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PRIME MINISTER,

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ADDRESS TO THE YOUNG LIBERAL NATIONAL CONFERENCE IN PERTH

5 JANUARY, 1976.

I am delighted to be here to open this National Young Liberal Conference. The Conference provides a welcome occasion both to congratulate - and thank - the Young Liberal Movement for the part you played in the result of the election.

The contribution of Young Liberals is invaluable in many ways - not only in election work and in assistance to members - but also through contributions to policy development on the whole range of issues. Your national office-bearers kept us informed of Young Liberal thinking on policy in pre-election period.

The role of the Young Liberal Movement is no less important now that the election is over. Along with the rest of the Party, the Young Liberal Movement has an important job to do in asserting a role for Government which helps individuals achieve a better life for themselves.

The Liberal Party is committed to achieving a way of life for Australians in which every person has the opportunity to achieve his or her goals in life. This is a commitment to progressive and responsible reform. The onus is now on us to work to achieve our objective in ways appropriate to Australia as it is. The size of our majority in the Parliament imposes great obligations on us. In this work the help and advice of the Young Liberal Movement is of great importance.

In the last three years we have seen the failure of Labor's attempt at reform. We should be very clear about why Labor failed so that we can avoid the same traps ourselves. Labor failed because they were unable to establish an effective process

for making decisions.

Labor failed because they did not maintain proper standards of conduct in Government. Above all, Labor failed because they tried to establish a role for Government which was utterly inappropriate to the needs of the country and the wishes of Australians. It never occurred to them to ask how the people concerned might be helped to solve the problem for themselves. Labor used problems to establish wider Government control over people's lives. This approach revealed Labor's deep distrust of people's ability to manage their own lives, to do things themselves.

Nothing symbolises Labor's attempt to dominate in all fields better than the colossal expansion of Government spending in the last three years. It took 72 years for Government spending to reach \$10,000 million. In three years Labor more than doubled this to \$22,000 million. This failure to exercise a responsible control over spending led to many of the problems Australia is now experiencing.

All Governments, all parties receive numerous requests to spend money from individuals and organisations around the country. These requests often overlook one critical fact: at any one time Australia's resources are limited. It is growth over time which provides the capacity to undertake new initiatives. Growth can be - and has been - undermined by unrealistic and irresponsible policies.

At any one time we cannot give money to some new project without taking money from some existing project. If we are not prepared to transfer money from one government project to another the money must be taken from private individuals or from companies by way of taxes.

It is often difficult to recognize the truth that in asking Government to pay for some new project we are actually asking our neighbours to pay for it, through the additional taxes or prices they will have to pay. People are probably prepared to

ask governments for money - where they would not ask their neighbours - because governments are impersonal, and because governments are sometimes, wrongly, thought to have access to an inexhaustible supply of funds. Asking government is often the easy way out. It requires neither the commitment nor the courage necessary to put one's plans before one's neighbours and ask for their voluntary support.

Many well-to-do groups have got Government assistance at the expense of those in real need. The Labor Party's lack of restraint meant that people did not have to face up to this fact. It sometimes seems easier to get projects started if they are supported by the Government. People feel aggrieved if the Government won't give them money to support some worthwhile project. People feel that Government isn't helping them because the politicians are too short sighted to appreciate just how worthwhile their project is - how much the changing times require this new expenditure. But how many people are prepared to say where the funds are to come from, who shall be taxed more heavily or which projects should be abandoned?

A people, a country need to be careful of the seductions, the attractions that appear to flow from a lack of restraint. For a while in the early days of Labor people felt that all Labor's projects could be paid for without pain - they could not. Only in recent times are people beginning to understand the effects of unrestrained expenditure by Government.

Unfortunately it is often the weaker sections of the community who must bear the heaviest costs. This was made very clear by the Henderson Report on Poverty in Australia. The Report emphasised the need: "To prevent Australian Governments falling into the inflationary trap of attempting to carry out so many social reforms or other public expenditures at once that they accelerate an inflationary spiral that does more damage to poor people than the assistance provided by the reforms. This trap is baited with the huge yields of taxation ... which accrue to the Australian Government when inflation proceeds at the acceleration rates of recent years. It looks as though there is lots to spend. To get back to reality we must remember the

size of the growth in real national output and the claims upon it". The Henderson Report argued that grave hardship had been caused to important groups of poor people over the last three years.

To pay for its programmes, many of which in isolation were worthwhile but which in total were impossible to realize, Labor had to force other people to curtail their plans. Labor had to raise taxes to the highest levels in our history. The main source of rising prices and declining job opportunities has been the massive expansion in government spending under Labor. This money had to come from somewhere. It came out of the savings of the retired, from those on fixed incomes, from all whose incomes were eroded by inflation. It came from private enterprise, from the money business needed to expand plant and equipment, money needed to create jobs.

Labor's taxes were identified by the Arbitration Commission as a significant cause of demands for wage increases. Prices were forced higher and higher by private enterprise's attempt to keep ahead of taxes and wages.

Last year, principally as a result of Labor's excessive spending and mismanagement, Australia actually produced less than the year before.

The paradox is that beyond a certain point the more Government spends to make everyone better off the more we are in grave danger of making everyone worse off.

In the last years we reached the absurd stage where we had a Labor Government actually robbing people through inflation of the money needed to create jobs. The Labor Party was actually funding its programmes at the expense of jobs. Tens of thousands of school leavers are having difficulty finding work because of the extraordinary spending spree we have just gone through. In the last two years the Labor Party actually spent \$7,000 million more than it raised in revenue.

The massive diversion of resources Labor engineered in its effort to

gain more complete government control over the Nation's resources produced the worst prolonged inflation in our history and the highest unemployment since the Great Depression of the Nineteen Thirties. This is why, despite the number of things Labor claimed to have done, most people felt less secure, less prosperous in 1975 than they had before. The only way we can really make everyone better off is to implement policies which will increase our total national wealth.

One of our most important tasks over the next three years will be to establish a more accurate understanding of what Governments can do to help people solve problems.

In the election campaign we placed before the voters a programme to ease the pressure on prices and wages, get job opportunities expanding again, increase Australia's production and restore prosperity. On December 13 the Australian people showed they wanted a Government which was prepared to take the action necessary to restore prosperity.

Economy has to start at home. The Government has to practise what it preaches. As evidence of our determination to curb Government spending and increase efficiency in administration we have introduced a number of measures directly affecting Members of Parliament.

The number of ministerial staff has been reduced from 242 under Labor to 166. The entitlements of Members of Parliament to overseas travel have been curtailed. Kirribilli House, which had become a second home for the Prime Minister, will be returned to its original purpose as a Guest House for distinguished visitors and occasional use only by the Deputy Prime Minister or Prime Minister. The size of the Public Service has been frozen. All Departments have been asked to examine and rank all their current activities in order of priority. They will not be allowed to rank activities equally.

We have reduced the number of Departments from 28 to 25 and the number of Ministers from 27 to 24. We have established under Sir Henry Bland an investigation of all functions presently

carried out by Federal Departments and Authorities to determine where economies may be made without affecting efficient administration. This inquiry should lead to a further streamlining of the allocation of functions and work among Departments and Authorities. It will also help to avoid duplication between the Commonwealth and the States.

Beyond these measures, difficult and hard decisions will have to be made. Let us not pretend that Australia does not face enormous and difficult economic problems, or that these problems can be solved without hard decisions. Resources will have to be made available to enable the private sector to start expanding job opportunities once more. But essential programmes in education, health, welfare and urban policies will be maintained.

In taking and implementing these decisions the new Government is determined to demonstrate its serious intention to co-operate with all sections of the community and with all levels of Government in meeting the Nation's problems. We will be a Government for all Australians. One of our first actions on coming to Government was to hold discussions with the Trade Union movement and with employers. We will shortly be holding a conference with the Trade Unions and employers which will include briefings on the state of the economy and discuss industrial relations and the constitution of the National Labour Advisory Council.

In solving our problems Australia will need a new idealism. A true idealist does not merely advocate expensive programmes of Government spending. He is prepared to contribute to the costs of his ideals, to sacrifice things he values to achieve his objectives. He shows by his example what he would like others to agree to do. While it is obviously true that a start can only be made to solving some problems with Government expenditure, it is equally obvious that a vast number of the problems which trouble Australians are not solvable simply by spending more money. This is because they are problems of human relationships, which have never been known to greatly improve simply by spending money on them.

Spending money is only one aspect of the activities of Government. Government also has an obligation to govern honestly, to govern well, to govern justly, to hold the balance between different and sometimes competing sections of the community, to see that laws are fair and administered fairly, to see that policies and administration change as circumstances require, to see that there is a basis for respect for our Governmental institutions within our community and beyond it.

Many of the problems we face in areas such as education, social welfare and in helping Aboriginal people are not exclusively problems of money. To really help the disadvantaged we must have an understanding of what money can achieve, and the limits on what money can achieve. The view that the problems of the disadvantaged can be solved by the mere spending of money can be cruel and deceptive. We need good school rooms but that doesn't guarantee a good education. We need welfare housing but that doesn't solve the problems of the poor.

The Report of the Henderson Committee of Inquiry into Poverty will probably be known to you for its recommendations of a minimum guaranteed income. Less well known, but of very great importance, are the recommendations of the Report concerning the organization and delivery of welfare services. The Report criticised the present system of service delivery for excessive bureaucracy, impersonality, centralisation and lack of choice, the same criticisms that the Liberal Party has been making. The reforms required here are clearly reforms which the Liberal Party, with its emphasis on the individual, is much better fitted to introduce than the Labor Party. They are reforms which recognise the importance of relationships between people as well as the need for monetary assistance. Too much emphasis on one at the expense of another will only lead us deeper into trouble.

The Young Liberal Movement can play a valuable role in ensuring that Australia becomes a country in which Government facilitates rather than hinders people in achieving their own goals in life. You can do this by encouraging that practical idealism which requires a personal commitment and which aims to help people help themselves. You can do this by encouraging Young Liberals to

take part more widely in programmes to assist the disadvantaged and those in real need, by offering your personal support in terms of time and effort to worthwhile programmes, and by taking an active role in the matters which are important to your local community. You can do this by taking an active role in the affairs of the Liberal Party - by maintaining a continuing interest in what the Government does.

As security and predictability return to the lives of Australians you can help to ensure that people do not put aside Government as something that doesn't concern them any more, that as many people as possible remain concerned. Only if we are prepared to really work at it ourselves is Australia going to be a better country. Simply leaving it to the Government or advocating that "the Government should do something" is the road to disaster.

In the last three years we have come very close to destroying the basis of Australians' independence, the free spirit, the will, the initiative of Australians to solve their own problems and manage their own communities. Policies that breed dependence on Government have made that path so easy to follow, as it has been followed disastrously by other countries.

The basic distinction, in fact, between the Liberal and Labor Parties is that the Labor Party does not really trust people to do things by themselves. Labor has encouraged the centralisation of financial power in Government, and the increasing dependence of individuals and communities on what the Government chooses to provide. The Liberal Party on the other hand values the independence and autonomy of communities and people, and their right to make their own decisions and set their own priorities within the broad framework of the public interest.

We believe that people's needs are better met, that resources are better and more economically used, and that people become more confident in, and more skillful in the use of, their own abilities when they themselves make the decisions.

Our purpose must be to restore integrity and respect to Australia's public institutions. The political philosophy that the Government

knows best, that the more Government does the better, has failed in Australia as it is failing around the world.

It is a philosophy which, for all its pretensions, is ultimately distrustful and disrespectful of people. More than this, it is false because it overlooks the basic truth that people should know their own interests best of all, and this is especially true in an increasingly well educated society such as Australia, and that people can only grow in moral stature by taking their own decisions.

I hope that we will be judged in our turn by the extent to which we can restore to people the independence and dignity to which every person is entitled.
