the motorist.

Question

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Prime Minister

But they will not have an increase in the cost. What could happen is some of the competition which is driving people out of business might stop. I suppose that could have an impact in Melbourne and Sydney, or in capital cities. But it is too early to tell. Some of the retailers have been saying with the kind of security that the package would operate that they think that in itself would lead to a reduction in the price of petrol. So I do not really think that the motorist is going to be affected by the proposals.

Question

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Prime Minister

You have got to remember that one of the parts of the package is that the Government has indicated that the oil companies should reduce their number of commission agents. This is one of the things that has been putting pressure in the market, and putting pressure on the small businesses. I do not really think that we necessarily want the production, the refining and the total distribution of oil in Australia to be controlled by the oil companies. That is not necessarily my idea of competition, or the kind of industrial organisation that I would want to see in Australia.