



## PRIME MINISTER

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The Leader of the Opposition's confused and confusing grab-bag of economic policies is a model of irresponsibility and a recipe for inflation. It would seem that the Opposition believes the economy is slack rather than fully extended. If so, Opposition spokesmen are the only individuals to make this claim for many months.

When the Labor Party was elected by the people in December 1972, there was unemployment and there was a need for stimulatory Government action. In the year 1972, the growth rate of gross non-farm products was only 3 per cent. Action by the Australian Labor Government increased the growth rate in 1973 to 7 per cent and eliminated unemployment. During the year 1973, male employment rose by 2.9 per cent and female employment by 8.2 per cent - more than double the rate of growth in the previous twelve months. The Australian Labor Government is not willing to fight inflation by deliberately creating unemployment. In my Policy Speech of November 1972 I undertook that the restoration of genuine full employment would be our first priority. We achieved this objective and we do not regret it.

During the year, as inflationary forces gathered momentum throughout the world, the Government took a series of measures to restrain the forces of inflation. International events ensured that inflation during the last year would be greater than in the previous year. Nevertheless, they would have been greater still if the Government had not taken these measures - each of which was caused by the Opposition at the time. The best economic advice available to any Australian government led to revaluations of the Australian dollar, the 25 per cent across-the-board tariff cut, the gradual tightening of monetary policy and the significant cuts in public expenditure from the recommendations of the Coombs' Task Force. This advice had, in many cases, been tendered to the previous Liberal/Country Party Government but they did not have the political courage to accept it.

It is perhaps understandable why the Opposition should, for short-term political reasons, have criticised each and every one of these actions as they were made. However, it is totally irresponsible for the Opposition to undertake to reverse virtually all of these decisions at a time when they seek to present themselves to the Australian people as a credible, alternative government. The Opposition's policy would constitute an act of vandalism against the economy from which it would take many years to recover.

I completely reject the impression the Opposition seems to convey that the growth of the Public Service has been abnormally high. The rate of growth has in fact been lower than in three of the last few years of Liberal/Country Party government. The Leader of the Opposition is simply misleading the Australian people when he implies that there is significant scope for economies in this area. If we set aside the people employed in Defence and in the non budgetary expenditure of the Post Office, the total amount to be spent in 1973/74 on salaries by the Australian Government is only \$782 million, and all other administrative expenses only \$358 million. If they slash the Public Service by 25 per cent, they would still not be close to their figure of \$600 million, which has been plucked out of the air as an electoral tax bribe.

I also reject Mr. Snedden's assertion that only the private sector is "productive". Public investment in roads, schools and public transport is essential for the health of our economy. Mr. Snedden's unspecified cuts on "capital works" will seriously inhibit economic development as well as social welfare.

The increase in interest rates was an effect of the Government's decision to reduce excessive liquidity in the economy - one that will be reversed as soon as the threat of excessive liquidity has disappeared. The Opposition's undertakings to remove the variable deposit requirements will release a flood of foreign money into this country which can only increase inflation. To undertake to remove domestic monetary restrictions at the same time can only be described as irresponsible. The seeds of our present inflation were sown when the Liberals allowed unprecedented growth in money - at an annual rate of 34 per cent - in the last six months of 1972. We are only now beginning to recover from their neglect.

At a time of inflation, a Government must take some tough decisions. I believe our Government in its tariff cuts, revaluations, interest rates and implementation of the Coombs' Task Force recommendations has shown that it is capable of taking tough decisions which offend powerful vested interests. Mr. Snedden's extraordinary series of undertakings constitute a sell-out to every vested interest that has been affected by our decisions. We well remember how fundamentally Mr. Snedden's economic policies changed when he moved from Minister for Labour and National Service to the Treasury - when he changed his advisers, he changed his policies. Now he has lost his advisers, he has lost his policies. His confused series of undertakings are completely negative. He simply wishes to reverse decisions the Australian Labor Government has made. Australians may well ask - we know what Mr. Snedden is against - but what is he for? At a time of inflation, the Australian people need a Government with political courage. At the very outset of this campaign, it is clear that the Opposition has none.