



## PRIME MINISTER

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MELBOURNE

ANNUAL DINNER OF THE

AUSTRALIAN LIBERAL STUDENTS' FEDERATION

For more than a century, the Socialists have thought that history is on their side. Their view has been that nothing can stop Socialism from coming in the end. This doctrine is one of historical inevitability, a comforting doctrine to some kinds of people, and one that has assumed several forms.

In Australia, the doctrine has, in the main, assumed a comparatively non-ideological form, namely, that each Socialistic policy put in place by a Labor government will remain in place even after the electors have thrown Labor out of office at the next election. There has been a belief that succeeding Liberal governments will not remove, but live with established Socialistic policies. So no matter how infrequently Labor holds office, Socialism is inevitable in the end by a slow process of accretion.

This version of historical inevitability portrays the advance of Socialism not as an irresistible swelling tide, but as a sort of slow shuffle. There is little idealism in it, but it has at least been something for the Socialists in this country to cling to.

From the time the Liberal Government came to office after the 1975 election, we made it plain that we did not regard existing Socialistic type policies as sacrosanct. We expressed our clear determination to re-establish a more Liberal - and more limited and less arrogant - role for government in Australia. We have done this because we believe that if Australia is to meet the challenges of the eighties and beyond, we cannot afford to sit back and accept unsatisfactory and inefficient arrangements which cause more problems than they solve, and whose costs outweigh the benefits.

Never has our direction been made plainer than in our recent decisions arising out of the Review of Commonwealth Functions and in relation to hospital and medical arrangements in this country, and in the recent Premiers' Conference. There are major benefits which will flow to all Australians from a more realistic view of what government can do.

In announcing the Government's decisions arising from the Review of Commonwealth Functions I said that they were a major contribution to the historic turnaround that the Government was making. Our political opponents thought this turnaround was impossible. This is why so many of them were outraged. One of them in fact rose in his place in the Parliament, when I was only halfway through the speech, and confessed himself unable to sit there any longer.

It also helps explain why our political opponents were so confused in their immediate response. The Leader of the Opposition started by accusing us of dismantling the public sector, yet later on in the same speech accused the Government of spending too much. The leaders of the Labor Party cannot make up their minds whether they should denounce our approach and our policies as a dismantling of government, or whether they should try to gain popular support for themselves by accusing us of not having gone far enough.

Our turnaround is a move away from big government; away from damaging interference with people's lives and activities; away from excessive bureaucracy; away from the sort of government that Labor gave this country between 1972-75, when the number of Commonwealth employees rose by 52,000 (June 1972 - June 1975). We have brought it down by 10,000 and the RCF will bring it down a further 16,000 or 17,000. And under Labor the Government's claims on the nation's earnings rose from under 24% of GDP in 1972-73 to more than 30% in 1975-76. We have cut this back to less than 28%, and we have further to go.

We don't want big government, nor do the Australian people. Only Labor wants it. And let me stress that big government is not caring government. It makes unemployment inevitable by undermining private enterprise, and it fosters inflation and consequently social divisiveness, with soaring taxes and large deficits.

Limited government has a far greater capacity to improve care for those who need assistance. By strengthening the economy, limited government provides a foundation for generous social security arrangements. Those in need benefit from more efficient government. Over the period of this Government, age pensions have reached higher levels in relation to average weekly earnings than at any time in the last 25 years. And you will be aware that no reductions have been made in income security payments as a result of the RCF.

A Liberal government does care about people, and the Liberal approach is based on the view that society has immense resources for achieving what people want without the need for counterproductive intrusion by governments. These resources are the talents, the skills and the knowledge which people possess. Big government cramps these resources.

Centralisation and big government never held out any prospects for the cause of freedom and civilisation, for initiative and creativity, or for the promotion of those values which lead to the advancement of mankind. The advancement of mankind comes fundamentally from the voluntary efforts of individuals within the framework of civility and of the rule of law which governments help provide.

Liberals believe there is nothing inevitable about the course of history - it is human beings who make history, and in this process, history does not take sides. I want to say to young people in particular, make no assumptions which suggest that the future lies outside human control. Such assumptions would be unworthy of your own capacities - and of the responsibilities which you owe to the generations which will follow you.

It is often said that the West has faced a crisis in recent decades. I doubt that crisis proportions were ever reached but there certainly have been considerable uncertainties, of both will and belief. From the late fifties, through to the mid seventies, the West failed to perceive the need for new policies, and by the time it did wake up, unemployment and inflation were both high and becoming entrenched. In those years, the distinction between caring government and big government was not as clear to many as it should have been. The distinction between a protective role for government and the omnipresence of government was not as clear as it should have been. People thought that governments were entitled to spend almost without limit, and it was falsely imagined that government money would solve human problems.

The tradition of freedom - which says that the way to solve these problems, is to encourage people to use their skills, talents and imaginations - was subordinated to a reliance on government. Hardly anyone now fails to recognise that government had grown too much. Our policies reassert that freedom - not paternalism and bureaucracy - is the path to the way of life that most people want.

Let me give a simple, but compelling, example of how freedom helps to solve social problems. Our policies recognise that if government creates the right conditions for people to use their knowledge, and express their own wants in the marketplace, the inevitable result is the opening up of new opportunities for others, including job opportunities. As a result, almost a quarter of a million additional jobs came into existence in the two years to last December in the private sector - and the rate of unemployment is now falling. In April it was the lowest rate for four years. This achievement far exceeds what could have been achieved with government make-work-schemes - which are always the first resort of the Socialists - and which could only have been paid for by higher taxes anyway.

The way of freedom leads to higher economic growth, more jobs and lower taxes. And because the freedom I am talking about is freedom under law, the advance of freedom is by definition the retreat of oppression and injustice. By contrast, excessive paternalism and interfering regulation are the sources of new oppression, of new injustice and of new opportunities for subtle discrimination.

The retreat of monolithic Socialism in Poland shows the fragility of a system which suppresses the freedom and the values of the people. Freedom may not end prejudice and intolerance in private attitudes - but it deprives the prejudiced, the intolerant, the domineering of significant opportunities to grow strong.

In implementing policies which express our faith in freedom, we believe we are being true to the traditions which we have built in the West, the most humane and creative societies that the world has ever known. The thread running through all our policies is that individuals should be able to make decisions for themselves. This is why this government is so decisively committed to the protection of the taxpayers, - for freedom requires that individuals have their own spending power, and that governments must justify the claims they make on taxpayers..

The Review of Government Functions has a particular relevance in this connection, for the decisions arising from that review amount to the most comprehensive practical expression of this kind of commitment to freedom which has emerged from any modern Australian government.

There were three categories of decisions. The first concerned with moving over to private enterprise functions which it will handle better than governments, the second with passing back to the States functions which they can handle more appropriately, and thus avoiding waste and duplication, and the third with rationalising some of the Commonwealth's own activities.

I mention here particularly the abolition of the Prices Justification Tribunal; the freeing up of the airlines and the establishment of TAA as a public company; the offering for sale of a number of government enterprises to private enterprise; the reductions in industry assistance; the abolition of dual control over public hospitals, and the new health arrangements based on voluntary private insurance; the introduction of a loans scheme for tertiary students from the beginning of 1982; the major reductions in the size of the Commonwealth bureaucracy; and a joint Parliamentary standing committee to review the performance, role, functions and continued need for all statutory bodies.

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Such decisions show the Government's determination to follow our philosophy - because we believe this is the only real way for Australia to become the strong and dynamic country we all want it to be. Our turnabout from high taxes and inflation, and from unproductive jobs and high unemployment provides more from our economic growth. And that establishes the conditions in which future generations can have something to enjoy and look forward to.

Our turnabout also means giving added strength to the Australian federal system. One of our concerns is to avoid the waste and duplication resulting from over-centralisation by giving the States responsibility for functions which are properly theirs.

What point is there in the Commonwealth funding a curriculum development centre of its own when this merely overlaps with work being done by the States? Or what point is there in the Commonwealth bureaucracy being involved with the running of public hospitals when the States are both constitutionally responsible and very well able indeed to run public hospitals?

There have been some differences of view about the precise financial contribution which the Commonwealth should make to each State's general revenue grant for the funding of hospitals. But I have no doubt that a year or two down the track when these differences will seem like ancient history, the States will value their independent capacity to run their own hospitals in the ways which seem best to them.

Over recent decades, and especially from 1972-75, the general growth of government in Australia was made worse by an increasing centralism in Canberra. Ideally, federalism should operate to limit government. But in terms of power, the Commonwealth Government was the beneficiary of the centralisation and the growth of government in Australia. Even Sir Robert Menzies, looking back from his retirement, made the observation that while it was easy in theory to favour limited power for the Commonwealth, a larger amount of power made it much easier to implement one's policies.

Of course, in a situation in which selfish and divisive groups are extremely powerful, a weak Commonwealth Government would be a poor protector of individual rights and of the public interest. So what the Commonwealth needs is that measure of power which will enable it to discharge its own proper responsibilities - neither more nor less - and this Government will seek to retain no power in excess of that.

Labor has sometimes argued that government is relatively small and restrained in Australia, by comparison with other countries. International comparisons are always difficult because of differences in institutions and in ways of compiling statistics. Nor is there any obvious magic about the average or typical size of the public sector in other industrial countries.

But so far as international comparisons are regarded as relevant, it may be noted that while Australia's public sector as a whole is smaller in relation to GDP than that of the United States, the United Kingdom and Germany, the central governments in all of those countries have done something to reduce the size of their public sectors.

And it is particularly interesting that of the major OECD countries, Japan has the smallest public sector relative to GDP: Whose economic conditions would you prefer Australia to have - those of bigger spending United Kingdom and United States, or those of smaller spending Japan?

The reason for the wide recognition in the West of the need for a turnaround is plain to see. Not only does limited government mean more effective and less intrusive government, it also means higher economic growth, higher real incomes, more jobs, lower taxes, more influence to ordinary people as users and consumers, and a greater adaptability in our society to change.

There are also very real advantages in freeing resources - and opening opportunities for current priorities. We are no longer so locked into programmes and activities which once had an importance they no longer have. We can devote resources much more adequately to areas we believe are of major current importance.

Let me mention energy research as an example. A re-location of existing resources in the Australian Atomic Energy Commission Research Establishment and in the CSIRO will enable the Government to establish a new institute of energy and earth resources in the CSIRO.

The establishment of this institute is a recognition of the high priority the Government believes must be given to energy research. These decisions will consolidate Australia's present nuclear research establishment into a first class nuclear science and technology research organisation and establish a first class non-nuclear research organisation.

The resources transferred to CSIRO will enable expansion of research in such areas as fossil fuels, mining of energy resources, alternative fuels and renewable energy and energy conservation.

Because limited government compels greater awareness of priorities, it is more effective government and government better geared to enable Australia to take up the challenges and opportunities before us. We pioneered more limited government through the second half of the 1970s. It has been a hard path calling for a degree of determination, and for a sustained resistance to demands for government spending but other countries are now trying to follow us.

In these uncertain times, Liberalism stands as a strengthening message to the world. It is a message that identifies the efforts and talents of individual human beings as the real source of progress, a message which makes freedom pre-eminent, a message which insists that people should not be treated as either pawns or patients in the hands of government, but as dynamic, responsible and adult.

This is the essential message of the free societies to the world in our time. Modern Australian Liberalism stands at the forefront as a practical example of the benefits of the Liberal way of life. Ours is the message of optimism. It is the only message worth entertaining.

And it is the right message because it starts with human beings as they are, with their capabilities as well as their aspirations, and because it recognises that the only way to achieve human aspirations is through the free operation of human talents and abilities.