

We are reminded sadly of the absence today of Bruce Barclay and Frank Rogers. We shall miss them both.

HONOURABLE MEMBERS, during the past year the Government's policies have been directed, in the short term, towards a steady level of economic activity.

Moderately restrictive fiscal policies were employed to restrain the growth of consumption and imports which followed the recovery in farm incomes and the fiscal stimulus that took place in 1978. These policies included tight controls over the growth in Government expenditure, a reduction in subsidies, and an increase in charges. Monetary policies, including further substantial sales of Government Stock to the general public, reduced the rate of growth of the money supply.

To prevent these levelling-out measures developing into a contraction of the economy, personal income taxes were reduced in October and family benefits increased. A further income tax cut took place last month.

It is the Government's intention to maintain internal demand at a stable level while the transfer of resources into the more efficient sectors of the economy continues. This task will be made harder by the deteriorating international economic climate, which could lead to further restrictions on our agricultural exports and to a further decline in our terms of trade.

The Government is concerned at the high rate of inflation and at the persistence of significant unemployment. There is no instant solution to one that would not worsen the other. The Government will continue to tackle these difficult problems with a combination of monetary and fiscal restraint, assistance with job creation and temporary employment programmes, and an active incomes policy.

Discussions have commenced with the Federation of Labour and the Employers' Federation on wage fixing policy. The Government wishes to see free collective bargaining between employers and unions to the greatest possible extent.

At the same time it must be ensured that wage rate increases do not exceed sustainable levels. Nor can the Government accept wage settlements which are arrived at under duress. It stands ready to intervene where necessary in the interests of economic stability and industrial justice.

The Government will continue and extend its policies to promote internationally competitive export industries and efficient import substitution. These are the key to overcoming the shortage of foreign exchange which is the main barrier to faster growth and higher living standards.

The catalogue of Growth Opportunities published by the Government illustrates some of the prospects before us. These can be realised provided resources are directed into the most productive developments available. In promoting changes in the economy account will be taken of the need to make the greatest use of resources in the regional development areas as well as applying policies on a nationwide basis.