



PRIME MINISTER

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ELECTORAL TALK

Last week the Australian Labor Party's leader presented his formal alternative to the Government's Budget. One central fact emerged from his statement. And that is that he has not learnt or understood that before anything else inflation must be controlled.

He has not been able to understand that in present circumstances inflation and unemployment and inextricable linked.

He does not understand - or does not want to understand - that there cannot be any sustained return to national growth and prosperity until inflation and inflationary expectations are curbed.

The Leader of the Opposition said, and I quote:
"People come last" in the Liberal Budget.

This is nonsense. I have said before and I repeat - this is a Budget of reform, People come first.

No aspect of our Budget demonstrates our concern for people more than the attack on inflation. I want to make the point clear. Unless inflation is seen to be coming under control there will be no increased investment, no long term sustained increase in consumer spending and no genuine increase in employment.

Inflation must be controlled before unemployment can be reduced on a sustained long term level. There are no short run panaceas.

As we have said all along - even before we were elected - the job ahead will take time. The key to how quickly we progress depends on what happens to inflation in the period ahead.

We have set a planned, controlled and steady course to control inflation. We are determined - as the Budget demonstrates - to reduce the annual inflation rate below 10 percent before the end of the financial year. What a far cry this will be from the 17 and 18 percent galloping inflation rate that highlighted the Whitlam years.

Just what did this rampant inflation do to Australia? It cost tens of thousands of jobs, sent industry broke and bankrupt, crippled the rural sector and smashed the savings of the poor and the pensioners. It just about brought this nation to its knees.

Yet once again Mr Whitlam has shown that he would go on spending. He is unrepentant. He doesn't learn easily. He fails to understand that his big spending approach simply leads to more inflation and more unemployment.

I repeat, the budget document is a budget for the people of Australia because it recognises the one central fact - inflation must be controlled before we can return this nation to sound, stable, manageable growth.

The Government's budget is also a budget that puts people first because it attacks the problems of taxation. For the first time in years it has taken the course of not raising any major tax at all. Anyone with the faintest concern with what is happening in Australia will know that taxation has become a major problem for individuals, families and businesses. Australians pay too much tax.

We have blocked this unlegislated tax grab by Canberra. This Government is committed to tax reform. We have already introduced full indexation on personal income tax and we have started reforms in the complex area of business taxation.

Tax indexation - now in operation - puts earnings back into the hands of individuals and eliminates as far as possible total dependence on big government programmes. We will continue to pursue vigorously our reforms in this vital area.

Our approach to this problem differs markedly from Mr Whitlam's. He does not see, or does not want to see, that excessive taxes erode incentives and make Australian families increasingly dependent on what politicians choose to provide. In other words, Australians under Labor had to meekly surrender their priorities to a Canberra based socialist government that believed that all power should rest with a few.

Mr Whitlam has again shed crocodile tears about this Government's method of putting responsibility back into national management.

Mr Whitlam mouths meaningless words about our so-called: "heartlessness" and "skinflint mentality".

Through this mindless rhetoric he and his party are incapable of understanding that the mere spending of money - fuelled by inflation - does nothing to meet the deep seated needs of the poor and underprivileged. He seems incapable of understanding that it is not enough that programmes are worthy. As I have often said, worthy goals are limitless - but resources are limited.

It has been a tragedy for this young nation that both government programmes and the hopes and plans of individuals have had to be cut back because our national resources have actually been diminishing. It has been a tragedy that for three years we had a government which had neither courage nor the common sense to set and keep responsible priorities.

We now have a Government that does have responsible attitudes and has taken responsible action. Our first budget demonstrates our priorities and our desire to set Australia firmly towards prosperity.

The budget provides jobs, restrains taxes, encourages initiative and helps those in need. It is a budget that Australians voted for last December.