



## PRIME MINISTER

FOR PRESS

5 MARCH 1978

### ELECTORATE TALK

This year promises significant progress in the Australian economy.

The results of the Government's firm and responsible economic management in the last two years will become even more evident.

It will also be a year when the most dramatic tax cuts in Australia's history take direct effect throughout the economy. They will lift spending which will, in turn, assist industrial production and stimulate economic activity. They will help create jobs.

The Government's economic strategy has been clear. For a long term and sustained reduction in the number of men and women seeking jobs, inflation had to be reduced.

Inflation has been making Australian industry uncompetitive. This meant that jobs were lost and opportunities for new jobs were squandered.

Our success in the fight against inflation is now without challenge - it is under 10% for the first time since 1972.

Inflation is still too high - but the rate will fall even further this year.

It is timely that with this success the Government has already in operation policies that will help create more jobs - without fuelling inflation.

The point that needs to be made is the February tax cuts alone will put almost \$1 billion into the hands of Australian families this year.

This extra money can now be spent on things we need - for ourselves and our families. That will mean more jobs for Australians.

Of course, unless Government policies continue to bear down on inflation the additional benefits from the tax cuts will be eroded, and job opportunities lost. That fight to beat inflation will go on as strongly as ever.

In terms of their impact on the economy, the Government's tax cuts are comparable to the measures which other countries have taken to stimulate their economies.

But the key point is that in Australia the stimulus is a responsible one. The growth in the money supply is being kept under proper control.

In other words, the stimulus from these tax cuts will not push inflation up.

It is worth recalling that these tax cuts have been made possible by controlling Government spending. We have been prudent with taxpayers dollars, - and are returning taxes to all Australians.

While the Government introduced its tax cuts and tax indexation in part as a stimulus to the economy, we brought about these changes for another reason: we believed simply that Australians were paying too much tax. Until we acted, our tax system took away the incentive to work, the incentive to earn.

Now, with inflation coming down and with anti-inflationary pressures at work in the economy, the Government's tax reforms are in place to provide a stimulus to the economy.

They can create increased demand for products and services which will lead industry and business to create new jobs.

The Australian economy is recovering. Government policies are working to create a climate of stability and certainty for private industry, which employs three out of every four Australians.

As inflation continues to fall, as interest rates fall, and as the effects of almost \$1 billion worth of the February tax cuts for this year alone take effect in the marketplace, unemployment will steadily fall.

These are the powerful forces that will open up new job opportunities for Australia.

Any attempt at the alternative - the "quick fix" or return to the "one stroke of the pen" approach - would be disastrous for Australia. The Government rejects that course.

---