



PRIME MINISTER

TRANSCRIPT OF INTERVIEW WITH DERRYN HINCH, 3AW, 19 JUNE 1984

HINCH -- .. as you know I've said it will be in February or March, but there will be an early one. Mr. Hawke nice to have you back in the studio and I thank you again for what you did before and said before.

MR. HAWKE - Pleasure Derryn.

HINCH - I suppose back in the real world. The issues seem to be all around us. There's the superannuation business, there's the assets test, there's the doctors' problems in NSW - increasinly it seems to me everybody says yes we understand we have to share but nobody wants to do the sharing, everbody says yes but not me, not us, we are special.

MR. HAWKE - Well I don't think that's quite right, I mean you get the evidence of the concerns and I don't worry about the fact that people initially say, they get apprehensive and worried, but I have great faith in human nature basically that when people understand, learn what things are about and see that there's a good and decent reason for what is being done they accept it. I had this experience last week which you would have read about when I went down to Chelsea here and met a couple of hundred, probably two or three hundred pensioners there....

HINCH And the reception wasn't good to start with.

MR. HAWKE - No that's not fair - it was quite a sort of warmish reception when I started, friendly, but you could just see it as I explained the assets test, the very few relatively that would be affected, and the reason why it should be done, the reasonableness of it, the fact that it would enable governments in the future to have more available to them to help those who really were in need, they gave me a standing ovation and "for he's a jolly good fellow" at the end. Now I'm not saying that to talk about myself but it really, the point I'm making is that once ppeople have initial fears or worries dissipated, and see that this is a good thing for the country and it's not really going to hurt them, then they understand it.

HINCH - What is it mainly though, is it a fear of a creeping socialism, is it a fear of a kickback to the early '70s or what?

MR HAWKE - No it's certainly not a fear of creeping socialism, I mean the people of Australia know probably who gets attacked more than anyone by the extreme left of politics in Australia. I mean I'm the number one target, so that's a non-event. No it's not a return to the '70s - if there's one thing that's clear about the public perception of this government it's a competent, effective economic manager. I mean this is a plus for this government now as distinct from the apprehensions there were earlier. No I think it's simply, look, people are the same from when they are young, or from when we are kids and right through. If you've got something and you think perhaps you are going to have it taken away from you or something said that might change a little the habits and the patterns that you've got, your natural reaction is to say that might effect me not the other bloke and I don't want to have change, and so the function of good government it seems to me is communication - to get your decision right and then communicate it and I've said frankly in regard to the assets test that we didn't get it

right the first time and I quite straight-forwardly told the people.

HINCH - Yeah well in favour of your government you didn't just plough straight on with it, you changed.

MR. HAWKE -- That's right, well I've never believed in that. If you make a mistake, it's human nature to make mistakes. We could have done it better and as soon as, I could see it developing on my way back from China. I was sitting in the plane there in February and I mean there has always been talk I succumbed to pressure from here and there, I was sitting in the plane and I thought that's not going right there are problems with that, so as soon as I got back I said now we have got to drop that, have some more discussion about that and get the community into it, and there is no doubt that what we have done now is right, it's simple, straight-forward and will be to the long term benefit of Australia.

HINCH I've talked with Senator Grimes in the last few days about the assets test and also to your opponent Andrew Peacock. Could we talk some generalities for a change because sometimes listeners get bogged down in they think pollies give them facts and figures and they get bogged down in it. Since you have been in office and you have been there for over a year now., you have said things like you believed that people in their old age should live well, they should get 25% of the basic wage. You haven't been able to do it. How does that personally affect Bob Hawke - you just cannot give what you feel is good for the country, what you wanted to do for the country.

MR. HAWKE -- Let's be clear about that, I don't want to go back into details, but you know you have acknowledged it with me, the problems we had with the, when we came to power at the beginning of last year, that we had that 3.6 billion dollars extra deficit that we hadn't been told about by our political opponents and that meant we couldn't immediately do the things we wanted to do. But in the basic, the important area of employment creation we are well ahead of target and we have got the economy moving strongly now and that will mean that as we come up to our next budget and beyond we will in fact be moving significantly towards doing the sorts of things we are talking about. In the pensions area I obviously can't give the full details but we will do more than just do what's required to restore the loss of purchasing power, we will start to move towards that 25% earnings that is our policy, and that's clearly accepted now by the people

HINCH -- When you talk about the economy coming back, there's the economic summit in London which some people see as a bit of a non-event recently, with leaders like Reagan and Thatcher etc. I notice Max Walsh this morning pointing out the fact that despite what people refer to as rhetoric the stock markets are still very scared, I mean Wall Street is still not believing what the leaders are telling them, Wall Street doesn't believe Ronald Reagan's optimism.

MR. HAWKE -- Well as far as the international stock market is concerned, what you've got to understand, and what is quite clear, one of the major causes of concern is whether the third world countries that are particularly indebted are going to be able to service that massive debt which runs into hundreds of billions of dollars, the concern there is that with the private banking system in the United States so heavily exposed with the high level of debt that the stability of the US private banking financial is in question and that at the moment I think is the major source of instability on the stock market internationally....

HINCH -- How often say can an American government come in and prop up one

bank with like 3 billion dollars, that's the question.

MR. HAWKE -- Well you can't keep on doing it indefinitely but if you look at the performance of the financial system both public and private the judgement must be that over the last few years they've done a very good job in coping with this massive increase in indebtedness. The secret of dealing with it is to get the economy of the developed countries together moving more strongly so that there is a higher demand for the exports of these indebted countries, point one, and I think that that is happening. Secondly of course in the United States it has to get its deficit down because every increase in percentage point interest rate increase in the United States adds hundreds of millions of dollars to the interest indebtedness of those debtor countries. Now on that point I think in the longer term there's grounds for optimism, once the US presidential elections are out of the way I think decisions will be made to bring that deficit down.

HINCH -- Closer to home, back at home, obviously totally revamping the taxation system in Australia must be one of your major concerns for the second term that you presume you are going to get and most people predict you are going to get. Will you look at areas like single mothers who want to go to work, it seems crazy to me that a single mother can't deduct the fees for the babysitter, the childminder, now I've talked to single mothers who have gone to work and 75% of what they earn has gone to mind the children. Are you looking at those sorts of areas?

MR. HAWKE - The areas affecting women in taxation are being specifically examined by the Office of the Status of Women in my department, Prime Minister's Department, so as we are preparing the Budget we will have indication available to us of the areas of the whole fiscal system, tax system which impinge upon women, and that doesn't mean that we will be able in this budget to remedy every part of the existing tax system, which may have some relatively harsher impact on women, but it is being specifically dealt with in a way it hasn't been dealt with before, now going to the broader area that you are talking about, the reform of the tax system generally, could I make this basic point which is not sufficiently understood within the community generally. People get very complicated ideas of what tax is about, it's essentially very simple and it's this, tax represents the way in which society through its individuals and its companies and organisations, pays some of its resources and income to the government for the government on behalf of the people to do the things that individuals and organisations want done for them which they can't do for themselves. That's essentially what tax is, however complicated and sophisticated your economic writers make it, that's what tax is - the transfer of resources from ourselves as individuals and organisations to give to government to do the things that we really want done. So what we have gradually got to do is sit down, the government and the community, and sort out the two sides of what taxation is about. We have got to try and get as much area of agreement as we can about the things that we want government to do and the priorities that we want and at the same time say together we think that this is the fairest way for us as individuals and organisations to transfer our resources and that's really the discussion that I'm trying to get going within the community, in the Economic Planning Advisory Council and other forms of consultation. It's quite silly people picking out one thing and saying we should do that or we should do this. We have got to make sure a total framework of the community is satisfied that these things are being done to satisfy the two criteria of equity between groups and individuals as to how they pass over their resources and efficiency. It's silly having a tax which in net terms is going to create more inefficiencies than the capacity of government to

do things with it.

HINCH - Well that's one of the criticisms of the assets test.

MR. HAWKE -- No I don't know where that's come from...

HINCH -- In the short term the amount of money you will have to spend to bring money in.

MR. HAWKE -- No in the first year there will be a higher expenditure, but every commentator knows that that's only for the first year, including our friends in the opposition, they know that that's true, after the first year, once you have established it it will be a net gain for revenue. Not only will it be a net gain for revenue but also importantly it's going to stop those systems where the extremely wealthy were so arranging their assets that they were still getting a pension. Now there's not a single commentator in the country who doesn't acknowledge that after the first year it will be a net gain.

HINCH -- The figure, I think it was Max Burr raised the figure that at the moment 68% of government revenue is now going to social services would that be about right?

MR. HAWKE -- I don't think it would be that high but it is a significant proportion and it is precisely because that is so that Andrew Peacock in September of 1981 when he was having his sojourn on the back benches, made a very telling speech in the House of Representatives and saying therefore that governments he said must act with courage to ensure that we didn't pay out unnecessary social welfare benefits to people who didn't need them. It was an excellent speech, he was right then, and it's a pity he didn't adhere to his principles.

HINCH -- You know Mr. Prime Minister that all politicians yourself included sometimes can't bear the scrutiny of going back ten or fifteen years to something you said...

MR. HAWKE - I don't mind going back to something I've said in an area of principle about politics....

HINCH -- Look at a classic case...

MR. HAWKE -- Let me say there will be for all of us a position where on a reappraisal of the facts we will come to a different conclusion but on a question of principle like that there is constancy on the other side of politics. John Howard, let me say John Howard has been totally consistent about this, he said consistently when he was in government he tried to move an assets test, a means test, he said it was the right principle, he still believes it, now that's why in the debate in parliament he wouldn't oppose what we were doing.

HINCH -- Well I'm sure you can go back to commentators like myself and find changes in ideas....

MR. HAWKE -- Well sure...

HINCH -- But I'm thinking back to say yesterday there was another French test at Mururoa Atoll, you've been quoted, I think it was Max Walsh, dug out that clip of yours in the ACTU about the ban on French shipping etc

back in 1972, 73 and yet now your stand now on that compared to then on say supply of uranium to the French...

MR. HAWKE: Look, you are not comparing like with like, and I'm glad you brought it up. Then they weren't testing underground, they were testing in the atmosphere and all the evidence showed that with atmospheric testing there was a potential danger from those atmospheric tests to us in this country

HINCH -- People were buying canned milk and powdered milk...

MR HAWKE - ... and I was proud of the fact that I led the fight in Australian and internationally at the ILO and one of the causes of pride that I have looking back is that from two different sources I was told and fairly high sources from within France, that the fight that we led internationally against atmospheric nuclear testing hastened their move to underground testing. Now there is a very big difference between underground testing and atmospheric so I think you ought to be fair to me and recognise the difference.

HINCH Can you live with, if at the ALP Federal Conference next month, can you live with it if the ban continues against sales to the French?

MR. HAWKE -- Look I've made it clear Derryn that I don't want to get into public debate before the Conference about the issues. I want to conduct this within the party and I don't think that anyone's cause is advanced by a public airing of it. I mean I will relax to this point to say that it seems to me that if something, whether you are talking about the ban on sales of uranium to France, but let me make the general point, it seems to me that in any area of activity that an individual or a group's involved in, if they are talking about punishing someone, it doesn't make a hell of a lot of sense if the action that you take in fact punishes the punishor rather than the punishee.

HINCH A new version of biting off your nose to spite your face. Two final points on two personality issues. One your reaction to the knighthood recommended by some mysterious QLD citizen for Premier Joh Bjelke Peterson.

MR. HAWKE - Well since I've been Prime Minister I haven't gone in for the business of bagging Joh, he's the democratically elected Premier of the State, if he wants to have a knighthood well he's obviously got to authorize it himself and if he thinks it's a good idea to award himself a knighthood well ok. I just happen to think that the overwhelming majority of Australians are right in believing that the time for imperial honours has gone that we are a sovereign proud and independent nation and that the Australian system of honours is very very much to be preferred. But if he's happy good luck to him.

HINCH -- Would you agree it's like Napoleon crowning himself?

MR. HAWKE -- Except that Napoleon I think perhaps could have fashioned his own citation. I couldn't detect the pen of Joh in that unbelievable flourish of hyperbole in the English language which characterised that citation.

HINCH Yes I thought he might have walked across the water to collect it. One final point, much has been made recently in several magazines, and I asked Andrew Peacock about it on this programme, that your personal relationship, you don't have to like your opponent, but your personal relationship with Andrew Peacock seems to have changed, seems to have soured on both sides since you became Prime Minister and he became Leader of the Opposition.

MR. HAWKE -- Yes well this has been asked of me quite a bit. I don't really want to go into the question of personal analysis of the character and actions of Andrew just let me say that there are certain fundamentals of principle over recent times in which I think he has shown a disappointing slackness. But it's because of the things that are involved that I don't really want to say anymore because I think they go to issues which I think are important in our community and I don't think really in developing my thoughts about it in relation to Mr. Peacock those fundamentally important points are helped and I don't think the community is helped. Let me just say that I'm disappointed in what has been in my judgement a lack of courage, a lack of commitment to principle, a lack of leadership.

HINCH - Was it the issue of Asian immigration?

MR. HAWKE -- Well that was associated with it, there are others but it was certainly associated with it.

HINCH -- Because it seems to me that the major deterioration would have occurred around that time.

MR. HAWKE - Yep.

HINCH -- But surely you have been disappointed in politics before and will be again?

MR. HAWKE -- Yeah, look in politics just because you have arguments with people about day to day things or they accept the responsibility which they have of attacking you or the government, or for us the opposition, that's part of life in politics and I thrive on it. I think there are certain fundamental commitments and I think also particularly where you give your word on things its very important, if your word can't be adhered to, but I think you can appreciate I just don't want to develop down that line. I hope we can keep a civilised relationship. I must say I confess on the programme I owe him \$5 - he wanted to have a bet on the Essendon-Swans game in the latter part of the parliament. I tried to negotiate 7 goals, he was very very adamant he wouldn't give me more than 5. Now if I had been able to get him to agree to 7 he would owe me 5.

HINCH You realise of course last weekend I could have given you 7 goals and Melbourne still would have beaten you.

Mr. Prime Minister I thank you sincerely for coming in....