

COMMONWEALTH OF AUSTRALIA

SPEECH

BY

The Rt. Hon. HAROLD HOLT, M.P.,

ON

APPROPRIATION BILL (No. 1) 1966-67

SECOND READING

(BUDGET DEBATE)

[From the "Parliamentary Debates," 25th August 1966]

Mr. HAROLD HOLT (Higgins—Prime Minister) [9.0].—The House gave the Leader of the Opposition (Mr. Calwell), under our Standing Orders, unlimited time to deal with the Budget. He seized the occasion to make it a workout for his election campaign. Indeed, in the latter portion of his speech he cast aside all pretence of Budget consideration and gave us his familiar onslaught on the Government's military participation in South Vietnam. Since he speaks as the leader of the only alternative government which can be formed from the Parliament his comment, however wrongheaded it may be in our view, cannot be ignored, so I speak to it tonight. He charges the Treasurer (Mr. McMahon) and the Government with having failed completely to face up to their national responsibilities in defence, education, health, pensions, housing, northern development, child endowment, the abolition of the means test, maternity allowances, wage and salary justice and control of prices and interest rates.

Mr. Pollard.—How right he was.

Mr. HAROLD HOLT.—He always has been right in the honorable member's eyes, and I give the honorable member credit for his loyalty; it is as rare as it is refreshing. The implication in the Leader of the Opposition's speech is that there is no upper limit to Commonwealth expenditure. I did not hear him at any point indicate any direction in which the Budget provisions should be reduced. I do not think he argues that any of them should be reduced. I do not want to misrepresent him, but I think that is his position. If that is so—and he has a list of glittering undertakings—then all we can assume from this is that there is no upper limit and that the sky indeed is the limit. In our view no responsible government with its obligation for the wellbeing of the economy could accept this viewpoint. It is a view that ignores the huge increase in expenditure already proposed in this year's Budget and the increases of recent years. We heard the honorable gentleman promise the abolition of the means test, and it is a very attractive proposal.

Mr. Calwell.—That is right. Attractive proposals.

Mr. HAROLD HOLT.—Did the honorable gentleman not promise the abolition?

Mr. Calwell.—I suggested attractive proposals for its abolition.

Mr. HAROLD HOLT.—The honorable gentleman talked about the abolition of the means test as being one of the matters that the Treasurer had failed to meet.

Mr. Calwell.—That is right.

Mr. HAROLD HOLT.—The honorable gentleman made no reference to the cost of his proposals for the abolition of the means test. He must be aware that the complete abolition of the means test would cost, on present entitlements, \$300 million. It would also result in the virtual doubling of expenditure, now running at the rate of \$63 million a year, under the pensioner medical service. I shall have a little to say in a moment about social welfare, but I give these figures as indicating to the House just how irresponsible is the honorable gentleman's whole approach. He gave no indication of what the cost of his alternative proposals would be on the Budget of any particular year. We are charged with not making adequate progress in the affairs of the economy. Let me point out that Commonwealth expenditures last year were more than double the level of ten years earlier. They rose by \$600 million in 1965-66 and they are estimated to increase by a further \$600 million to almost \$6,000 million this year. No responsible government, I repeat, could superimpose on these increases further large amounts such as the Leader of the Opposition appears to have in his mind. Indeed, the level of Commonwealth expenditure is a broad indication of the extent to which the Government is drawing for its purposes on the resources available to the community. It must not draw so heavily as to cripple the private sector. As a government we have tried to strike a balance between public and private spending—a balance which will best promote the progress and economic wellbeing of the economy and of the Australian people.

We have objectives of an economic kind which are well known. We have mentioned them in every Budget in recent years. We have the objective of national growth. We press on with the development of Australia's resources. We associate with that, full employment for our people. We have a sustained programme, on a large scale, of immigration with all the pressures that this adds to an economy which, at present, is not merely trying to provide as much of its own capital facilities as it can but has to cope with an enormous increase in our defence provision.

Dr. J. F. Cairns.—The Prime Minister sounds like "Blue Hills".

Mr. HAROLD HOLT.—The honorable gentleman is much more entertaining, but much less sincere, and I am prepared to leave it on that footing. We have sustained these objectives quite consistently throughout our period of office. The Leader of the Opposition speaks of the lack of confidence on the part of business in the future growth of the economy. What of the lack of confidence if by some miracle a Labour government were to come into office? What lack of confidence is there in the community when on the last quarter's showing our housing commencements were at the rate of 113,000 a year and when our people are enjoying one of the highest standards of housing to be found anywhere in the world? No country has a higher percentage of owner occupancy than this country.

Mr. Hayden.—How is private investment going?

Mr. HAROLD HOLT.—I will tell the honorable member in a moment.

Mr. Hayden.—It was half a million dollars last year.

Mr. DEPUTY SPEAKER (Mr. Lucock).—Order! I warn the honorable member for Oxley.

Mr. HAROLD HOLT.—No other country has a higher number of houses containing five rooms or more. No other country has a higher percentage of owner occupancy—70 per cent.—than has Australia. I mention this because time tonight is not going to enable me to give many illustrations of the current state of the economy.

I will have half the time that the Leader of Opposition was able to take. However, there we have a barometer indication of the current state of the economy. The present level of unemployment registrations throughout the whole of Australia is 1.2 per cent. Do honorable gentlemen opposite regard that as evidence of stagnation? This is the situation in a year in which—and there was no acknowledgement of this from honorable gentlemen opposite—this country has, so far as the two principal pastoral States of the Commonwealth are concerned, passed through one of the most serious droughts in our history. We have some figures about the drought's effect on our sheep population. During the year our sheep numbers dropped by 14 million whereas normally there is an increase of 6 million in the total of our flocks. So in a year when Australia sustained a total loss of 20 million sheep our economy went on almost without fluctuation, with about 99 per cent. of our people regularly in employment and with work vacancies still offering. The economy moved on. Only a few years ago a drought of this degree would have had disastrous consequences for the Australian economy, so it is a measure of the diversification of the Australian economy and its basic strength that we were able to come through this difficult period of adjustment with so little dislocation in the affairs of most of the citizens of our country. I am asked about private investment. Ninety per cent. of the capital fixed investment in this country is provided inside Australia itself. Despite our difficulties, we provided last year—

Mr. Hayden.—Yes, but how much this year?

Mr. DEPUTY SPEAKER.—Order! The honorable member for Oxley should recall what was said to him by the Chair only a few minutes ago.

Mr. HAROLD HOLT.—We provided last year, out of our own savings, the equivalent of 28 per cent. of our gross national product for the purposes of capital fixed investment. There is only one country in the world which exceeds that percentage. It is Japan. It is of interest to note that in the last year in which honorable gentlemen opposite were in office 20 per cent. only was so invested.

That was not a bad performance at all at that time, but ours is a good deal better than they were able to produce.

There has been talk about stagnation and lack of development. The honorable member for Dawson (Dr. Patterson) is very eloquent on the lack of development. I would remind him that I was in Townsville a couple of weeks ago, going through the formal ceremonies of launching a major university and a major military establishment there, both flowing from the policies of this Government. Only today, members of the Government have been sitting in consultation with State Ministers to consider the question whether the Ord River project should be developed further. I know that honorable gentlemen opposite say: "Of course we will develop the Ord. Of course we will give the Snowy Mountains Authority an opportunity to carry on its work. We will jump on every bandwagon that will give us one vote as it passes". In his Budget speech the Leader of the Opposition offered a whole shooting box of attractive proposals. Any time honorable gentlemen opposite can, in a completely reckless and irresponsible way, undertake to do something which they think will attract a little passing support, they do not hesitate to do so. Do they think that the people can be fooled as easily as that?

The Leader of the Opposition, in his Budget speech, said that there had been no improvement in real wages during our term of office.

Mr. Calwell.—It is completely true, too.

Mr. HAROLD HOLT.—He repeats that statement tonight, but it cannot stand up to the facts. The honorable gentleman gave the figures for two years, 1964-65 and 1965-66. Well, the Consumer Price Index had moved 7.5 per cent. over those two years. The average weekly earnings per employed male unit—that is the test of what people are actually receiving in this country—had gone up 12.6 per cent. As we know, the honorable gentleman is never very happy when making speeches on Budgets. He does a rather laboured job of reading an unfamiliar document, and when he interposes an aside of his own he usually finds he has fallen into economic error. In his speech the other night—I have no doubt

that everybody above grade 2 at school who listened in picked up his error—he gave figures on this real wage argument and talked about how the Consumer Price Index had risen from 127 to 132.1.

Mr. Calwell.—They are the figures of a Government department.

Mr. HAROLD HOLT.—Yes, but it was the honorable gentleman who said there had been a rise of over 5 per cent. I hope he does not repeat the error this time. “In the subsequent 12 months”, he said, “the Consumer Price Index has risen another 3.7 per cent., which means a rise in prices of nearly 9 per cent. in two years.” He also brought in the food component of the Index, which he said had risen from 128.5 to 135.9. That was a rise, he said, of over 7 per cent. I think my colleague, the Postmaster-General (Mr. Hulme), would quickly correct the honorable gentleman’s arithmetic on that. I mention that because the honorable gentleman went on in the course of comment to say—

I hate to bore the House with these figures, but they are important.

One might reasonably ask: If they are as important as all that, why does he make errors of 20 per cent. and 25 per cent. in his recital of them. The increase in the Consumer Price Index was not 5 per cent., or over 5 per cent., as the honorable gentleman said. Indeed, the arithmetic will quickly establish this. It was in fact 4 per cent. So he was 25 per cent. in error there. In the following year the Index increased by 3.7 per cent., and the honorable gentleman was out 12 per cent. there. The increase over the 2-year period referred to by the Leader of the Opposition was 7.5 per cent., so he was 7 per cent. out in that particular comment. It is not of any great importance, except that the honorable gentleman himself said it was important. Of course, the relativity movements in the Consumer Price Index is of itself significant in relation to movements in wages and the standards of the community.

The honorable gentleman went on then to talk about the rise in prices and how this is without control under the Government. My colleague could point out to him that in the last two Budgets this Government increased taxation by over \$70 million on both occasions and that these taxation

\$170

increases, falling, as they did, heavily on consumption items, of course had some impact on the Consumer Price Index. So too did the drought, with its effect on meat prices. What should in all fairness be taken as the test is the run, as the Treasurer gave it, over the five-year period, which showed that Australia had enjoyed a remarkable period of stability, equalled by very few countries in any other part of the world. One could go through every aspect of this Budget and find answers which would completely demolish the arguments which the honorable gentleman has brought to it.

Coming to social welfare, no section of the Parliament has a monopoly of consideration or concern for the aged or for those who are invalided, and the present Government has a record in that regard unmatched in the history of this Parliament. When I say “the present Government” I refer, of course, to the Government of my distinguished predecessor over the period of the last 16 years. I have the figures for social welfare contained in the Budget for 1948-49, the last full year of a Labour Government. I know that the honorable gentleman opposite finds this highly unpalatable, because he wants to posture before the pensioners of this country as one of a party which has the sole concern for their wellbeing. But just as the trade unionists vote for us in their hundreds of thousands because they know where their welfare lies, so the pensioners, who know that it is out of a healthy expanding economy that more provision can be made for them, give us their support election after election. And well they might, because compared with—

Mr. DEPUTY SPEAKER.—Order! I would be reluctant to name any honorable member during the Prime Minister’s speech but if the honorable member for Oxley constantly interjects I will have to take action against him.

Mr. HAROLD HOLT.—The relative figures are \$160 million of expenditure in 1948-49 and \$1,028 million of expenditure in the Budget just introduced by my colleague. All the juggling with movements in the Consumer Price Index or the value of money will not gainsay the fact that there has been a very remarkable increase in social welfare provisions by Governments

on this side of the House. There have been new benefits, new provisions, increased payments. None of us, of course, regards what has been done as the complete answer, any more than we regard the enormous increases we have made in provisions for education as a complete answer. The Treasurer and the Government, with whom the Treasurer in Cabinet discusses, of course, these problems in all their detail, have had to tailor the requirements of the nation to fit our revenue resources. It would have required an increase of 10 per cent. in personal income tax and 10 per cent. in company tax to bridge the gap of the deficit which the Treasurer has budgeted for on this occasion. When one measures this against the string of proposals that the Leader of the Opposition has undertaken to put into effect, one gets some idea of the sort of task that confronts him.

I want to devote the concluding minutes of my speech, as the Leader of the Opposition did with his speech, to the situation in South Vietnam. I stated the objectives of this Government in South Vietnam in the House on 31st March. They are, of course, to assist the Government of the Republic of Vietnam, at its request and in the light of our own assessment of the nature of the conflict there, to resist the armed aggression of Communist North Vietnam waged through the Communist aggression of the Vietcong, the so-called National Liberation Front, and by North Vietnam's own regular armed forces. This aggression, we know, is aimed at taking over the South by a combination of force, terror and subversion.

Our second objective is to free the 15 million people of South Vietnam from the threat of oppression and terror which would be their lot under the domination of the Communists of the north, and to help establish conditions under which they would be able to choose and develop, free from coercion of any kind, the forms of government and of society that they themselves want. Our third objective is to demonstrate that we in Australia honour our treaty commitments to our friends and our allies, that we stand by our alliances. By denying victory to Hanoi and Peking in South Vietnam we believe the spread of

Communism in South East Asia can be checked. There will be encouragement, we believe, to those moderate elements that we are already supporting through the Colombo Plan and in other ways in the work of modernisation and of economic and social progress. We seek a peaceful settlement of the conflict through negotiation.

The Leader of the Opposition wants the withdrawal of Australian forces. Does he want the withdrawal of United States forces also?

Mr. Calwell.—That is their business.

Mr. HAROLD HOLT.—"That is their business", he says. It is no business of ours, apparently, in the opinion of honorable gentlemen opposite, whether United States forces remain in South Vietnam or not. Does the Leader of the Opposition expect our A.N.Z.U.S. and S.E.A.T.O. ally to carry the burden of security in South East Asia virtually unaided by us—or, for that matter, by anyone else other than the hotly pressed South Vietnamese? Australia—and most Australians share this view—has a vital interest in the presence and active participation of this great power in the area of Asia and the Pacific. We have an obligation to support the United States in this role, an obligation arising from our treaty relationships. We have a role as an ally having the same belief in liberty and freedom, with a similar devotion to democratic process and with international interests directly involved in preserving South East Asia from Communist domination. We hope for an expanding future with the countries of Asia and of South East Asia in particular. These hopes would vanish with Communist domination of an area so important to our wellbeing and our security.

I want to refer honorable gentlemen opposite to a most important and significant speech by the President of the United States, delivered on 12th July 1966. I want to know whether honorable members on the other side of the House share the views expressed by President Johnson. They have thrown jeers and gibes at me over my support of American policy; I want to know

where they stand on American policy. Do they disagree with these statements of President Johnson—

Asia is now the crucial arena of man's striving for independence and order—and for life itself. This is true because three out of every five people in all this world live in Asia tonight. This is true because hundreds of millions of them exist on less than 25 cents a day. And this is true because Communists in Asia tonight still believe in force in order to achieve their Communist goals. So if enduring peace can ever come to Asia all mankind will benefit. But if peace fails there, nowhere else will our achievements really be secure.

By peace in Asia I do not mean simply the absence of armed hostilities, for wherever men hunger and hate there can really be no peace. I do not mean the peace of conquest, for humiliation can be the seedbed of war. I do not mean simply the peace of the conference table, for peace is not really written merely in the words of treaties, but peace is the day-by-day work of builders.

So the peace that we seek in Asia is a peace of conciliation between Communist States and their non-Communist neighbours; between rich nations and poor; between small nations and large; between men whose skins are brown and black and yellow and white; between Hindus and Moslems and Buddhists and Christians. It is a peace that can only be sustained through the durable bonds of peace; and through international trade and through the free flow of peoples and ideas; and through full participation by all nations in an international community under law, and through a common dedication to the great task of human progress and economic development.

Is such a peace possible? With all my heart I believe that it is.

I support President Johnson because what he said there he has stated precisely in the terms of goals which Australia can also accept in this area of the world.

The Leader of the Opposition closed his speech by offering the nation a choice. He said—

Our policy on all matters will be decided by the Federal Parliamentary Labour Party in due course.

There has been no change in the constitutional arrangements of the Labour Party. The honorable gentleman is still subject to the faceless 36, as we saw the other day in connection with the State aid issue. The Leader of the Opposition makes the claim that his Party will face the electorate on 26th November united, determined and confident. This claim of unity and confidence is, on the face of it, ludicrous. For most of the life of this Parliament the Australian Labour Party has presented the spectacle of a rabble. The people have the choice, Mr. Deputy Speaker, between this Government, united on this great issue, and the Labour Party, confused and divided; a common defence of freedom or a walk-out on our friends and allies; the understanding of the Communist drive for world power or Labour's refusal to see what is happening in our part of the world; policies that look to an expanding future or policies bogged down in the past; rule by those chosen by the people or rule by 36 faceless men; a Government with leadership or a Labour Party run by factions; the strength, unity and purpose of this Government's policies or the disunity and confusion of the Australian Labour Party. We know the choice that the people will make.