

PRIME MINISTERFOR PRESSNOVEMBER 17, 1975ADDRESS TO THE NATION

Since coming to office last week - as Caretaker Government - we have been fully advised by departments on the state of the Australian economy.

Jobs, prices, prosperity are matters that concern us all.

In fulfilling our pledge to provide Australia with sound management until the election, we have given special emphasis to our duty to be informed on the economy.

During the last week, certain facts have come to light which we have a responsibility to place before you.

They are not pleasant facts.

They are not welcome facts.

They show that, as a result of past policies, Australia will face very severe problems of economic management next year.

These are the facts.

The budget deficit will not be \$2,800 million as planned. We will be about \$4,000 million in the red by the end of the year. In two years Australia will have spent \$6,500 million more than we have got - over \$500 for every Australian. In August the former Treasurer said this kind of deficit would lead to "roaring inflation" and require "devastating monetary measures".

The rate of price increases in the December quarter will be about 5% - one of the highest on record - one of the highest rates in the western world.

This year our national production will be \$500 million less than estimated in the last budget.

Unemployment is now estimated to rise to over 400,000 early in the new year. Tens of thousands of school leavers will start life on the dole. Where is the recovery we have been told about?

Economy

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Latest statistics show that consumer spending is not recovering as we were told it would.

We now know that the political events of the last few weeks have had no effect on official statistics and forecasts.

As a result of the material now available, in our view, under Labor's policies, no real recovery was possible. The recovery is a myth. The economy is not coming out of its recession.

The facts were all available to the former government.

They are facts that should have been available to the Parliament

They support the view that the former government - at best - did not understand the extent of the damage caused by its incompetence, and that its economic policies had failed.

Despite the fact that the government knew that investment had fallen last year and would fall again this year, it did nothing. New jobs depend on investment. Without investment there will be no new jobs.

The budget deficit, declining investment, slower than expected growth, low confidence - these all mean that next year Australia will be facing more inflation, and the highest unemployment since the great depression.

In fact, official information only completed in the last few days, indicates that there could be 80,000 more people out of work by the middle of next year than expected. This shows unmistakably that talk of a recovery is quite wrong.

The previous government was told the situation by its own expert committees, especially the Mathews Committee. They warned how serious the situation was.

They warned that unless reforms were introduced the very survival of private enterprise was threatened.

It is worth remembering that private enterprise provides three out of every four jobs in Australia.

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The previous Labor Government ignored the recommendations. It was not prepared to exercise any of the necessary restraints on its own spending. In light of the facts I have given Government will continue to get bigger, leaving no room for new jobs in private enterprise.

If the Australian people approve our policies at the election, we will take action to introduce the recommended reforms as soon as practicable - we have long supported them. They will form part of our full three-year programme to get Australia moving ahead.

The reforms will mean that for the first time, wage and salary increases due solely to inflation will not lead to heavier taxes. They will mean that business will not be paying away in taxes the money it needs to create jobs.

These reforms, supported by the trade union movement, together with other policies to be announced in the policy speech will provide a solid basis for the recovery of business confidence, for co-operation between all sections of the community for restraint in government spending.

Under the terms of our commission from the Governor-General the Liberal and National Country Parties are pledged not to change any government policies before the election on December 13. Our responsibility is to manage Australia to the best of our ability, without changing policies, until that time.

The last three years have hurt many people. Those who are worse-off are:-

- * The weak and unorganised
- * The poor, the retired
- * The small businessman and the farmer
- * The school leaver
- * The family man who is paying more of his wages in tax than ever before in our history.

The first essential step on the road to prosperity is to be honest with ourselves about what has happened, to recognise the problems for what they are - immensely tough problems we can solve if we are prepared to work together as a people.

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I regret that this is a gloomy report. It is not going to be a quick and easy task to overcome the difficulties created by past policies.

Australia has had three dark years.

We are like a family that has greatly overspent its income:

- our house is mortgaged
- we have debts to pay with basically the same real income

It takes more than a year or two to pay off these debts.

I have the greatest confidence that Australians working together can resolve their present problems. But it won't be easy. It will require work. It will require determination. It will require effort, it will require the co-operation of all Australians.

Our policies will be directed to working with all of you to give Australia a responsible government, and one that you can trust.