

# COMMONWEALTH OF AUSTRALIA

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## SPEECH

BY



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

ON

## APPROPRIATION BILL (No. 1) 1967-68

### SECOND READING

### (BUDGET DEBATE)

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[From the 'Parliamentary Debates', 5 September 1967]

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**Mr HAROLD HOLT** (Higgins—Prime Minister) [8.27]—The honourable member for Bendigo (Mr Beaton) is an amiable, pleasant-mannered fellow, and he has done his best tonight to lash himself into a fury through the written script that he has just given us. But I do give him full marks for brazen effrontery because in the earlier part of his address he told us that the members of his Party were in a position to amend a budget if they chose to do so. The honourable member knows that not one in ten of the parliamentary members of the Australian Labor Party has any say in the formation of policies which are adopted and which the members of the Opposition are required to pursue, like dumb, driven cattle, in this Parliament. I would like to spend some time on some of the extravagant things that the honourable member said, but my own time is limited tonight. I hope that in the course of what I have to say I will cover several of the matters to which the honourable member has directed attention. I would like

to deal particularly with some of his references to social services and matters of that kind.

Let me start by saying something about those who are the spokesmen for this regimented band who sit opposite us. First, to do him the honour that is due to his position of Federal President of the Australian Labor Party, I quote Senator Keeffe. It is only because he holds that office that I think it desirable or appropriate to refer to his statements, but when he happens to head the body which decides the policies which the elected representatives of the people on the Opposition side of the House have to follow he is entitled at least to this nominal recognition. Long before my colleague presented his Budget Senator Keeffe said, as reported in the Melbourne 'Age' on 1st August: 'The Australian economy is like a worn out motor vehicle. The Government has patched it up here and there but basically the economic machine is no longer roadworthy'. I merely

ask honourable members to note those remarks and bear in mind that they come from the head of the supreme policy making body of the Labor Party. I then ask honourable members to dismiss the remarks from their minds as being completely without entitlement to the regard of this place, certainly as they apply to the state of Australia as we know it at the present time. But, of course, the Leader of the Opposition (Mr Whitlam) had his own comment to make. He professed to find in the Budget no sense of purpose or direction, no guide lines for national growth and no evidence that the Government is prepared to take initiatives and accept responsibilities in order to achieve that growth. He asserted that the Government is neglecting national development, social services and the needs of the States.

Let us look at a few facts. It is not easy, of course, to go back and compare what a Labor government in office has done. It is not easy to find from the professions of policy what a Labor government would do. If we look at Labor's printed platform we see in its modern form a picture on the front cover of the man of destiny. The old car has been given a new coat of duco, but the works are the same if we bother to examine it. But even if we examine this document we will find there is a gloss or an interpretation of policy provided to suit the audiences of the day—something which differs very much from the precise statement appearing in the printed document. So I have to go back a long way, but there have been in this country, so far as national politics are concerned, periods when a Labor government has been in office, but on those occasions the people of Australia have quickly had cause to regret that Labor was in power. And when the people have put the Labor government out they have kept it out long enough for another generation to come along which has forgotten the kind of government that existed earlier. So if I want to show what a Labor government would have done in circumstances corresponding to those which exist now I must go back far into the past.

Frankly, we on this side are getting a little fed up with the humbug from honourable gentlemen opposite who claim that they have some monopoly of concern for the less privileged sections of the community,

who claim that only they have concern for the pensioner, the widow, the children or the repatriated soldier. They can make these sweeping generalisations and these offensive sneers, but what counts with the people are the facts, and I have the facts. The last Budget brought down by a Labor government was in 1949-50. That Budget provided a total of \$185.6m for national welfare in Australia. In this Budget we have provided a total for national welfare of \$1,071m. We may talk about changes in the value of money and population growth, but we still cannot avoid the proper conclusion that there has been a very substantial improvement in the real benefits conferred on those people who are beneficiaries under the National Welfare Fund.

We have just been chided about our health scheme. What sort of health scheme existed when Labor was in office? There was a hospital benefits scheme of a sort. In 1949-50 Labor spent \$610,000 on pharmaceutical benefits. This year we are providing in the Budget \$75.2m for pharmaceutical benefits. Under the last Labor Government there was no medical benefits scheme. This year we are spending in this field \$45.8m. Honourable members opposite weep their crocodile tears about the pensioners. What about the provision of pharmaceutical benefits for pensioners? Not a cracker was spent in this direction when Labor was last in office, but this year we will spend \$38.1m on pharmaceutical benefits for pensioners. Under Labor there was no medical services scheme for pensioners. This year in this area we have provided \$16.5m.

I could talk about the aged persons homes scheme, which is an innovation of this Government. I could talk about the liberalisation of the means test under this Government. I could talk about the improved position of the single pensioner, whether man or woman, widowed or unmarried, under this Government. All these facets go to make up the whole: Labor in 1949-50 provided \$185.6m for national welfare, whereas we in this Budget have provided \$1,071m. We have been able to do this because under our leadership the economy has expanded and thrived. From it, without wrecking initiative or preventing people from getting on with the job, we have been able to provide an increasing amount for the pensioners of this country.

There is another practical test of the Government's concern for national welfare and that is the proportion of the Budget devoted to social welfare. It must be borne in mind that compared with 1949-50, we have had to more than double the proportion of the Budget devoted to defence. In 1949-50 only 8.3% of the Budget was earmarked for defence. That was the last Budget presented by a Labor government. This year's Budget provides 17.25% of total expenditure for defence. But despite the claims on us of defence, development, international aid and education, in this Budget we have provided 20.55% of total expenditure for social welfare. This compares with a figure of 18.7% provided for social welfare when Labor was last in office. I referred to our commitment in the field of education. Relatively speaking, the allocation for education in the last Labor Budget was negligible. I concede immediately that the Labor Government's last Budget was very much smaller than today's Budget for a variety of reasons.

But today we are making a larger percentage of the total Budget available for social welfare, and it is an infinitely larger budget because we have been able to promote the growth of the country enormously. As the Treasurer (Mr McMahon) has pointed out, over the last 5 years we have averaged, in terms of constant prices, an increase of 5½% in our gross national product. This figure has not been exceeded in that period by any industrialised country with the exception of Japan. I remind honourable members that in the period to which I have referred we experienced a dreadful drought year during which the increase in our gross national product was of the order of only 2%. And still honourable gentlemen opposite sneer at us and talk about a worn out motor. Whom do they think they are talking to? Do they think they are addressing the fully employed people of this country who know that no other country has succeeded in maintaining a level of employment so consistently high as has this Government since it came to office in 1949? Who has devoted such a large proportion of the Budget to social welfare? Who has been able to provide the best defence set-up in the history of Australia apart from a period of all out war? The people are not fools. They cannot be

misled by such specious nonsense as comes from honourable gentlemen opposite.

I do not want to devote all of my time tonight to these matters. The Leader of the Opposition has found the Budget unsatisfactory. He cannot find it extravagant and unrealistic as regards promises because of what was put to us from his side at the last elections. He will not find in the Budget the kind of bureaucratic plan that gladdens his heart. He will not find a detailed blueprint to predetermine the future pattern of growth and structure of an economy which can point to the kind of record I have indicated. This Government does not go in for that kind of thing. What is to be found is a record of achievement which most countries and most objective observers applaud. He will find a continuation of the sound and responsible policies which have made our achievements possible and which offer the best prospects of further rapid progress in the future. He acknowledges—we accept his acknowledgment—that there is a fundamental difference between the approach of this Government and the parties that support it towards the development of the nation and the approach of the Labor Party. He says that the Budget is highly doctrinaire, expressing the old blind faith in the natural superiority of private enterprise over public endeavour. It is not the Government that is doctrinaire in its approach. This is plainly shown by our record. In the Government's view the public sector and the private sector each have essential and complementary roles to play in national growth. At times circumstances will call for a faster expansion of public sector activities than private sector activities and at other times the converse will be appropriate. Over the past few years circumstances have made it necessary to give greater emphasis to the public sector. The Government has done this. Between 1962-63 and 1966-67 public sector spending as a proportion of total spending increased from 19% to 21%. In the past 2 years 44% of the increase in employment has gone to the public sector. But now, as my colleague the Treasurer pointed out so convincingly, there is a need to ensure that the private sector and particularly private developmental activity is given scope for greater growth.

The Leader of the Opposition's speech was directed almost wholly to decrying what the Government has done and is doing, and on this I have mentioned some of the important facts. Defence is another element. As our present defence build up began 5 years ago, we might well review briefly what we have achieved in the economy during this period, despite the diversion of a very large amount of resources to defence. The facts about the increases in defence expenditure are well known and I need not repeat them beyond observing that the provision we are making for defence this year is nearly \$700m or 160% greater than in 1962-63—5 years ago. What has happened in other directions? Notwithstanding this rapid build up in the defence effort, the economy has kept growing at a good rate and on sound lines and the high rate of investment, both by the public sector and the private sector, has been sustained. Only one country, Japan, retains more of its gross national income for capital investment purposes than does Australia. Exports have been rising strongly and our external financial position has been kept sound. Considerable improvements have been made, as I pointed out, in social and welfare services, and assistance to the States has also been rising rapidly. I do not need to go into all the figures because I have a more important task tonight, and that is to examine the alternatives which would be presented by a government from the other side of the House. Our aim is balanced economic growth. We have achieved that to an unparalleled degree in the last 5 years.

The Leader of the Opposition said that the economy was barely rolling and had been in a downswing in the past 2 years; but he did not quote any figures on the growth of the economy to support his assertion. He did not because he could not. I have already indicated to the House the extent to which we have sustained the growth in our national product over these years in a more even way, despite a drought, than almost any other country.

**Mr Webb**—Come on. Liven it up.

**Mr DEPUTY SPEAKER (Mr Lucock)**—Order! The honourable member for Stirling will cease interjecting.

**Mr Webb**—I am trying to get the right honourable gentleman moving.

**Mr HAROLD HOLT**—I will get moving all right. I am coming to the honourable member for Stirling right now. I hope to remind him where he stands. Honourable members opposite sometimes chide the Government on high prices. When we came into office, despite all the controls that the doctrinaire Labor leaders had been applying, inflation was running at the rate of just under 10% per annum.

**Mr Duthie**—That is an invention.

**Mr HAROLD HOLT**—I shall give the honourable gentleman the precise statistics. I shall read a comment that a well respected Labor authority, Professor Arndt, made in the Chifley Memorial Lecture in 1956. He said:

... it is high time Labor took the problem of inflation as seriously as it has always taken the problem of deflation and unemployment . . . Labor's record on this problem in its years of Opposition has been lamentable . . .

And it has remained lamentable over the 10 years that have elapsed since then. What is the policy of the Opposition? It is not easily ascertained because Labor has not been in office for many years. The Labor Party has a document which purports to contain the official platform and programme of the Party but whenever members of the Party are asked to explain it they give a different interpretation. They were pinned down on the subject of Vietnam in quite precise terms the other day and decided on a policy of troops out unless the United States accepts conditions which the Opposition knows to be entirely unacceptable to that country. The honourable member for Melbourne (Mr Calwell) claimed this decision to be a vindication of his policy and the honourable member for Yarra (Dr J. F. Cairns) said it was something that justified his position. The decision was described by Mr Brown, the State President of the Labor Party in Victoria, as a 'troops out unless' policy. So that is where the Opposition stands on that issue. But where does it stand on its Socialist pledge because I am dealing now with economic issues and if Labor is the alternative government the country is entitled to know its economic policy. I understand the Leader of the Opposition is unavoidably absent tonight. I regret that because I would have liked to say this to his face and I expect to do so as time goes on. I will quote from an article that he wrote. I do not think he

will challenge its accuracy. This article was published in the 'Australian' of 18th February 1967, after the honourable gentleman had been appointed Leader of the Opposition. The article is headed 'Labor and the Future'. I would happily incorporate the entire article in Hansard should anyone so desire. In the course of the article the Leader of the Opposition said:

There never was an age when socialism was so nearly inevitable; there never was a country where it was so necessary.

I ask the House to dwell on those two sentences because there will be a lot of receding from them at a later point. I will repeat the passage:

There never was an age when socialism was so nearly inevitable; there never was a country where it was so necessary.

I remember the former Leader of the Opposition, the honourable member for Melbourne, saying publicly that he wanted to change the face of Australia and the present leader is reported to have said—I think in a Chifley Memorial Address—that the intention of the Labor Party was not simply to redistribute income but to remould Australia. I do not know how many Australians want the face of the country changed or how many want the country remoulded. The country is doing pretty well. It has the high standard of progress that I have mentioned, it has a happy people, and it is increasing its standing in the eyes of the rest of the world. Nobody who votes for honourable gentlemen opposite in a desire to remove this Government will be able to say to us afterwards, 'We didn't know it was loaded', because the Opposition has shown that it is loaded. Anyone who cares to study what the Leader of the Opposition has been consistently saying over the years will realise that it is in the tone of the sentences I have quoted. In the same speech, the honourable gentleman continued:

Australia's danger is that it may acquire a sort of 'socialism' in a fit of absence of mind, under the uncomprehending glare of a Government whose doctrinaire objections to what is happening become more obsessive as they grow more irrelevant.

As units in the economy grow larger and become more international and as society becomes more technological and urban, so socialism becomes more relevant and urgent. The forces which man is unleashing in the world must be the subject of public and not exclusively private decision and control.

Our social and political advance—the degree to which the people, through their elected representatives, control and fashion their own future—is badly lagging behind scientific and technological change.

Democratic socialism is a philosophy about the value of man.

I say Liberalism is a philosophy about the value of man—the freedom, the opportunity, the incentive, that can be given to man. There is a fundamental cleavage between the viewpoint of those who sit in support of the Government—we cannot get them all on this side of the House, but I embrace those who support the Government on these matters—and those who support the Socialist doctrines opposite. Public ownership and public control of the economy are more than ever central to a Labor programme for government. The members of the Labor Party sometimes plead the limitations of the Constitution. But the Leader of the Opposition does not. In the same article, he says:

The limitations of the Constitution are real. They are not absolute. I have no sympathy with an attitude which finds in the presumed limitations of the Constitution an excuse for avoiding the search for constructive, relevant and realistic methods of applying our policy and attaining our objectives.

The honourable gentleman has indicated where he stands. He will gloss it over, he will blur it, he will fog it up, he will make it impossible of discernment to a critical audience. But there it is in plain black and white. If that is not what the Opposition stands for, what does it stand for? I would like to have quoted from what the shadow Treasurer said. He said that the Budget is an engine for the redistribution of the wealth of the community, which is only a polite way of saying: We are going to take from him and give to him or to her. Up to a point, that is so. Up to a point, that is what we do. I do not know any free country in the world where what is produced by the community is more fairly and evenly distributed amongst the community than it is in Australia. If anyone opposite can point to a country where it is, then let him point to it. What honourable members opposite would do would be to kill the productive forces of the community. We realise the good sense of keeping incentive alive, of encouraging people with a willingness to take risks to put their effort into the job, to hazard their savings

in order to do something better for themselves. We realise the importance of encouraging capital, not just of domestic capital, although 90% of our own investment in Australia comes from our own resources, but the capital of others who come here and take the risks with us. Honourable members opposite chide us about northern development. I wonder whether they know that at this moment projects are going on in the north of Australia to the value of \$2,000m. Do they know that the rate of population growth in the north of Australia has been greater than in the south of Australia over the last significant period of years—I think it is the last 5 years—for which I have statistics? They chide us that there is not this development going on and they say that private investment will not undertake it. But this is what is being done, and it is being done because we have created the kind of climate in which people who are prepared to take risks feel that there will be a reward—a return for their risks.

We are told there is no Australian equity in this sort of investment. Why, from every \$100 of profit we take \$42.50 in tax. If any of the remainder apart from what is ploughed back into further development in the business is remitted overseas, then we take 15%, or 30%, according to the relevant rate of tax, of what is remitted. So we have a very real practical potential interest in the profitability of investment in Australia. I repeat that the investment made by our own people represents from 85% to 90% of the total of the investment which others from overseas are prepared to make. It is because of that that we have had the enormous growth in our national income which has not merely enabled us to more than double the defence provision of this country over the last 5 years but which has enabled us to go on steadily improving the provision for development, the provision for social welfare and the provision for international aid.

I feel that my colleague the Treasurer is to be congratulated on bringing down a Budget which has enjoyed a more favourable national reception than any Budget that I can recall in my public lifetime. He has done that with a full consciousness

that he is keeping alive the spirit of enterprise, that he is giving encouragement to incentive, and that he is building up a national income from which our standards are improved and from which our defence effort can be strengthened and because of which confidence in the future of Australia will be strongly sustained.

When the people of Australia know these things, when they consider in far more detail than I can give tonight, but in the kind of detail which I hope honourable members on this side of the House will be giving in the period ahead, what alternative is offered in terms of policy by honourable gentlemen opposite, then I do not think they will have any doubt as to where they should turn. I can recall a very respected Labor leader in this House telling us years ago of Labor's attitude to employment. We have sustained full employment. I refer to the late Mr Chifley.

**Mr Curtin**—The Prime Minister called him a Communist.

**Mr HAROLD HOLT**—I have never called him a Communist in my life, but I know people in the honourable member's Party who helped to bring him to an untimely end. The honourable member should not stir up these old embers. I have been in this place a long time and I know the factors which operated on some former Labour leaders. The late Mr Chifley, dedicated as he was to full employment, made it clear that Labor's view on full employment was not the voluntary movement of people from job to job. He pointed out that there might have to be transfers of whole communities. I can remember his saying something to this effect—and honourable members opposite will not challenge it: 'You need not think you are going to sleep in the same bed every night or look at the same Town Hall clock. You will go where a job is provided for you.' We have sustained full employment in this country on a voluntary basis. We have enabled people to take the jobs of their own choosing and the economic climate has been so right that not only have they had the jobs but the great mass of new settlers who have come to us have been quickly placed in employment and added to our strength.