



PRIME MINISTER

TRANSCRIPT OF INTERVIEW ON 11.00 AM WITH PAUL LYNEHAM -
THURSDAY, 2 APRIL, 1987

LYNEHAM: How do you react to John Howard's comments that you have been quite pathetic, full of humbug and you have chickened out of an early election?

PM: I am like the great majority of Australians who find it increasingly difficult to take seriously anything that this gentleman says.

LYNEHAM: If your pollster Rod Cameron had told you you were certain of victory you would have gone like a shot though wouldn't you?

PM: Not like a shot. I think no Prime Minister has ever been more frank than I was yesterday. I admitted to the fact there was a very considerable temptation to run. And it is obviously true that if it had been a yawning chasm between us, that temptation may have been impossible to resist. But I want to say, as frankly as I can to your viewers, that I had been calling the shots honestly when I had said all along that my preference was for the Parliament to go its full term. I do attach importance to my integrity and I had said that I wanted the Parliament to go its full, term. I have been honest in saying that it was a considerable temptation. And if there had been an overwhelming view that Labor was in front and should win, then the argument would have been very strong that here was this feeling, lets go and get the mandate, and get on with it. But I had to, in all conscious balance all those sets of considerations and I must say that I just feel very very much more comfortable inside myself.

LYNEHAM: A fresh mandate now though would have allowed you to cut public spending without immediate political worries. Now you are relying on the Australian people taking this medicine and still voting for you.

PM: That would have been the easy way. I preface my comment by saying I'm totally certain that I would have won an early election. And so in that sense yes it would have been the easy way.

LYNEHAM: Now your pinning a lot on the high-mindedness of the Australian people.

PM: As I said in my press conference yesterday Paul, I've been in public life now for nearly 30 years. And what has informed me at every stage of my involvement in public life is a basic faith in the good sense of the Australian people.

LYNEHAM: Even people whose living standards have been falling. Senator Peter Walsh said its very hard for a government to survive after presiding over a long period of falling living standards.

PM: That has been said, but as I put it again yesterday. The \$6 billion loss of our national income, wipe-off through the reduction in the price of our exports. That means about \$1,500 per Australian family. We are the poorer as a nation. It is not something that is a figure of the statistician, that is the fact. Now a responsible government must so conduct policy as to adjust to that fact. Now I believe that the Australian electorate, the great majority of them are sensible and will understand that and they will be saying, well we trust Hawke and his Government to undertake that adjustment process in a fairer way than the other mob.

LYNEHAM: I think your decision too, if I'm right, is that you believe your policies will see some of the key economic indicators like inflation, interest rates and unemployment looking a lot brighter towards the year's end.

PM: Yes. It has been my assessment before I had this reasonably long session with economists from the Treasury and my own department, and all my advisers will tell you I'd given virtually the same analysis myself before then. I do believe that our policies are working. I believe, on all the evidence, that we're seeing an increase in the exports of manufactured exports that our entrepreneurs are starting to take advantage of the significant improvement in our competitiveness that has come with the depreciation, that the major impact on the inflation rate of the increase of import prices associated with the depreciation and most of that has washed into the CPI. And therefore, I expect the inflation rate to be coming down through 1987.

LYNEHAM: As low as the OECD suggested, 5 to 5.5 per cent, by mid next year? That's a big drop isn't it?

PM: Yes. But I ask you to remember that between March of 1983, when I came into Government, and the beginning of 1985 we'd brought inflation down from 11.2 per cent of Mr Howard, that we inherited, to 5 per cent. That was before we got the impact of these external factors.

LYNEHAM: Well if these indicators are looking better, what will living standards be like for the average family by the year's end, do you think? I mean, are we in for a long haul, or is it just 12 months of belt tightening?

PM: In 1987 there will be still a need for restraint and some reduction in standards. As we come out of 1987 into 88 the evidence will be there that we're on the way up. But this is not just a short sort of thing. If you have \$6 billion wiped off your national income, as I say I've tried to say it so your viewers and Australians generally can understand, I've tried to get it out of the aggregates of economic statistics and say, that has meant that for every family in this country about \$1500 has been wiped off our national capacity. And you just don't get over that in a few months, or just one year. The important thing is that you'll see the evidence that the responsible policies that I'm putting in place, the tough things that I have to do in May are getting the economy coming back, but not just in a temporary way. We're getting the fundamentals right for the restructuring of this economy. I am as certain as I am of anything Paul, that your viewers out there, the men and women there, are saying if I've got a choice between the voodoo economics of your Howards and your Peacocks and your Bjelke-Petersens, they will give you these big handouts, we'll have a deficit of \$10 billion. They know that that would be a temporary, disastrous phenomenon, which would mean that their kids are going to pay the price in the next generation. I'm not prepared to do that and I don't think the Australian people want it to happen.

LYNEHAM: Does a later election, do you think, mean that you'll be bringing in many of the August budget cuts forward to May, so that the August budget will be a little softer?

PM: I'd always intended that the May Statement would do most of the work. The economics of it demand it. The world is looking at us. Not just as Bob Hawke as Prime Minister. The world is looking at Australia and saying, have you got the guts, as well as the economic capacity, the intelligence, but have you got the guts to face up to the fact that you have had this drop in the national income. Are you prepared to make the decision?

LYNEHAM: You'll make them even if it costs you government?

PM: I said last year in my Address to the Nation and I repeated it yesterday in the press conference, there is no way you'll find this prime minister taking the soft easy options now, in the hope that taking the soft easy option will guarantee me another ride into the prime ministership. I would much rather, much rather, lose office but know that I'd made the right decisions for the future of this country.

LYNEHAM: Finally, on a personal note, you mentioned your ability to deal with temptation, yet I saw a photo of Bob Hawke the Pritikin dieter tucking into a big hamburger at the weekend. Have you fallen off the low cholesterol diet?

PM: Never believe what you see in the press. It was a dirty big sausage I was tucking into.

LYNEHAM:(inaudible)...?

PM: No, just a different form of temptation.

LYNEHAM: What does Mrs Hawke say about this?

PM: She is a marvellous lady. She has learnt to understand over the years that I don't have an eternal enduring capacity to resist all forms of temptation and she passed the indiscretion on the sausage.

LYNEHAM: Thank you for your time.

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