



**PRIME MINISTER**

For Media

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ELECTORATE TALK

I find when I go around the country that people sometimes ask me: when is the Government going to loosen the purse strings and spend a bit more on projects that they think the community needs?

Let me explain the dangers of this approach. Many people seem to think that the policy of restraining Government spending that we have adopted since 1975 has been necessary only because times have been hard - only because there have been serious economic difficulties such as rising prices and unemployment. Some people seem to think that once the worst of these problems are behind us, then Governments can begin spending a lot more again.

There are many things that we can see are needed in our local communities. We need better roads; we might like an improved park; we might want to see more spent on a school or a hospital. It is very natural that people will ask Governments to spend more, and let me say that throughout all the time that we have been restraining Government spending we have always made sure that really worthwhile projects particularly projects to help people who are disadvantaged or poor and in real need can go ahead.

I might just mention here that spending on the handicapped and disabled has actually doubled in the last five years and we are now spending over a billion dollars to help these people. Helping those in need has been one of our main concerns while we have tried to restrain Government spending in areas which do not have such high priority.

The important point I want to make tonight is that higher Government spending does not necessarily produce improvements in our community or in our country. While some people may benefit, very serious problems can be caused to other people when Government spending is too high. After all, all Government spending has to be paid for by taxation. Governments do not have money of their own to spend. The money comes from you the taxpayers. And the more governments give in to the demands of people to spend more money the higher your taxes are going to be.

We have taken the view that Australians need lower not higher taxes and our policies are directed to achieving this. We have taken the view that people know how to spend their own incomes a great deal better than officials and politicians do. We believe that in the end this produces a much more satisfactory life for everyone than taking away people's income so that governments can spend it for them. Government spending needs to be kept for those matters like defence, education, social security and other vital public services which people can't easily provide without Government. I think this point is probably well enough understood.

What I find is not so well recognised is that high government spending can actually create social problems and the two most serious problems that it has created in recent years have been inflation and unemployment. Let me just talk about unemployment.

Government spending which is too high can destroy jobs. Most jobs in our community - three out of every four jobs - are provided by private enterprise. Private enterprise can only grow and provide jobs when it can obtain the money to expand and when people have the confidence to buy. When governments spend too much there is less available to private enterprise, particularly to small businesses which provide most of our jobs. They can't expand and as a consequence people can't find work. The government has to make room for private enterprise.

I am sometimes asked why the government doesn't do more to make work. The government is concerned to create jobs that are productive, jobs that have a future. I do not believe that the taxpayers want the government to spend massive sums on dead-end, short-term jobs. And that's why the government rejects make-work schemes which drain money which private enterprise needs to create productive jobs. We prefer to give assistance to employers to take on more people. We have set up a programme called the Special Youth Employment Training Programme under which 75,000 young people will be helped this year in this way. The Government gives very high priority indeed to helping young people particularly to obtain the training and skills they need to get satisfying jobs. You may be surprised to learn that in this current year over 200,000 young people under 25 years of age will be assisted by government training and employment programmes.

The Government is very concerned to see that our school system is more successful in helping our young people obtain the necessary skills for jobs which are opening up, now that the signs of economic recovery are all around us. Now that private enterprise is picking up the ball, thousands of new jobs are being created and employment is growing steadily despite what some people have said.

It is even more important for government to continue to be responsible in its own spending programmes so that private enterprise can take full advantage of the magnificent opportunities now opening up. Restraint in government spending is a policy that is helping to create a strong and vigorous growing Australia with an exciting future. It is one of the main ways in which we can guarantee Australia's future. It is the way in which we will reduce taxes and create jobs. It will help us to keep prices down and free available resources to help those who really need help. Responsibility here as in most other areas of life is the best way to achieve what we all want.

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