

PRIME MINISTER'S INTERVIEW WITH PETER COSTIGAN, MELBOURNE HERALD,
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QUESTION: ...philosophic question. Leaving aside all the current problems about the economy. What sort of Australia is it that you would like to lead?

PRIME MINISTER: Well, there's maximum independence for individuals, maximum opportunity for them to achieve what they want for themselves and their families. Where governments create a climate for this to take place, that encourages it. Where there's maximum devolution of authority to state and local government. None of that is to imply an old fashioned laissez-faire attitude because there are obviously many things governments have to do. But if we go to government power in Australia and other western democracies in recent years. I think people have often forgotten the real place of the individual in society and that's what it's all about. Governments are not there to serve governments. We're there to serve people. An Australia in which individual men and women have maximum freedom to choose their own lifestyle, what sort of work they want to do, the way they want to work out their own futures. It is my view that is an Australia which is going to be most productive and that also then becomes the Australia which enables you to do most for the people who are disadvantaged. In recent times, governments seem to have taken more and more power into their own hands, more and more control, into their own hands. They don't always ask if there is any real public benefit from that. We have restricted trade practices legislation and we need it. But the Ministers at the moment are looking at that legislation to make sure there is a public benefit from all the restrictions. And the restricted trade practices legislation ought not to be looked at as something to restrict people from doing things but as something that preserves the freedom of the average people or the small business against the undue pressures that build up from large organisations or from groups of organisations or from monopolies and therefore should be something that preserves the freedom of individuals and the freedom of businesses. As long as you can do that, it would seem to me unnecessary to have restrictions unless there is a real public benefit flowing from them. And this is looking at restrictive trade legislation

QUESTION: Do you think the average Australian still has the incentive to go and do it on his own or to...

PRIME MINISTER: I think a great many do, but a number of people begin to feel that the incentive has been destroyed, that taxes are just taking too much. I know somebody who was running a hunting, camping fishing and shooting lodge in the Northern Territory. They retired at the age of 42, because taxes just took too much... and so he's gone to have a peaceful life where they'll work a lot less. After a few years of that he might well get tired of it because he's a relatively young man. But government destroyed his initiative, his incentive to do things and that's certainly damaging not only to him - it's damaging to Australia.

QUESTION: This might not be a hypothetical question, but if - if in fact people are not working as hard as they used to, if in fact they haven't got that incentive and if productivity is not increasing as it should, how do you change these habits?

PRIME MINISTER: There needs to be inducements, people are going to work harder, people are going to produce more. Obviously they either feel that doing part of it at least for themselves and their families and the benefits not all going to the governments for tax gains and marginal tax scale, have got a significant impact on things like this. When I was shadowing in the labour job in Opposition, I met a lot of people on the factory floor, saying "What is the point of working five days a week. The Government just takes too much of the fifth day's pay." It wasn't that they had any particular objection to working. It was just that the government had established the circumstances in which, in terms of the marginal return, they would get on their incomes wasn't worthwhile.

QUESTION: You've already put a lid on the growth of the public service. In the long term do you see any greater emphasis in switching away from that very high percentage of Australians who are working for Government?

PRIME MINISTER: If we can produce government services to people more economically and efficiently, that should be our objective. I can think in a number of areas where we can use voluntary agencies to a greater extent than we have and perhaps especially in the welfare area. The voluntary welfare organisations have a number of advantages. They're independent, they've provided independent criticisms of policies that are being pursued, the delivery of policies whether certain objectives that you act for have been achieved by the policies. They can often dispense assistance much more economically than a government bureaucracy. And they can often assess the need and see an emerging need more quickly than a government bureaucracy. And I think in the past there might have been a tendency for governments or departments to look upon the voluntary agencies as competitors. In the last budget there was an attempt to cut down the grants to them. I think they ought not to be looked upon as competitors. They can play a very valuable role.

We have got a better educated community and that ought to be one in which individuals and groups of people in their own communities therefore are in a better position to make judgements about their own future than may have been the case when education was restricted to a few and when it wasn't general and when more kids left school at the age of 12 and 13 and 14. As people have become better educated especially in the years since the way so too there has been a centralisation of power especially in the last two or three years. It seems to be saying that even though you are better educated you must have less influence on the decisions that affect your lives where government sought to be saying the very opposite - you are better educated community, you ought to be taking more responsibility for the decisions that affect yourselves and your own community. I would have thought that's really what people want. They want to be responsible, they want to make decisions that affect them and government have got to establish these circumstances.

QUESTION: Leading onto the world scene. Do you see a trend in the rich countries and our sort of countries, to conservatism? Are people reacting against big government?

PRIME MINISTER: I think in some areas there is a reaction against extremes of socialism and the extravagance of government expenditure but how far that reaction has gone I would find it very difficult to judge. One of the great problems in the western democracies - our kind of country - is that people are basically independent. They want to do things for themselves, they don't want to be regimented. And it's much harder to marshall such a people to a common cause, a common objective, than it is in some other countries that there is no need to name, where regimentation has happened more than once in fairly recent history. But at the same time, because of the independent nature of individuals and people in a country like Australia, Britain or the United States, it probably makes the leadership, the Government of those countries of even greater importance in maintaining the morale the resolution and the determination of the nation, especially when there is some difficult decisions to be made. There have been too many politicians going around offering the easy way out suggesting more or suggesting that we have the resources to pursue every worthwhile plan at one and the same time. And the Governments aren't really elected to do the nice and pleasant things all the time. They're elected to take the course they believe to be right. In the nature of things a lot of decisions are going to be unpopular with a number of people because resources are limited. That means governments have to be able to say no.

QUESTION: That's supposed to be politically unpopular? Do you think it is possible with this more educated community that the public will in fact recognise that?

PRIME MINISTER: In the short term it is politically unpopular. And it might be politically unpopular in terms of the immediate reaction you get from particular pressure groups, and therefore with noises you get through the media. But I also believe it is something the general community recognises as being responsible. And therefore politically popular. Responsibility is what people I believe want to see in government almost more than anything else, especially when they've had a dose of great irresponsibility.

QUESTION: Switching to foreign policy and Australia's alliances.

I think you did refer to the ANZUS treaty as being the most important aspect of Australia's foreign policy or words to that effect?

PRIME MINISTER: Well Mr Peacock's used those words. The ANZUS alliance is obviously of great importance to us, to New Zealand, and I believe also of significant importance to the United States. But our foreign policy has got much more to it than that. We do need closer relationships with the countries to our north and closer relations with Japan and we need a better understanding with China. That is why it was a closest priority to visit the ASEAN countries, Japan and China before going, as one might have expected from a traditional Liberal leader paying a visit to Washington and London. When the time does come round for that I think those sorts of visits can be much more useful, if I've got a better perspective of the way in which countries in our own region, the western Pacific, and east Asia think about current events. With Japan in particular there's need for greater strengthening of our relations. We need to work for greater stability of trade between the two countries. Their Prime Minister in the message sent after the election said that they hoped the Australia-Japanese Treaty could be concluded speedily. We've already taken decisions as a government that will enable the negotiations which were suspended last year, to begin again, and I hope we can meet the wishes of Japan in relation to this. We'd like to see a treaty concluded also. One of the things Mr Anthony will be pursuing in Japan at the moment is not only a need for us or them to understand that we are going to be reliable long-term suppliers but the need to make sure there is going to be greater long-term stability of trade both ways. They want a reliable access to our markets as we want a reliable access to their markets for the commodities we sell to them. It's not only a question of coal and iron ore to the extent that beef and primary products are sold in Japan. It's much better to have a steady and continuing market to one that's wide open one minute and can be chopped right off the next. So there are a number of areas where we're hoping to achieve stability in that relationship. This is important not only for

the whole region. Japan, the United States and Australia have all got key roles to play in the Pacific region and the relationship is one that's one part of it very much depends on what the others do. There's a complementary nature to the economies of the three countries.

QUESTION: What about Canada? A similar country which Australia doesn't seem to every think about very much.

PRIME MINISTER: Canada's interest in our part of the world is to some extent limited I think. There was a move some years ago to develop a broader interest in the Pacific region but that move didn't seem to carry forward with its original impetus. We'd welcome a greater involvement by Canada in affairs in our part of the world but they seem traditionally to be either preoccupied with their southern relationship or to be tending towards Europe. These are factors of geography I think. But Canada and Australia have many characteristics in common.

QUESTION: The provincial government, state government federal situation?

PRIME MINISTER: Yes.

QUESTION: The Indian Ocean. The Opposition Leader has suggested that your comments and the comments of your Ministers have been stimulating the possibility of an expansion of a sort of arms race in the Indian Ocean. How do you...?

PRIME MINISTER: This is one of the areas in which Mr Whitlam is talking a great deal of nonsense. Russian sailing days are three times the sailing days of the United States. Russia, with facilities and in sailing days, has kept the pace up. Russia started to use the Suez Canal for her military vessels. Clearly they want to link up with the BlackSea-Mediterranean fleet with the Pacific-Vladivostok fleet. And they can do it now. There needs to be a balance. We'd like to see the balance at the lowest level possible. But what I have said is that the objectives that some people have for a neutral zone seems somewhat remote. Nobody really suggests that they can negotiate Russia out of the Indian Ocean. In fact I would go so far as to say that that

would be a complete and absolute impossibility and China would agree with me. And I also believe a number of the Littoral states would agree with me, no matter what public statements might be made, no matter what official policies might be put. Now it's quite possible for the states to have a particular view which is a long-term objective but at the same time to recognise that it's not capable of achievement within the foreseeable future. Now that's a legitimate and proper position to take. But having said all that, when Russian activity in the Indian Ocean is so far ahead of the United States' activity it seems somewhat unreal to adopt the sort of view that Mr Whitlam adopts that the United States should not develop pretty modest facilities at Diego Garcia which are quite essential to maintaining a balance. And even with that, it won't be a balance because Russia will be ahead. And Diego Garcia is not only important in relation to the Indian Ocean activities. It could at some stage have a significant influence on a resupply situation in Israel - if war ever again emerged. And if the critical events in Portugal, the Azores became unavailable there are alternative way through area supply - that's a complicated and difficult and depending upon the circumstances dangerous operation. Diego Garcia could also be significant in guaranteeing oil supplies out of the Middle East to countries east of Diego Garcia and of course Japan, is one of the main oil users. We'd have a special interest in that. So, what we're saying or our policy is not escalating what's occurring - it's encouraging a realistic response to what has already occurred. I've mentioned my views about this particular matter, and before I went to Kuala Lumpur and Singapore not one of the four leaders of the ASEAN countries suggested that this was an inappropriate view to have. In fact when the subject did come up with one, their views were pretty much identical with mine and none of the others were concerned. I think they recognised that this was a realistic view.

QUESTION: I think I can guess who the one was!

The new American Ambassador after he was confirmed said he was going to urge Australia to allow the U.S. to build an Omega base

here. This is the controversial, I suppose, communications facility. Have you made a decision about that?

PRIME MINISTER: Well it hasn't come before the Government, but this is a navigational device, it's not of particular importance in any military activity - if of any importance - it's a navigational device and a number of countries around the world are participating in. And I can't see why Australia shouldn't. There've been very extensive inquiries concerning it.

QUESTION: Almost a personal question. You've come under attack in various ways and you've been in politics many years. Specifically when you're accused of things like changing your policy on indexation, your accused of being ruthless etc. internally, in the Party and so on. How do you personally feel about that? Do you lie awake at night?

PRIME MINISTER: ...about accusations?

QUESTION: Yes.

PRIME MINISTER: All you can do at any one time as a politician with all the facts and knowledge available to you is try and make the decision you believe to be right. If you've done that, that's all you can do. If other people disagree with you - well you'd obviously sooner they'd agreed with you but if they disagree that's their right. So often in this sort of thing, people's judgement is colored by what they themselves want, what they themselves expect. When we said we are prepared to modify our view in relation to the Prices Justification Tribunal when we had had conversations with the trade union movement, employers, business concerning its future that was welcomed. A good degree of flexibility, not being too rigid. When, for a number of the same considerations we felt that our view about wage indexation should to some extent be modified, because maybe unexpected, it attracted predictable criticism from people like Mr Hawke. But people took a different judgement of it. Maybe it took them more by surprise. But I think they also took a different judgement of it because this was a hard decision and because it was a hard decision it tended to line other people

up - what side of the fence are you on in relation to it. I got a very strong view that a majority of people out in the streets, trade unionists, and others support the decision that we took. They know very well that the continued escalation of wages and salaries just can't go on and in the end when we saw the extent of the CPI rise we felt we had to put some arguments to the Commission because of the policies that we were involved in and restraining our own expenditure we believed that here was a great opportunity for the Arbitration Commission to break the inflationary spiral. What the commission does is of immense importance to the total Australian economy. And there are two sets of arguments in relation to this one - we didn't press all that hard because of the earlier Medibank position but we'll press it very hard in the future, that's the indirect tax argument. If that's automatically to flow through to employees it virtually means that if the Government had a policy of relieving the income tax burden and relatively a great weight of tax was on indirect taxes. I must take a hypothetical example, that employees would almost automatically be exempt from that sort of move and that a government's budgetary position is much more heavily circumscribed because of the present policy of the Commission in relation to the inclusion of indirect taxes. But the real thrust of our argument on this occasion was that a flow on of the sic point four percent would lead in some industries to higher unemployment because with higher prices they wouldn't be able to sell as much of their product and for other industries that would be able to sell their product with higher prices. It would just be another move in the inflationary spiral. And that the Price Justification Tribunal for industries that are committed to go before it would be bound to take it into account and therefore what a significant wage increase was going to do was make it harder to get jobs, make it harder to control inflation and we believe that in the interests of all Australians, employees, in particular, controlling inflation and getting jobs available are the highest priorities. There's an argument that Mr Hawke uses which in other circumstances would be valid, but in the present one is not. He says that it needs to be a consumption-led recovery and therefore you need higher wages. Well there have been higher wages solidly over the past two years. There've been a couple of tax

cuts which have hardly been tax cuts because of the progressive tax scale but anyway some changes to the tax scale which did put some more money in the hands of consumers. But all they did was save more and the Hawke argument is a false one because under present circumstances too many people are concerned at what inflation is going to do. Is their job going to be available in three months or six months. Are prices just going to go on going up and up and if people feel these things individuals aren't going to spend more in a real sense and so the things that stop them spending are the very same things that's stopping businesses investing. It all gets back to inflation. And, with all that, this wasn't an easy decision to take. We knew what would be said of us. It would have been much easier to go down the other path. But if you like, with later knowledge with later advice, we had to argue the cause that we did.

QUESTION: Just a couple of quick questions. You'll be standing up for the first time as the elected Prime Minister. (a) Do you get any feeling about that - excitement and (b) how do you see this first Parliament of your regime, if I might use the word?

PRIME MINISTER: I suppose there is some feeling of excitement. But more there is a sense of the enormity of the job that has to be done and not from the nature of the job itself, but because of the position that Australia is in at the moment. And we're not going to be able to overcome the problems of Australia unless there is a recognition by a majority of people in Australia that the Government has to take some unpleasant decisions, that there are some difficult things to be done. And that's basically why we were elected. That quite apart from the view we have of Australia and the nature of Australian society. There'll be some significant areas where we'll want our policies introduced as soon as possible and as soon as there can be appropriate consultations with the community - secret ballot legislation is part of that. And there's always a lot of dull, routine and necessary legislation through the Parliament. But one of the problems of the last two or three years is that there's been a good deal of legislative indigestion and nothing like enough attention paid to the plain and if you like, dull

administration of the country. Sitting down behind a desk and seeing that the ship of state is moving ⁱⁿ the right direction. Passing bills doesn't achieve that. It's a question of administration, seeing that your public service is working properly, seeing that government services are getting delivered in an efficient manner to the people that need them. This is, I believe, one of the areas where the previous Government fell down, greatly. And the public service was in part hampered because there was so much legislation that they were finding it increasingly difficult to do the normal jobs that the service had to do. Some departments doubled in size in a matter of a year or two. No organisation can grow that quickly' and do it efficiently and effectively.

QUESTION: So, compared with recent experience, you don't expect this to be.. to spend that much time in Parliament, or at least, that Parliament will be sitting shorter...?

PRIME MINISTER: I think the Parliament might be sitting a long time - quite a long time, but we would want a good debate on the address in reply. We'd want a good debate on foreign policy, of Australia's place in the world. We'd want useful debates on what's happening to Australia internally. We'd want the Parliament to become a more effective forum. Now all of this can be encompassed by debates initiated by a Minister or by myself in addition to the address in reply and its all a useful part of the work of a member of Parliament. We'll want to establish an expenditure committee in the fashion of the House of Commons, which will work alongside the public accounts committees. But this is an area where ^{our} House of Representatives has been very much deficient, where I think governments have always thought that an expenditure committee is going to be a bit of a nuisance to departments - it will be a nuisance to governments - let's just not bother about it. I can remember 12 years ago originally advocating such a committee in our own Party room under the then government of the day and I've done it in Opposition. Well, there's a chance now to achieve that. But there's an important watchdog

role for Parliament and especially in the present circumstances with economy the name of the game. They had a committee of the Parliament overseeing the way in which departments drew up their estimates and getting in underneath the figures themselves to really learn how things are done. We'll make the Parliament a more effective instrument of control of the public purse.

QUESTION: I don't want to put words into your mouth, but is this one way you're going to involve your great army of backbenchers?

PRIME MINISTER: That's one way, certainly. And a very important way. We've had a party committee meeting over the last couple of months. Cabinet considered its report two or three days ago. That report will be debated in the party room and it sets out a framework of committees, structures for the party room operation. And I think its a very good report. I hope it gets the general support of the party. It is important that members feel they have a role. But there's one other point I'd like to make about this. There are some members of Parliament who'll always work no matter what the difficulties might be, whether they're a private member or whether they're a Minister. There are some others who don't work so hard. You can't force a member of Parliament to work, you can't hand feed him. You can encourage and for new members you can guide. You can stimulate, help to create a climate in which members of Parliament will want to work, and even if encouraging it does sometimes make it uncomfortable for the Ministers of the Government. But that's part of the role. But basically the wish to work has to come from inside the mind and heart of the member himself. It's my hope and belief that the great majority of our new members will be in that mould.
