



PRIME MINISTER

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THE OPPOSITION PROMISES

Australians will not be fooled by the extravagant Liberal tax cut promises.

They have been through it all before.

Voters still remember the promise to cut income tax in the Liberal policy speech for the 1969 elections.

This promise was allegedly fulfilled in the 1970 Budget with an income tax cut of \$290 million.

In the same Budget, however, indirect taxes and charges were increased by \$240 million.

Seventy per cent of Australian families were worse off because of the direct and immediate consequences of that Budget, and the poorer the family was, the worse it was affected.

Only the top 30% of income earners benefited on balance from the Liberal decisions.

Liberal promises in this area tend to be totally illusory, and in the present instance, threaten devastating consequences for the Australian economy.

Voters in 1969 had not been promised increased duties on petrol, cigarettes and wine, nor higher postal charges, nor increased sales taxes across a wide variety of goods including all cosmetics and consumer durables.

A further imposition was an increase in company income tax which was immediately passed on in prices.

This year we are promised a tax cut three times the size of that in the 1969 policy speech. The Liberals have carefully avoided any undertakings that a repetition of the 1969 promise will not take place this year.

Australians will not be fooled a second time by Liberal thimble and pea trick promises.

At a time of inflation, the only way the Liberals could pay for their \$600 million income tax cut would be by again savagely increasing indirect taxes on cigarettes, petrol, beer, postal charges, cosmetics and consumer durables. This is what they did in 1970 when they tried to fulfil the income tax cut promises of their 1969 policy speech.

This is what they would have to do again in 1974.

In an attempt to conceal the inflationary effect of their income tax cut promise and to distort its objective as a mere electoral bribe, Opposition spokesmen have suggested that a tax cut would moderate wage demands.

I am unaware of any economist who has suggested that such an effect would flow automatically from a tax cut.

However, some have argued that it should be one of a number of measures in a prices and incomes policy.

Mr. Snedden has not suggested any other measures.

Indeed, the effect on wage demands of such a tax cut would be more than offset by the huge increases in indirect taxes which are the hidden slug.

These unannounced policies would affect wage earners much more severely than any other section of the community.

A Liberal Budget would clearly provide an extraordinary stimulus to inflation. Mr. Snedden will obviously have to deny any intention to increase indirect taxes, but Australians will remember what happened in 1970.

This is the way of Liberal promises; what they give with one hand they will take with the other.

What they did in 1970 they would have to do again in 1974.