Rumours are running hot around Canberra about the possibility of an early election next November. Those who believe an early election is likely to be held argue this way. They say that Mr. Whitlam will be able to get through this year without unpleasant Government measures being forced upon him to curb inflation, but if he waits longer than this, he runs the real risk of having to introduce the most drastic anti-inflation measures ever seen.

The budget deficit is approaching $1,000 million and it is argued that he would still introduce a popular budget in August while blaming the States and price rises for inflation. The States and prices would become Mr. Whitlam's scapegoat.

People who believe that Mr. Whitlam could well contemplate such a move continue to argue that his image stands well in city areas. This is hard to believe in the rural community which has been dealt body blow after body blow by the new Government, but they believe that Mr. Whitlam, on current polls, might win additional metropolitan seats which he just failed to win at the last election.

They argue that he will come out of the Federal Conference with a high reputation in the Labor Party - that has yet to be proved - and that his standing at the end of the year is likely to be much better with the Australian public than if he had gone through a period where he had attempted to deal with inflation. It is argued that he will say the Commonwealth has not sufficient power to cope with inflation and that therefore he would couple the election with a bid for massive additional Federal powers in a referendum.

All this is interesting speculation. It would not have to be a double dissolution. Sir Robert Menzies once dissolved the House of Representatives early, merely to bring the election into line with the Senate. Mr. Whitlam could follow...
that precedent. One thing of which I am sure is that Mr. Whitlam will give no hints of his own views until he has made up his mind and is ready to announce his intentions. No doubt the speculation out of Canberra will continue.

Rural industries have been given a further body blow in the last week or two. I had earlier reported the results of the redistribution which would make developing extra metropolitan seats smaller in number of voters than large rural seats like Wannon, Wimmera and Mallee. Up to ten seats could be removed from the rural arena by the Government's proposals, drastically weakening the rural voice in the Parliament. The Liberal Party opposed the measure vigorously.

Now, coming on top of decisions which mean there will be no revaluation compensation for rural industries apart from some sections of the fruit industry, we find that Dr. Cairns has announced revaluation compensation for exporting secondary industries. It did not get much publicity, but it indicates the attitude with the Government as to primary industries.

Senator Wreidt is overseas at the moment - one might have thought that Dr. Patterson or Al Grassby would act for him, but another Senator is doing that - Senator Cavanagh, the Minister for Works.

The importance of all this rests in the fact that it is not just those directly involved in the primary industries but the total rural community which suffers - the country towns, the people who are employed in them, and everyone who lives out of the great cities.

If the suggestions that Mr. Whitlam has an election at the end of the year are correct, he does not seem to be looking for support from country areas.