



257

PRIME MINISTER

ADELAIDE YOUTH RALLY

22 NOVEMBER 1977

The choice in this election is very clear. The choice is between the responsible policies of the government and the economic irresponsibility of Mr Whitlam's proposals. The choice is between growth and development and the jobs these will bring, and Labor's disastrous recipe for stagnation. The choice is between lower taxes to let Australians have more say over how their own money is spent and the dead hand of Labor's high taxation policy.

This Government's policies are working. We have broken through in the fight against inflation. Under Labor it reached a peak in 1974 of 19% - this year it's been running at around 9%.

Mr Hawke is desperately claiming it is untrue to say inflation reached 19% under Labor. This is very surprising - Mr Hawke should have had plenty of time to read page 13 of Budget Statement Number 2 published in August, which shows that Labor's inflation did reach 19%.

After all, during the Victorian power dispute Mr Hawke had plenty of time on his hands for a bit of light reading. I understand that the Labor party are showing tonight, for the first time - and in living colour, their advertisement of Mr Hawke in a motel room, hurriedly packing his bags to go out and resolve another of his disputes.

Well, in the case of the Victorian power dispute - a dispute which caused 450,000 people to be laid off for weeks, which caused 36,000 people to lose their jobs, which affected not only Victoria but other states including South Australia; it took Mr Hawke 9 weeks to pack his bags, get out of his hotel room and take a hand.

The reduction in inflation we have achieved is restoring business confidence - confidence which is essential to beating unemployment.

Australia is ready to go with \$6,00 million of investment which will create more jobs - bring more wealth to Australia.

Because of our firm control over Government spending, interest rates are now falling. This will help business to finance expansion and create more jobs.

2.

Tax indexation and our personal tax reforms which are already law have saved taxpayers \$3,300 million. They are restoring incentive and giving Australians greater control over their incomes.

Our wages policy has made a significant contribution to reducing excessive wage increases - wage increases that put people out of jobs; that put companies out of business.

Our policies of assistance to business have protected tens of thousands of jobs. We have protected the kind of jobs Mr Whitlam wiped out with a stroke of his pen in his 25% across-the-board tariff cut.

He had before him an official report which told him this would wipe out 30,000 jobs, but he still quite deliberately went ahead with the tariff cuts; and that's not all. In July, at his national press club speech, Mr Whitlam, after all the devastation he has wrought on Australian industry, had the gall to say-

"There is no doubt that Australian industry is excessively protected . . . that is the basic trouble with our manufacturing industry".

Well he's wrong again - the basic problem with industry is the after effects of the Whitlam years.

This government will have none of his policies. Unlike Labor, which bought overseas, we've adopted a policy of buying Australian wherever possible so that there can be work for Australians.

Our policies are working. We are doing the job we were elected to do.

We are ready to break through into a new period of development and prosperity. This breakthrough would not occur under Labor.

Mr Whitlam's proposals are a recipe for national disaster. Mr Whitlam proposes higher personal income taxes and higher marginal rates of taxation.

Mr Whitlam proposes a massive increase in government expenditure. He himself admits he wants to spend an additional \$800 million in his first six months, and that figure doesn't include any significant amount for what would be a very expensive and ineffective job subsidy scheme.

This \$800 million is only a start. Six of the many other programmes he wants to introduce will alone cost over \$3 billion per year.

. . . /3

Mr Whitlam's reaction to any problem - and this election is certainly a problem for him - is to scatter money, your money, in odd directions.

Other people's money means nothing to Mr Whitlam. Mr Whitlam wants to abandon the policy of wage and salary restraint.

Mr Whitlam has been forced by the trade unions the unions which fund the Labor party - to support full wage indexation.

This means more people being put out of jobs - business being hit with ever higher wages and small businesses being hit particularly hard.

Mr Whitlam still has the same programme, the same policies that pushed inflation to a peak of 19% under Labor. The same policies which increased unemployment by almost 200,00 in just 12 months.

Mr Whitlam wants to do it all over again, and his policies would hit Australia with higher taxes, higher interest rates, bigger wage bills and more unemployment. Labor hasn't changed! They are still divided, still incompetent.

The Labor Party's policy speech is only five days old, but the Labor Party is already fighting about what it means.

As they start to comprehend the full enormity of the pitfalls, loopholes, and injustices of their hastily thought-out schemes

Mr Whitlam, Mr Hayden, and Mr Hurford are constantly refuting each other's interpretations - and contradicting their own statements. Let's look at some of the major planks of their economic policy.

Mr Whitlam is committed to abolish payroll tax, apparently about the start of 1978, or before the February reductions in personal income taxation come into force. As payroll tax this financial year is estimated at \$1,700 million, this means Labor would have to find about half of that about \$850 million - for the second half of this financial year, and a further \$1,900 million next financial year.

To do this, Labor would increase the burden of personal tax falling on Australian taxpayers. They would have to raise \$850 million in personal taxes in the first half of 1978, and \$1,900 million more taxes in 1978/79 - and every year thereafter. That much is clear. But that is the only thing that Labor is clear about.

On Sunday morning, Mr Whitlam began by saying that Labor would merely "postpone" the tax cuts coming in on February first. At Sunday lunchtime he said "he had made a mistake" - that Labor would never bring in those tax cuts. Sunday afternoon, he said tax indexation would be "postponed" until income tax receipts rise sufficiently to offset the cost of payroll tax. By Sunday night he was saying perhaps he'd "expressed himself wrongly"

Mr Whitlam now says he would "expect" full tax indexation sometime soon, but Mr Hurford is checking it. Poor Mr Hurford - he's already been thrown out as Labor's economic spokesman, and now he's been sent scurrying off to try to deal with Labor's great gaffe!

The second plank of Labor's economic programme is its wages policy. In his policy speech, Mr Whitlam committed Labor to "restore integrity to the wage indexation guidelines". That speech was only hours old when Mr Hayden said that meant support for full wage indexation - but only for people on less than average weekly earnings.

By Sunday, Mr Whitlam was saying that Labor wanted full wage indexation for everyone. Mr Hayden confessed he might be wrong. "I feel I'm on shaky ground" he said. He said questions on wage indexation should be directed to Mr Willis. "I work in the economic area - its a demarcation problem". So much for Mr Hayden as an economic manager!

If he believes wages policy is outside the economic area, he certainly is on shaky ground. Labor has so many economic managers, that there's always a threat of a demarcation dispute.

This sort of behaviour on Labor's part is typical of Labor's behaviour when they were in office. Labor was then the party of high taxation. They put personal income tax up 125% in just three years. They have made it clear they are now the party of even higher taxes still.

The tragedy of the sacrifice which Mr Whitlam asks taxpayers to make, in voting for higher taxation is that the sacrifice would be utterly pointless. Mr Whitlam says his schemes will reduce inflation. In fact inflation will go up through the enormous cost of full wage indexation. Full indexation over 18 months would add five percent more to wage costs than two thirds indexation, which is about the level granted over the past two years. This would more than wipe out any anti-inflationary effects of ending payroll tax.

Mr Whitlam says his scheme will help business. In fact, it will bring no benefit to the self-employed and tens of thousands of small businessmen who at present do not pay payroll tax. What would happen is that they would be left with higher wages bills, and higher income tax, without any compensating effect in lower payroll tax. Their competitive position would be seriously eroded in relation to importers, overseas manufacturers and bigger companies.

Mr Whitlam says his scheme will increase employment. Even that claim is false. As Mr Dunstan pointed out when he said in September:

"The Government has already tried a payroll tax remission scheme and found that it does not create employment".

Ever since this disastrous and ill-considered policy was unveiled last week, I and other ministers have constantly pointed out its host of inequities and inconsistencies. Serious doubts about the implications of the policy have been raised in the press. Not a single labor spokesman has mounted a reasoned argument to defend the policy on its merits. They refuse to think through the consequences of their hastily conceived plan. Mere emotionalism on this vital issue is not enough.

The tragedy of Labor's crash unemployment programme is that within a very short time it would actually increase unemployment in this country. Until such time as Mr Whitlam is prepared to answer the barrage of criticisms which have been made by the Government and by financial commentators, their policy simply cannot be taken seriously. It can't even be said that their policy has been poorly thought out - it has not been thought out at all.

The Government's policies tackle the real causes of unemployment, by successfully getting inflation down by arguing consistently against high wages increases and by taking a fair but resolute stand against industrial disruption, by giving business incentives to invest and grow.

The combined effect of all these policies is starting to have a major impact. After this year's school leavers join the Labour Market in February, unemployment will fall - and keep on steadily falling.

Throughout this period, our care and concern for those out of work, and who genuinely want to work, has been very real. We have established a number of programmes to help people - very many of them young people - to find jobs and get essential retraining; the NEAT scheme, the special Youth Employment Training Programme, the Community Youth Support Scheme, Relocation Assistance, the CRAFT Scheme for apprentices.

We are spending more than \$100 million on these schemes this year, and more will be spent if necessary because no eligible unemployed person will be turned away. More than 120,000 people have already benefitted from these schemes.

In the policy speech last night, I announced an expansion of an education programme for young unemployed people. This programme has already been tested most successfully in pilot schemes. It has been found most effective in helping young people to acquire the basic skills necessary to get a job, and perhaps even more, to get the motivation necessary to get a job and keep it.

We have significantly enlarged the programme to provide courses for all young people under 21 seeking employment, and eligibility will be extended to include unemployed youth in the 21 to 24 age group.

5.

Last night I also announced improvements to the NEAT scheme and the relocation assistance scheme. In the case of the special Youth Employment Scheme, which is part of NEAT, we will seek the cooperation of the States in providing training in technical schools and colleges, for young people seeking on-the-job training for whom no vacancies are immediately available. Above all, the certainty and confidence our policies have provided are letting businesses plan confidently for the future.

\$6 billion of development projects are now underway or ready to go and they will create jobs all around Australia. Let me emphasise one point which is often overlooked - a continuation of our policies is not only essential to beat unemployment, it is also essential to providing meaningful assistance to those in real need.

The fact is that responsible economic policies are essential to give genuine assistance to low income and disadvantaged people. Labor's policies of higher wages, higher rates, higher inflation, are a prescription for increasing poverty in Australia. This is what Labor did in office as the Henderson Poverty Report so clearly shows, and they would do it all again.

One of the great myths that Labor likes to create is that it is the party that cares for the disadvantaged. In office they were the party of enquiries, commissions, task forces and talk. They talked while inflation raged and those on low incomes suffered cruelly. This Government has acted to help the poor in Australia. Our care and concern for the least privileged is not to be found simply in the pages of Hansard, but in programme after programme which we have introduced. Our family allowances have enormously improved the condition of 300,000 poor families who got no assistance from Mr. Whitlam. From February 1st, our tax reforms will exempt an additional 225,000 low income people from paying any income tax. Mr. Whitlam will abolish this reform. Labor would compel nearly a quarter of a million pensioners, widows, students and others to pay tax once again.

We have taken politics out of old age pensions and all other social welfare and repatriation pensions by increasing them automatically in line with inflation. We have brought in assistance for all sole parents. For the first time, lone fathers are getting sorely needed help. We have given the handicapped a new deal and we will end the injustice of the parents of handicapped children paying more for their children's education. Labor has talked a lot - we have acted. Let the people of Australia judge which Government has done more - which party really cares for those most in need.

The same applies in the vital area of conservation. Labor was prepared to abandon Fraser Island - we have secured this remarkable wilderness for posterity. We are establishing the largest national park in the world in the magnificent Arnhem Land country - the Kakadu National Park. We are determined to take effective action to preserve all special of whales. We have established an independent inquiry to determine the most effective ways of doing this. In our responsible decisions on uranium mining, we have adopted all the environmental safeguards recommended by the Fox Inquiry. We are helping the World Wildlife Fund to set up a branch in Australia. There has never been an Australian Government which has acted more effectively to conserve our wilderness and wildlife. Across the whole range of areas of social concern, this Government has acted effectively, sensitively and responsibly.

There is one great issue in this election - it is whether Australia is going to continue on the path of responsible tax reforms responsible wages policy; responsible government spending; lower interest rates and falling inflation; the path of economic recovery; or whether Australia is to return to the high tax, extravagant government spending, excessive wage increase, and high interest rate policies Mr. Whitlam is proposing. The policies which breed inflation and unemployment - the policies which now lie - as usual - in a state of confusion.

The choice is between the policy confusion of Labor and the known and effective strategy of the Government - between policies which damage the weakest sections of the community and policies which lay the basis for effective assistance.

The great potential of Australia is opening up once again. Our future is unlimited if we pursue policies which respect individual freedom and encourage individual initiative - the same policies which permit help that really means something to those in need.

The Government knows that it is vitally important for the future of Australia that young people, this summer and in the future, have ready opportunities for decent well paid jobs. I know that the course we are on is the best one - the only one - to achieve this. That course involves maintaining the pressure on inflation, and control of Government spending, control on the money supply. With this policy there will be sustained, upward growth in employment.

The Opposition's path of big increases in Government spending, of big increases in the money supply, of big increases in taxation, is a path offering an instant solution, based on outdated and failed ideas. They tried this same policy in 1974-75 and it failed then. Other countries tried and it failed. Most countries in a position similar to that of Australia have abandoned the solutions based on high Government spending. The gains to employment through Government subsidy on Government spending which might be achieved with this policy are short lived. They are rapidly offset by the contracting employment opportunities which accompany the escalating inflation.

here has been no major, quick solution to our problems. Progress towards our objective of good long term growth has necessarily had to be a moderate pace. It has had to be a pace which would not, I repeat not, refuel the fires of inflation.

But I can tell you now that after two years of difficult decisions, we are ready to move into a new period of hard won success.

---