

27
30

SPEECH BY THE PRIME MINISTER, THE HON. E.G. WHITLAM, Q.C., M.P.,
OPENING ADDRESS TO CONFERENCE OF THE CENTRE FOR RESEARCH ON
FEDERAL FINANCIAL RELATIONS, AUSTRALIAN NATIONAL UNIVERSITY
27 August 1975

THE NEW FEDERALISM:
A REVIEW OF LABOR'S PROGRAMS AND POLICIES

The title given to this Conference itself illustrates a basic characteristic of Australian federalism and the approach which Australians have usually taken towards their federal system. The general title is: "Making Federalism Work - Towards a More Efficient, Equitable and Responsive Federal System". We Australians have always tended towards a pragmatic and practical approach without concerning ourselves overmuch with deep questionings about the philosophical nature and purposes of federalism. Significantly this conference does not ask the question, what is Australian federalism? It asks, is federalism working, or can it be made to work better?

One might draw a contrast with America. A similar conference in the United States would, in all probability, be as concerned with first principles about the nature and purpose of the American Constitution as about its practical operation. For a variety of reasons, the Americans have always tended to be more reverential towards their Constitution than Australians, though curiously, much more ready to amend it.

Whatever one's opinion about the excellence of the Australian Constitution, one would not, I think, readily apply to it Gladstone's description of the American Constitution as "the most majestic single work ever struck off by the brain of man". However high our regard for our own founding fathers, it lies this side of idolatry.

The practical and political preoccupations of our Constitution-makers at the conventions of the 1890's still dominate our approach today. We are still preoccupied with practical and political questions of how to make the Federal system work.

In particular, we have been concerned almost exclusively with financial relations, as the name of the Australian National University Centre for Research on Federal Financial Relations itself bears out. Up to 1972 this question was invariably referred to as Commonwealth/State financial relations and usually meant Commonwealth versus State financial relations. To the extent that Australian federalism has been limited to the concept of Commonwealth/State financial relations the debate has tended to be cast in terms of confrontation between the States and Canberra. This has occurred whatever the Party affiliation of the State Premiers, whatever the ideological stance of the Prime Minister of the day - a conservative federalist like Menzies, a conservative centralist like Gorton, or a reform regionalist like the present incumbent.

My first involvement with this Centre when its establishment was proposed by Mr McMahon in 1972 was to urge successfully that local government should be included within its research charter. One hopes that the continuing work of this Centre and conferences like this may help broaden the debate and lift it beyond the slogans of centralism versus States' rights. I believe they are concepts which little accord with the needs or ideas of the Australian people and are even less in accord with the reality of what the Australian Government is trying to achieve.

I accepted the suggestion that the theme of my own address should be: "The new Federalism: A Review of Labor's Programs and Policies". I thought that appropriate not least because I used this expression - towards a new federalism - in the last major address I made on this general subject within this University - to the Academy of Social Science at the Australian National University Seminar on Intergovernmental Relations on 8 November 1971. I meant then and mean now nothing especially grandiose about the term. I do not pretend to have invented a new philosophy of government. My Federalist Papers, if ever honoured by publication by the A.N.U. are not intended to be a new testament to replace Hamilton, Madison and Jay.

I was concerned then as I am now that our institutions and administrative system should provide a proper balance between finances and functions, that each of our three levels of government should be able to carry out the functions which it is best able to perform. As I said here in November 1971:

"Each of our three levels of government has functions which it is best able to perform. The key to effective performance is not domination but consultation, not centralisation but co-ordination. An Australian Schools Commission would no more deprive the States of their schools, nor an Australian Hospitals Commission deprive the States of their hospitals, than the present Universities Commission has deprived them of their universities. Failing such commissions I see no way of determining the objective priorities for those Commonwealth grants without which neither schools nor hospitals can improve. Again, we will not return power to the people simply by concentrating assistance on the existing States. A meaningful devolution of power will be effected in this country only when we provide local authorities with the means and incentives to associate freely on the basis of shared urban and regional interests. The new federalism will rest on a national framework for the establishment of investment priorities and a regional framework for participation in all those decisions which most directly determine the quality of our lives."

You will see that that statement addressed itself to the three criteria implied in the theme of this conference as the benchmarks by which we may measure how well federalism is working - first more efficient, secondly more equitable and thirdly more responsive. But there is a question within the question posed in each case. More efficient, yes - but for what purpose? It is possible to create a system which may be quite efficient for the administrators but not very efficient in the delivery of the benefits it is designed to give. More equitable - for whom? It is possible to make arrangements which are seen as equitable as between the levels of government concerned in those arrangements but which impose continuing inequalities as between States and regions. More responsive - to whom? It may be possible to have a national government which seems to respond readily to demands and pressures from State Premiers but which is not really responsive to the needs or wishes of the people.

Oversimplified concepts such as centralism or States' rights, particularly if they are thought of as mutually hostile, mutually exclusive concepts, would have very little to do with the promotion of efficiency, equity or responsiveness. And of course it is a gross oversimplification to depict the actions of the present Australian Government in centralist terms. It is a grotesque caricature to depict the program of the Australian Government in centralist terms.

It is not perhaps sufficiently recognised how much the program I set out on behalf of the Australian Labor Party in 1972 was about federalism. Indeed in its totality, in terms of the initiatives and innovations proposed and the means by which they were to be implemented, the policy speech of 1972 could well justify the description of being a document for a new federalism.

It is true that these programs specified new initiatives and called for vigorous action by the national Government. The programs assert the principle that unless the national Government becomes involved in a major function or costly service that function or service will either not be financed fairly or not financed adequately or not financed at all. It should be equally recognised that those national initiatives and actions required co-operation with the States and the involvement of the States and local government. Action, reform, involvement by the national Government are not necessarily centralism. The program of 1972 was not framed by doctrinaire centralists. It was not framed as a statement of centralism. Nor, significant was it interpreted as such when it was presented and argued - not, to the best of my recollection, by those who criticised it, and certainly not by those who supported it. It was never depicted in those terms.

For example, there would be no Australian newspaper more apt to detect the centralist heresy than the Sydney Morning Herald. As the thinking behind the Labor Party's program for national involvement developed and matured, so did the views of the Sydney Morning Herald. I raised some eyebrows and some horse laughs when I first urged national assistance for sewerage works. On 24 October 1969, the eve of that year's House of Representatives elections, the Sydney Morning Herald had climaxed its editorial campaign against the A.L.P. with a crunch line on - I quote - "Mr Whitlam's dizzy vision of Canberra deciding the correct line of a sewer in Bankstown." By 23 January 1970 it was saying "...surely the Commonwealth Government will heed the plea of the Premier, Mr Askin for special assistance on such a basic problem as additional funds for the Water Board's sewage treatment plans". On 6 August 1970, it again gave the Water Board's sewerage backlogs as "surely an unanswerable instance of the need for the Commonwealth to accept greater responsibility for urban requirements." On 26 December 1970: "If problems such as pollution are not to grow much worse, governments, and especially the Commonwealth Government, must show a deeper appreciation of city needs". On 7 April 1971: "More than 500,000 homes in the Sydney metropolitan area are still unsewered. These basic problems can be overcome only by a reappraisal of priorities at the Federal level." I've never seen such intelligent, fair-minded, responsible, judicious editorials in the Sydney Morning Herald - until last week's Budget!

At the heart of the program for national involvement lay a view about modern, more contemporary, more rational relations between the three levels of government and more modern, more contemporary, more rational arrangements for the financing and discharge of functions which modern communities now require their elected representatives to fulfil.

Just how much our program was a statement about federalism - a partnership between the three levels of government - is evident by recalling very briefly its key proposals.

The Schools Commission was designed to examine and determine the needs of students in government and non-government, primary, secondary, and technical schools. Quite apart from the objective of making vastly more money available for education, we intended the Commission to help the States with the greatest burden upon their Budgets - schools.

The Pre-School Commission was designed to enable the children in the States to enjoy at least equal opportunities for pre-school care and education then enjoyed only by children in Canberra, where the Commonwealth could not escape responsibility

The abolition of fees at tertiary institutions and the assumption by the Commonwealth of full responsibility for financing tertiary education fulfilled an agreement made by all the Labor leaders, federal and State, in 1967.

So similarly did our undertaking to make the full range of Commonwealth assistance available for buildings and equipment for staff and students at all teacher colleges.

The proposal for a Hospitals Commission meant that the States would be helped with what was then the heaviest burden on their budgets after education.

The program for urban and regional development represented an altogether new approach to the idea of national involvement in the places where most Australians live. It envisaged an altogether new approach in the relations between the three levels of government. The specific proposals included the creation of land commissions, a new Commonwealth/State housing agreement, a national sewerage plan and national aid for urban transport. We proposed to require the Grants Commission to promote equality between regions as it had formerly promoted equality between the States. We undertook to accept the offers - as they then were - of the New South Wales and Victorian Premiers - as they then were - for the transfer of their State railways systems and to accept such an offer from any other State.

We undertook to revive the Inter-State Commission to enable it to achieve the purpose envisaged by the Constitution of ending the centralism fostered by the State Governments within their borders through their transport systems. We undertook co-operation with the States in supporting the regional development plans they had already announced. We undertook assistance to the States and to local communities for the preservation of the national estate.

In order to make local government a genuine partner in the federal system we undertook to make direct representation of local government a condition of the Australian Government's participation in the Constitutional Convention proposed for 1973.

Further, we proposed an amendment of the Financial Agreement to give semi- and local government authorities a voice and a vote at the Loan Council.

It is impossible to say which parts of the program presented in 1972 were most important in sheer terms of winning the necessary votes to change the balance of political power. Certainly, issues like conscription and Vietnam were charged with more emotion. But the ongoing issues, the ones that had to be developed most thoroughly, to be explained most frequently, to be expatiated upon at greatest length and in greatest detail were those that come under the three broad headings of education, health and urban and regional development - schools, hospitals, cities. They might not always have raised the loudest cheers, but they certainly sustained the longest interest. They may not have been gut issues, but they were the guts of the program. And the great relevance of this basic political fact in my present context is that these programs had to be defined within a reasoned framework of national-state-local relations, financial, functional and administrative.

They had to be relevant and shown to be relevant to the systems within which they would update the Australian federal system. The program for schools, hospitals and cities would never have made sense had it been conceived just as an exercise in centralism; it would never have been endorsed if it had been perceived as such.

It is important to remember that the essence of these programs is not just increases in government spending. We sought new techniques, not new taxes. We sought to improve the machinery by which Australians govern themselves, not just to outlay more of their money on national programs which might hold electoral appeal for them.

The program was, particularly in its earliest stages of implementation, admittedly expensive. It was avowedly expensive. We sought to do two things. We sought to catch up a backlog over a whole range of social matters created by twenty-three years of conservative government and we sought to make a breakthrough over a whole range of national issues - to make Australian government more efficient, more equitable, more responsive.

We make no apologies for being an activist Government. But there is nothing necessarily centralist or anti-Federalist about action by the national government. More action by Canberra need not be equated with more power for Canberra. National involvement in the planning and financing is not incompatible with co-operative planning. Rather it is essential to successful co-operative planning - under the Australian system.

This holds true even in cases where the very greatest of new outlays have been involved. In what sense can it be rationally argued that the vastly increased sums made available to the State Education Departments and the non-government schools through the Schools Commission is a victory for centralism? Who could now dismantle the Schools Commission in the name of State rights? Again in what sense can it be rationally argued that the redundancy of the private health bureaucracies through Medibank is a triumph for the central bureaucracy? But the long rearguard action by four of the States against Medibank was presumably fought on just that ground.

I can best illustrate the approach of the Australian Government by referring to the actions we took at the three Premiers' Conferences of 1973, 1974 and 1975.

At the 1973 Premiers' Conference I put the view that in the fields of welfare housing and tertiary education, Australian Government spending had grown so much in the 30 years since the Commonwealth first became involved that the Australian Government should now accept full financial responsibility for them. The States accepted the view; the Australian Government now accepts that responsibility.

At the 1974 Premiers' Conference we adopted a new roads program. I put the view that there was no hope of our having satisfactory inter-State highways under the existing arrangements and that acting under Section 51(i) of the Constitution the Australian Government was prepared to accept not just 80 per cent of the financial burden, but 100 per cent.

At the 1975 Premiers' Conference I stressed that the Australian Government was not prepared to carry the States' deficit where it is growing most rapidly - on railways and hospitals - other than on the basis of the agreement which we had already achieved with South Australia. That is, we are prepared to acquire the State railways and to share hospital costs fifty-fifty.

In other words, at these three conferences, we have shown our readiness to adopt a constructive approach to the financial problems of the States. It seems to me ludicrous to suggest that the provision of basic physical services like inter-State roads and railways should be submerged in debate over questions of political power or political rights. In other federal systems such matters are planned on a national basis.

I must emphasise, however, that our approach to the States' financial problems has by no means been limited to a willingness to accept responsibility for some of their more burdensome and costly services. We have not only freed them of some of their burdens, but have given them the financial means towards greater freedom in pursuing their own purposes. There has been a very large increase in general purpose funds, even given the constraints all governments are now under.

The figures are instructive: improved financial assistance grants to the States, accepted at the June Premiers' Conference, will provide a total of about \$3,185 million in 1975/76, an increase of \$811 million or 34.2 per cent over the grants paid in 1974/75. The States are free to determine how these funds are spent. The increase of 34.2 per cent is very significantly greater than the increase in total Australian Government outlays estimated at 22.9 per cent.

There is the additional freedom which Medibank funding will provide to the States in 1975/76 - relief of the order of \$300 million. The Australian Government has undertaken that such relief will not be the subject of "offsets" to general revenue grants. Unconditional funds available to the States will thus be very significantly increased.

The Budget itself reflects an important change of emphasis in our future approach. In the first two years of office we relied heavily on grants under Section 96 of the Constitution to break through in key areas which had been badly neglected by our predecessors. Under Section 96 we involved the national Government directly in new initiatives at the local level. In the new Budget we have increased emphasis on untied grants to the States through general revenue assistance and to local government through the Grants Commission.

The June Premiers' Conference was also notable for a significant move towards co-operative planning with the States. Premiers' Conferences themselves are obviously unable to act effectively to co-ordinate policies and determine priorities. Before the June Conference Australian Government officials conferred with State officials on the development of co-operative planning. Those discussions were taken further at the Premiers' Conference itself and the Premiers agreed that the officers should develop more specific proposals and report back to us.

As I told the Premiers:

"The Australian Government will be seeking in the longer term a more rational and co-ordinated system of assessing needs, setting priorities and allocating resources in the public sector - one based on co-operation between Governments. It may take years to develop a new approach of the kind we have in mind, of the kind discussed among our officials. But we believe a start should be made now."

We have already taken steps towards co-operative planning, for example in the fields of transport, health and urban development.

Transport systems should be planned on an integrated basis, the right balance needs to be struck between land, sea and air transport so that the resulting total system satisfies our nation's needs and priorities.

The Transport Advisory Council has become the major forum for discussion and consultation on the problems of public transport services and main railway lines and is now concerned also with road matters. Moreover, the Australian Government has recently taken the initiative in bringing aviation matters before the Council.

In the healthfield, two major new programs have been developed by the Hospitals and Health Services Commission in close co-operation with the States - the Community Health Program and the Hospitals Development Program.

In the latter case, formal provision has been made for co-operative planning - the hospitals buildings program for each State is considered jointly and formally by equal numbers of Australian and State Government officers who recommend to their respective Governments the total program of hospital development within the particular State.

In the case of the community health program, there is a process of consultation, somewhat short of co-operative planning, which recognises that individual health services must be seen as part of an integrated and co-ordinated system.

There is growing support for the development of a regional approach to the planning of health services. New South Wales has formally regionalised its health services planning and administration, and other States are examining such an approach.

It is hoped that as regional planning and administration of health services are developed the Australian and State Governments will be able to divest themselves of unnecessary detail and devote their energies to co-operative planning and evaluation at the broad level, while responding to and promoting detailed planning and administrative responsibility at the regional level.

There has been considerable progress recently in the development of co-operative planning arrangements in the field of urban development.

Perhaps the most complete example is the arrangements for Ministerial Councils to oversee the development of each of the designated growth centres. These Ministerial Councils require the State and Australian Ministers working jointly to determine the overall development strategy for each growth centre and the forward financial plan associated with that strategy on a rolling basis five years ahead.

The Australian Government's intentions for co-operative planning are that it be a process by which national priorities are identified and harmonised with the priorities of other levels of governments; by which co-ordinated forward planning is developed in pursuit of agreed priorities and by which function and finances of the Australian, State and local governments are better balanced.

In February this year I announced the establishment of a small committee of Ministers to be concerned primarily with the Australian Government's relations with the States. The Ministers are the Treasurer, the Minister for Social Security, the Minister for Urban and Regional Development, and myself. This Committee is also undertaking examination of programs of direct assistance to regions, to local government and to local communities. This Australian Government has stressed a regional approach to planning and decision-making.

Agreement has been reached with all States on the regional borders used for Grants Commission purposes. In most cases these boundaries have been defined by the States themselves. Our purpose in developing a regional policy, in identifying logical regions and hopefully, contributing to the growth of a sense of regional identity among Australian communities, is not to out-flank the States or to replace local government. But it is a fact that there are a wide range of community programs and services which are most efficiently and equitably planned, co-ordinated and delivered at a level intermediary to those of State and local governments. There are many examples - electricity, reticulation, water and sewerage, hospitals, libraries, some forms of public transport and some welfare services.

The Australian Government has been encouraged by the degree of acceptance of the concept of regionalism by local government and the widespread recognition that regionalism is not a threat but rather a stimulus to local government. For our part, we see regionalism as crucial to our efforts to make local government a genuine partner in the federal system. The work of the Grants Commission has been the most important step to that end that we have so far achieved. Following the Government's acceptance of the Commission's Second Report \$80 million will be provided without conditions this year - a 42 per cent increase on last year. Despite our efforts at the 1973 Constitutional Convention and at a special Premiers' Conference in October 1973 and at the May 1974 referendum, we have not yet been able to fulfil our promise of 1972 and our hope of 1974 to give local government a voice and a vote in the Loan Council and reasonable direct access to the nation's finances.

Central to our concepts of regionalism are devolution of decision-making and public participation at the regional and local levels - to give the people a say in matters affecting them directly. The Coombs Royal Commission is examining the regionalisation of Australian Government administration with the aim of improving the delivery of government services to the citizen and of giving the citizen easier access to the array of services provided by different levels of government.

At the Constitutional Convention on 3 September 1973 I put it that regionalism was a logical and necessary extension of the federal system. I said:

"Why did we create this Federation? The answer is partly to alleviate inequalities between regions, between colonies. Why did we accept the Financial Agreement of 1928? The answer is to alleviate inequalities between the States. Why did we establish the Grants Commission? To reduce even further inequalities between the States. Much of the object of our history, the thrust of our traditions, a deep part of the purpose of our being one nation, is to alleviate inequalities. The task now is to alleviate inequalities between regions; our new regions, our new pattern of development know little of the borders and boundaries established in Whitehall last century."

It is ironic indeed that some of the Constitution's clearest intentions and the clearest intentions of the Constitution-makers in the 1890's are still so strongly resisted in the 1970's.

A striking example is the resistance to the reconstitution of the Inter-State Commission. Section 101 requires the appointment of the Commission. The section reads:

"101. There shall be an Inter-State Commission, with such powers of adjudication and administration as the Parliament deems necessary for the execution and maintenance, within the Commonwealth, of the provisions of this Constitution relating to trade and commerce, and of all laws made thereunder."

The Joint Committee on Constitutional Review, to which I was appointed in 1956, unanimously recommended in 1959 the reconstitution of the Commission. It was, as I mentioned earlier, one of the undertakings I gave in 1972 and repeated in 1974. I don't recall in all those years any suggestion that the Commission or the proposal to reconstitute it was in any way sinister. Yet our intention - and more our positive undertaking - to re-establish the Commission has been stalled in the Senate and you may have noticed some of the denunciations.

For example, the New South Wales Minister for Federal Affairs, Mr Hewitt was reported on 26 August - in Tuesday's Sydney Morning Herald - as saying:

"The bill is more in keeping with the practices of Nazi Germany than a federal democracy such as Australia".

The fact is that the Commission would do the job intended by the Constitution - to help solve the problems, particularly transport problems, inherent in a federal system, inherent in the continental nature of Australia herself. There are the current examples of Bass Strait freight rates, Victorian transport costs to the Riverina and the cancellation of shipping services operated by Associated Steamships from Fremantle to the eastern States. As I wrote on this last matter to the Premier of Western Australia, Sir Charles Court, on 13 August:

"The Australian Government's intention to re-establish the Inter-State Commission, which has been delayed by the Opposition in the Senate, is designed to examine and seek solutions to problems of this nature involving competing modes of transport. In the absence of legislation re-constituting the Commission, Government intervention in matters of this kind is beyond power under the Constitution."

To sum up the approach of the Australian Labor Government to the federal system:

- . the national Government has involved itself directly in financing and planning of a wide range of new functions, particularly where national involvement is crucial to the achievement of equality of opportunity and equality of services,
- . in its relations with the States, the national Government has accepted or is willing to accept financial responsibility for services, the provision of which has hitherto imposed the heaviest burdens on State budgets. Yet at the same time we have increased general purpose grants at a significantly increased level.

- . We have embarked upon co-operative planning at both the Ministerial and official level on a continuing basis in those areas where national and State responsibilities overlap or dovetail.
- . We have developed a regional policy to provide community services which cannot be as well provided by any of the existing levels of government acting alone.
- . Local government is becoming a genuine partner in the federal system and is securing direct access to the nation's financial resources.

In contemporary Australia, the questions about structures, systems and powers - the sort of concern expressed in the old slogans about centralism or States' rights - are more likely to be the preoccupation of politicians, public officials, the press and, perhaps, academics, rather than the general public. The people's concern will not be so much who performs a function, but how well it is performed in terms of their needs and wishes and hopes.

The program of the Australian Labor Party, as developed in Opposition, as implemented in Government, has been very much about an attempt to bring our federal system and our federal machinery up to date, at least to a degree already achieved by comparable federal systems, particularly those of Canada, West Germany and the United States.

For more than a generation, the old approach to the Australian federal system - the buck-passing of responsibility between governments, the crude confrontation at the annual charade of the Premiers' Conference - exploited the federal system at the expense of the Australian people. The limitations of the Constitution were used by all governments of all parties - Federal and State - as an alibi. Canberra exploited the system to justify indifference; the States used it to justify inertia. I might say in passing, that Liberal Premiers sometimes think that I am abrasive about their unwillingness to come to terms with new realities; let me say at least that I am even sharper with any Labor leader or State branch who uses the alibi of the federal system to justify their failure to develop policies either relevant to that system or particularly relevant to the needs of the people of their States.

Be that as it may, the fact is that for a generation and more, other federal systems were attempting to move ahead, to grapple with the new problems created by the New Society - these highly urban, highly mobile, highly technological civilisations. We lagged behind.

In very many important respects - urban development, transport, health, welfare, education - our program was developed and designed to match these new realities and to match what was already being done in modern comparable federal systems.

It is interesting - some may say ironic - that just when the Australian Government and the Australian system began to catch up in terms of what had been done abroad in Federal systems long ago, the results achieved in other systems should come under a new and searching and critical scrutiny, indeed a fundamental reappraisal. The new concern is whether the objectives sought by the range of new federal programs are actually being met. Are they delivering the goods to the people they are designed to benefit? Are the expectations raised by the promise fulfilled in the reality? Have they produced benefits proportionate to their cost? Have they created welfare or merely a welfare bureaucracy? These are proper questions already being asked, particularly in the United States. We should certainly be asking them here about our own programs. I should be the last to suggest that there are no lessons to be learnt from overseas experience, from the experience of comparable federal systems, except those that were to be learnt up to December 1972.

It is further interesting to note that, in the United States, the new questioning about the efficiency, equity and responsiveness of federal programs comes especially from concerned liberals, from Democrats, from the heirs of the New Deal and the authors of the Great Society.

But this new scrutiny would miss its mark if it mistook failures in specific methods for failures of ideals and objectives. It would be a travesty and a tragedy if the objectives of welfare, of equality, of civil liberties, were to be discredited simply because of flaws in the means by which governments, here or abroad, were attempting to achieve them.

Knowing how quickly we imitate trends of discussion in the United States, I think it very likely that it will become fashionable here quite soon to decry and deride and strive to discredit the great post-War effort towards collective and community social welfare and social equality made in the United States, as well as in Europe, in Britain and in Australia herself.

From those who seek to enshrine inequality, there is going to be a great deal of talk about "enforced equality". Such arguments will miss the point entirely. President Johnson proclaimed the Great Society. The ends which were sought have not been achieved. The expectations aroused have not been met. All sorts of reasons are given and there is truth in them. But if the vision splendid has dimmed, let us remember that beyond the actual shortcomings of the programs, in both conception and execution there was a fundamental contradiction which lies at the root of the failure of the Great Society. The contradiction was that even the United States, for all its unparalleled wealth and power, could finance both the Great Society and the war in Indo-China without damage to herself and all of us. And just as that fallacy is at the root of the failure of the vision of the Great Society, it is at the root of half the economic problems we all face today. Let us bear that in mind, before we pass judgement on the success or failure of federal government-sponsored welfare programs, either in the United States or in Australia.

Nonetheless, the scrutiny of such programs must be undertaken - are they efficient, are they equitable, are they really responding to the needs and wishes of the people. That scrutiny is being undertaken by this Government. The Budget itself was part of that process - as the Treasurer put it:

"A time to pause and take stock, a time to consolidate".

We want a continuing scrutiny to go on in co-operation with the other Australian governments at all levels - at the federal, State and local levels, at the political and administrative levels.

I believe the record of the past two and a half years justifies the assertion that the Australian Government has tried to inject a new life into the Australian federal system and a new meaning into Australian federalism.

It has not been done through any mindless, centralist doctrine, but by a genuine effort to build more modern, efficient machinery at all levels of government. It has been a genuine, creative, constructive, co-operative effort to make Australian federalism more efficient, more equitable and, above all, more responsive to the people of Australia wherever they live.
