



PRIME MINISTER'S WEEKLY BROADCAST

THE THREAT TO RECOVERY

26 October 1975

During the past week we have had brought home to us the harsh practical consequences of the Opposition's refusal to pass the Budget. The violence done to our democratic institutions is monstrous enough, but the violence being threatened to Australia's economy is scarcely less serious. In its grab for power, in its bid to overturn the elected Government, the Opposition is threatening the whole difficult and fragile process of economic recovery - at the very time when the first real signs of recovery are beginning to appear.

During the debate on the Budget a month ago I warned that nothing would be more harmful to Australia's economy than a wholly unnecessary constitutional crisis engineered by the Opposition. I pointed out that the Budget must be given a chance to work. By refusing to pass the Budget, the Opposition is denying that chance. They don't care about the consequences to the economy. They don't care about the effects on employment, on business confidence, on consumer spending or on anything else. They cheerfully contemplate the wreckage and disruption of the Australian economy as long as they get their way.

The Opposition has the gall to claim that the Budget has failed - a Budget which they won't even pass through the Parliament. They say the Budget isn't working when it hasn't even been passed. Yet when we look at the latest figures we can see that the Government's economic policies are working. On Thursday the consumer price index for the September quarter was issued by the Statistician. It showed an increase of 0.8 percent - a strikingly low figure, and the fourth consecutive quarter in which the rate of price increases has fallen.

Now I don't want to make too much of that figure. It would be tempting to claim, by multiplying that figure by four, that Australia's annual inflation rate is only 3.2 percent, the lowest in the western world. After all, that's how Mr Lynch, the shadow Treasurer, interpreted previous quarterly cost-of-living figures: he multiplied them by four and called that the annual rate of inflation. Well, I'd be happy for Mr Lynch to tell us now that Australia's rate of inflation is the lowest in the world, but we have to be quite realistic about this. We have to remember that inflation is still a problem in most comparable countries and that Australia has a long hard battle ahead before inflation is beaten completely. What we can fairly claim is this:

the latest encouraging figures on the prices front are due largely to the success of our wage indexation policies. Wage indexation is an immensely fragile and sensitive experiment. With goodwill on all sides it can work. It has taken months of negotiations with the unions and months of argument before the Arbitration Commission to bring indexation about. Nothing would be more likely to shatter the unions' cooperation and put wage indexation at risk than the Opposition's reckless attack on the elected Government and the resulting economic disruption.

Let's recall what is in the Budget which the Opposition is holding up. And let's remember that at no time has the Opposition proposed any credible alternative. About 3 million Australians - something like two-thirds of all taxpayers - will benefit from substantial tax cuts. About half a million present taxpayers will be freed from income tax entirely. Pensioners and low-income earners will gain the greatest benefit. The average wage-earner will pay almost 30 percent less tax on overtime and additional earnings. The family man with a wife and two children will be able to earn more than \$100 a week free of tax. The old system of deductions, which favoured the wealthy, will be replaced by a system of rebates which is fair to everyone. The Government has introduced a new tax deal for all Australians. What is the Opposition's alternative? They want double taxation - a return to the discredited system of pre-war years, when the States imposed income taxes on top of the federal tax, and the smaller States were worse off than the others.

For all of us in Canberra it's been interesting to see the growing panic and desperation of the Opposition reflected in their conduct in Parliament. Mr Fraser and his deputy have resorted to wild and unsubstantiated charges against Government ministers. Mr Fraser himself made a scandalous and quite unfounded attack on Frank Crean, the Deputy Prime Minister, accusing him of leaking a confidential document to the Opposition. The charge was promptly denied. It was baseless. Mr Lynch then tried to revive his pet Khemlani business by asking a question based on a newspaper report, and completely ignored the fact that in the very same newspaper there was a statement by an Adelaide solicitor denying the report on which the question was based. The Opposition will stop at nothing to smear ministers and even implicate their personal staff in phony charges of misconduct. This week Mr Fraser accused the Australian Statistician, an officer completely independent of the Government, of producing fraudulent cost-of-living figures. The most contemptible aspect of the Opposition's conduct has been an attempt to put pressure on the Governor-General himself. We've read and seen their desperate appeals to get the Governor-General to dismiss the Prime Minister and presumably install Mr Fraser instead.

The confusion and contradiction of the Opposition in this affair have been unbelievable. This week, when we submitted our Budget bills again to the House of Representatives every Opposition member voted against them in every division. Yet when the bills went before the Senate the Opposition resorted to its old stalling tactics and deferred the bills without actually voting against them. They lack the courage of their own

convictions. They denounce the Budget but haven't the guts to vote against it. They oppose it in one House but defer it in the other. They block the money for running the nation's affairs, and then claim that there's no constitutional crisis. For months they've cried doom and disaster and tried to panic the Australian people, but now, as the full meaning of their action dawns upon them, they assure us that everything is normal, that there's no crisis at all.

They go on parroting the slogan that the people must choose who the Government should be. The fact is that the people have made that choice. They made it 17 months ago - they elected a Government that commands a majority in the House of Representatives, a democratic Government, a people's Government, a Government that will not be removed from office half way through its term just because it suits the Opposition. Everything that has happened this week - the rallies and demonstrations in support of the elected Government, the strength and unity of the Labor movement, the panic of Mr Fraser and his followers, the mounting concern of Australians about where the Opposition is leading the nation's economy in this hour of crisis - everything has strengthened my resolve to stand firm and resist this attack on Australian democracy. Mr Fraser has blundered. He knows it - and to judge from this week's newspaper editorials, his friends in the press know it too. In one stupid act of constitutional aggression he has destroyed his own honour, threatened Australia's economic recovery, undermined our democratic institutions and rallied the entire Labor movement. He will regret this folly for the rest of his life.
