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PRIME MINISTER

FOR MEDIA

SUNDAY, 24 MAY, 1981

ELECTORATE TALK

A couple of months ago, the ACTU President, Mr Dolan, and I agreed to establish regular talks between the Government and the ACTU to discuss our respective points of view on industrial matters, and on other economic matters of importance to Australia. It seemed to me - I hope to both of us - that such talks could be a constructive way of facing up to some of the industrial issues which arise in this country.

This is a time in Australia's history when it is in the interest of all of us to put conflict and division aside. For at a time when the economy is recovering significantly, it would do great damage if Australians do not work together to increase the level of economic growth, to increase employment, to increase general prosperity, and to establish conditions under which further tax cuts can be possible.

Because private enterprise is responding so strongly to the incentives provided by Government policies, we are now seeing a very broad-based recovery in the economy. Economic growth is faster than it has been for years. Employment is increasing, and unemployment is falling. In April this year, unemployment was at its lowest in four years, and youth unemployment dropped substantially as part of this trend. All Australians want the revival of employment to continue. It is vital as a way to improve our standard of living, and in addition to that, all Australians are keen that young people in particular should be able to get jobs.

I do not believe that anyone in this country really wants to see the improvements in our economy, and in the employment situation, placed at risk. And surely the union movement, with its concern for the welfare of its members and potential members, cannot want to impede economic recovery. All Australians are surely at one in wanting the economy to continue to strengthen.

The fact is, however, that industrial dislocation, and any excessive pushing for wage increases outside the arbitration system must be seen as putting the economy at risk, especially where little or no account is taken of the capacity of industry to pay. In particular, there is a well established link between excessive wage increases and unemployment. The two are inseparable.

Part of the reason for the recent growth in employment is that Australian industry has come to be more competitive. This has been enabling it to sell more of its products, both at home and overseas. The quality of Australian goods is improving all the time. And the time is certainly well past when there was any reason to think that goods made overseas are likely to be better than Australian-made goods.

But industrial disruption and excessive wage rises certainly reduce the competitiveness of Australian industry. And in one way or another, this is damaging to all of us. If manufacturers cannot sell as much, they will not be able to employ as many people. Less production and fewer wage earners will undoubtedly lead to a situation in which overall prosperity in this country goes backwards rather than forwards.

The Arbitration Commission recently established some new wage fixation guidelines, which have been in operation for only a very short time. A large number of parties, including both the ACTU and the Government, made submissions to the inquiry conducted by the Commission. And it is surely now up to all parties to give the new guidelines a chance, and to see how satisfactory they prove to be. Wage fixing systems are probably never perfect, but it is surely reasonable to give a fair try to a new set of arrangements.

The Government is well aware that there are certain difficulties and dissatisfactions with Australia's existing wage fixing system. Because of these feelings, the Government has recently decided to establish a broad ranging independent inquiry into wage determination and industrial relations in Australia. This inquiry will run concurrently with the new system of guidelines. The inquiry will take some eighteen months or so to complete, and it will be able to watch the new system in operation. I very much hope that all parties and organisations in Australia will approach this inquiry in a constructive way. For an inquiry such as this provides an opportunity for making the breakthroughs which so many of us would like to see, and which could have such a desirable impact on the industrial relations scene in Australia. It is my strong hope that nothing will be done to jeopardise the possible success of this inquiry, and I appeal to all parties to view it - and approach it - in a constructive way.

Mr Dolan and I will be having the first of the regular meetings between the Government and the ACTU next month. And there are obviously several matters which both of us will be wanting to raise at that meeting. It would be foolish to pretend that the issues are all easy ones. But the Government for its part will certainly be seeking constructive solutions that will be in the interests of all Australians.

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