



# PRIME MINISTER

FOR MEDIA

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## ELECTORATE TALK

Both the world economy and the Australian economy have been through a difficult period since the first energy crisis in the early '70s. All of the Western industrialised countries felt these pressures. But the response in Australia by the Whitlam Government was in itself a transparent crisis of management and policy because in many ways Australia had been in a more fortunate position than other countries.

Our natural resources, our great endowment of energy, our long record of low inflation - these should have provided the basis for relative improvement in Australia during those testing and difficult years. Yet we lost ground. Australia suffered a severe loss of international competitiveness. Our industry lost export markets. It faced increasing competition from importers and as a result had to really battle just to survive. Now, five years later - as a result of policies that have at their heart the reduction of inflation - forces are at work in our economy and our industries which give us cause for optimism.

There is no doubt we faced a formidable task in restoring the conditions on which Australia's future wealth and welfare depend - and in many ways the job has been much more difficult than many people believed. But we have achieved success because of our commitment to overcoming inflation and responsibly restoring a stable economic climate in which business can make decisions.

In essence, what we have been about has been to rein-in the demands of Government and to reduce what is called the Budget deficit. Last financial year the Budget deficit was reduced to just over \$2,000 million - well below the deficit of \$3.4 million in the previous year. That deficit was equivalent to substantially less than 2 per cent of the Gross Domestic Product, which is in marked contrast to the 5 per cent recorded in 1975-76 when Australia was counting the cost of the Whitlam Government's spending binge.

There is no doubt that in difficult world conditions our policies have had encouraging success.

The economy has been steadily growing in strength during the past few years and our relative position in the world has substantially improved. Inflation in Australia has been below that for major industrial countries since 1978 - and that margin has widened in our favour to about 3 percentage points. In other words, during the Labor years Australia lost ground, slipped behind the rest of the world, because of the policies followed by the Government of the day.

But today the position is reversed. We have pulled ahead of our competitors because we have been willing to take the necessary tough decisions. As a result, our competitive position has returned to levels that were last achieved in Australia in the very early 1970s. Our exports have greatly expanded, having risen by 33 per cent last financial year. And our balance of payments position has strengthened accordingly.

Continued strength is in prospect in 1980-81 despite the gloomy economic conditions facing many countries. Of course, the good news is not confined to exports. The Australian Bureau of Statistics' Survey of Investment suggests that a surge in capital spending will take place this year with gains in all parts of the economy.

The Government also knows of at least \$29 billion worth of investment in the 1980s that is firmly committed or ready to go ahead. Employment growth has also been strong during the last year. The number of people employed has risen by 175,000 while this week's figures show that total unemployment in July fell by 21,000 from the previous month. The figures showed that the unemployment rate, although too high, is below that at this time last year.

Australians do not need reminding that irresponsibility will certainly sweep aside these hard-won gains. That irresponsibility is already stalking the stage in wage demands and in confidence-shattering spending and tax proposals. If it is allowed to persist without challenge, faith and optimism for the future will be eroded and improvements in wealth and incomes forestalled.

Like Mr. Whitlam before him, Mr. Hayden clearly has thrown away any vestige of the essential commitment and sense of duty required of government leaders to strive for the best for all Australians. His commitment is to big spending. His faith is in an open-ended cheque book that bears the name "Australian taxpayer".

The ALP has already committed itself to \$2,000 million a year extra expenditure - and that in only about five areas of government. When all the other Shadow Ministers put in their bids - and all the other commitments are met - the additional spending under Labor will be much more than the taxpayers of Australia could ever afford.

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Without exception, each of Labor's so-called policy initiatives that Mr. Hayden trots out comes with the promise to spend up big. It is all trussed up to look moderate and reasonable. But beneath the word games, Mr. Hayden's answer in every policy area is simple - spend, spend, spend.

Australians were conned once by Mr. Whitlam's big spending. They won't be caught again. The plain truth is that sound and stable economic management is what is required - the type of management that my Government has undertaken in the last five years.

The Budget to be brought down in just over a week's time will demonstrate our continuing and unyielding commitment to sound and responsible economic policies. For without this we can never hope to control inflation, increase employment, encourage investment and development and secure a future for all Australians. Certainly many challenges lie ahead of us. We are determined to play our role with responsible economic decision-making as we move through the 80s.

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