



## PRIME MINISTER

TRANSCRIPT OF INTERVIEW WITH WARWICK BEUTLER, ABC AM  
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THOMPSON: Mr Hawke spoke to Warwick Beutler at The Lodge in Canberra last night just a few days ahead of the announcement of the new wages-tax-superannuation deal with the ACTU. It's expected to deliver a substantial wage rise next financial year. Mr Hawke wouldn't reveal the details of the wage deal but he did discuss the principles on which it was based.

PM: You've got to have decisions which produce the best outcome in aggregate terms. Quite clearly if you are not able to negotiate an arrangement with the trade union movement which gives you predictable outcomes and within reasonable bounds, then the alternative, and certainly the alternative which is contained in the Opposition's policy will be a massive wages breakout.

BEUTLER: So it's the price we've got to pay for industrial harmony is it?

PM: It's not a question of the price you have to pay. It's a question of making a choice as a society whether you want the chaos of the alternative prescription, and we don't have to be theoretical about it. They practised this at the beginning of the '80s - wages explosion, collapse of the economy, worse recession in 50 years, double digit inflation, double digit unemployment - never before been achieved. Now that's the alternative you've got.

BEUTLER: Yes but the other alternative, the alternative under your Government, is to deliver big pay rises when the country has to pay for that in high inflation, high interest rates and we price ourselves out of international markets, don't we?

PM: On the contrary. You conveniently ignore the facts. Let's take the last point first, pricing ourselves out of international markets. In the last two years a 14% increase in real terms in manufactured exports. Totally inconsistent with the proposition that you're putting. If you price yourself out of international markets you can't have a 14% real increase in manufactured exports.

BEUTLER: But we still have the worst balance of payments crisis we've ever had in our history.

PM: That is in fact not true. The current account deficit and your external position as a proportion of GDP was in fact worse just before we came to office than now. Now the fact is that what we -

BEUTLER: But you wouldn't say it was good now, would you?

PM: No of course not. There's room for improvement. But you wouldn't say would you either Warwick that you've priced yourself out of business if in the seven years of government you've created 1.6 million new jobs, a rate of employment growth five times as fast as in the previous seven years and if you've had a rate of employment growth twice as fast as the rest of the world and if in that 1.6 million new jobs that we've created, 92% of them have been in the private sector. How about taking account of that.

BEUTLER: Yes, and we've got -

PM: Thank you.

BEUTLER: - and we've got high interest rates, very high interest rates.

PM: Not as high - we haven't reached the peak that we did under the conservatives.

BEUTLER: We wouldn't want to would we?

PM: No, we certainly wouldn't want to achieve any of the things that they did in their period and we haven't. Now let me make the point that as far as the high level of interest rates is concerned, I haven't tried to hide the fact that they've been high. But they've had to be high, as I've explained to the Australian people, because we had a situation, put simply, in the last full financial year you had an eight per cent increase in consumption, a four per cent increase in production, and that gap of four per cent was taken up by imports. You can't keep doing that. So with tight fiscal policy and tight wages policy you also had to have tight monetary policy. You see I'm not, as I've said, I'm not a masochist, I'm not a sadist. I don't want to hurt myself. I'd be out of my cotton picking mind to hurt myself and I'd be out of my cotton picking mind to hurt you and your listeners. Because you have votes and you're going to cast a vote. The reason why we had to have tight monetary policy was to ease demand. And to have - it goes back to what you're talking about, our external position. If we hadn't been prepared to suppress demand in the economy you would've had an infinitely worse external position, which is what you're talking about.

BEUTLER: You mention interest rates. Interest rates have begun to fall and housing interest rates can't be too far behind. But they can't fall far can they?

PM: The extent of their fall is not something that I can predict. But what is the most important thing for your listeners I think is not in a sense what I'm saying but what the banking industry itself is saying. They are saying quite clearly and universally that interest rates are going to fall. They are already falling. The cash rates have fallen. They're down now, cash and bills are down very significantly. You've got the situation where they've reduced prime rates and they've indicated they're going to fall further and that mortgage rates are going to fall.

BEUTLER: But they can't fall far can they?

PM: They can fall considerably but I can't put a figure on it and I'm not going to because that would be quite irresponsible. But what we have done is to take the tough decisions and take a lot of flak for making the tough decisions and being prepared to make tough decisions. The other side have the rhetoric but we had the responsibility and the courage to take the tough decisions. And now what the financial community is saying, and saying unequivocally, is that those policies have worked, are working, and within that framework that rates can come down. Now the extent to which rates fall is, they're not capable of exact prediction. And I'm not going to say how much. All I can say is that I've done the tough work with Paul Keating and have copped the flak.

BEUTLER: But give us a ball park figure.

PM: No, I'm not going to give you a ball park figure. I know you'd like one Warwick. Wouldn't it be good for you to be able to say I got the Prime Minister to give a ball park figure. I'm not going to do it.

BEUTLER: How much will wages grow next year?

PM: Well that will be part of the statement that the Treasurer will be making on Wednesday. He'll give you a precise figure as to what the projected wages growth figure will be for '90-91.

BEUTLER: Can voters be excused in this election for believing there's not much of a choice at all, for believing that you and Mr Peacock are a bit like Bib and Bub. You don't differ on foreign policy, you don't differ on defence, you don't differ on the need to help the family, to help middle Australia.

PM: Just excuse my laughter. Let's take it bit by bit. 'We don't differ on foreign policy.' Well let's just give you one smidgeon of difference. I'm being

sarcastic. Fundamental. I negotiated, initiated and brought to fruition the South Pacific Nuclear Free Zone Treaty to which we are a party. Mr Peacock would abandon that to allow the stationing of nuclear weapons in Australia. Do you think that's peripheral? Fundamental. I suggest -

BEUTLER: But the United States doesn't support that Treaty for example.

PM: The United States is not running my policy. Nor would they, I think, hope to have their policy run by Mr Peacock or be running his. The question you asked was not about a difference between me and the United States. I think if you roll the tape you'll find, and it will show that you asked about the difference between Mr Peacock and me. Correct?

BEUTLER: (inaudible)

PM: Yes, correct. That was a yes listeners. Yes he said. And in answer to the questions you put to me I'm saying on that fundamental question of whether you have nuclear weapons stationed in Australia or not, Mr Peacock would abolish our adherence to the Treaty that I negotiated which prevents that happening.

BEUTLER: That's one minor element. But essentially -

PM: Your judgement 'minor', but I doubt Warwick whether your listeners would regard the question of whether you're in favour of the stationing of nuclear weapons in Australia or not as minor. You may regard it as minor. I don't.

BEUTLER: Alright. The family.

PM: The family. Yes, well, I was coming to the family. Now let's look at the family. Rhetoric is cheap and easy. But you know, if you have a concern for the family you're not talking about something that lives up in Mohammed's coffin. They exist here in Australia. You know what affects the welfare of families? Let me tell you. Jobs, education and health.

BEUTLER: And interest rates.

PM: We'll come to interest rates. They had higher interest rates than we've ever reached. So dispose of that. Now, let's look at what they did in regard to the three things which are fundamental to the question of the welfare of families. Jobs - last 12 months, another quarter of a million on the unemployment scrapheap. The worst record of employment and unemployment of any post-war government. They brought the worst recession in 50 years. Threw mum and dad and the kids out of work. Health - we came to office with two million Australians, you know, members of families. Not somewhere out there

in Mars. Two million members of Australian families uncovered for hospitals and doctors visits. If they got crook they had no cover. Now they were very concerned with families weren't they. Well my concern with families was translated by bringing in Medicare which meant that every Australian, every member of every Australian family covered. Not having to worry about being unable to pay the bill. Education - let's just think about education and how they talk about their concern for families. Do you know what their magnificent achievement was? Seven years in office and they increased the participation rate by a miserable two percentage points, from 34% to 36% when they walked out of office. In other words one in three of Australian kids staying on in the education system. The basic building block of education. The basic determinant of the future welfare of the kids of Australian families. I said that was pathetic. And against their two percentage points increase from 34% to 36, I've lifted it from 36 to 62 and next year it will be 65. In other words, not one out of three but now two out of three kids staying on in school. So you've got it. Jobs, health, education. They can have the rhetoric. Give me the facts.

BEUTLER: Yes but you can constantly refer to the previous seven years of the Fraser government and it's natural that you should make that comparison. But a lot of Australians aren't interested in what happened then. They're interested in what's going to happen in the next seven years.

PM: Exactly. And it's because they are promising exactly the same as the policies before that I go back to the past. Not simply to say there's their seven years and there's mine. But you look at the issues that we talked about - jobs, the economy. What devastated the economy in the last years of their office? Very simple. They had no wages policy. They allowed wages to explode. The economy collapsed. They are promising a return to exactly the same thing. So what they produced before will produce the same or even worse this time. Health - they are now promising a return of the same. To abolish Medicare. To go back to the situation where people will be uncovered. In regard to education, the same thing. You look at their education policies in regard to universities. They are saying we'll give a certain number of scholarships and then the rest will be fees. So the rich will get the places, the poor and the middle income people miss out. They are returning in other words to exactly the sort of policies which gave the disaster of the past.

BEUTLER: Do you accept that 30% of the electorate, as much as 30% of the electorate is undecided?

PM: I would doubt if it's as high as that. But I see some polls suggest it. But they will make up their mind. That suits me fine because - I mean, if that figure's

right - because what they're already seeing in the election, what they are already seeing is the total disarray of the Opposition. They are seeing the absolute unity of purpose and of policy of my people. And the big question, the big question is going to be in regard to all their rhetoric and their promises 'where's the money coming from?'

BEUTLER: Is your Government tired?

PM: Do I look tired?

BEUTLER: I said is the Government tired?

PM: No, well I'm a large part of the Government. I'm certainly not the Government exclusively. But I'm not tired. My Ministers are not tired.

BEUTLER: Why is it necessary for you to spend \$19 million on advertising in this election?

PM: It won't be \$19 million on advertising. I think there was some reference that the total cost of the campaign might be of that order. But that's not just advertising.

BEUTLER: But a fair amount of it will be advertising.

PM: (inaudible)

BEUTLER: Why do you need to spend that much?

PM: Well, the Opposition will have unlimited financial support. I think -

BEUTLER: You will too.

PM: I wish you were right my friend, I wish you were right. Not unlimited I can assure you.

BEUTLER: No, but you'll spend more than they will.

PM: I don't know about that. We've got no reason at this stage to judge that that'll be true. They've already started. We haven't. I mean -

BEUTLER: But why is it necessary?

PM: Would you suggest we don't need to spend any on advertising? You're saying it's a tight election and we've got to explain to the Australian people. I mean I think if we listen to the rest of, y'now, what's gone on before this you would concede that probably there's a lot of the Australian people don't yet fully understand and appreciate why there's been a need to do some of the things we've done, what are some of the achievements of the Government in a whole range of areas. I don't blame them for that. If there's been a problem in a full

comprehension, we have to accept some of the blame for that. Then if that's true then in the campaign we've got to make sure that people do understand what the alternative is. I mean I so deeply believe Warwick that this election is crucial for the future of this country. It really is going to determine in my judgement what sort of Australia we take into the 21st Century. If \$19 million is the figure that needs to be spent to make sure that the right decision is made well then so be it.

BEUTLER: Andrew Peacock surprised you in 1984 didn't he?

PM: No he didn't surprise me. No he didn't.

BEUTLER: You didn't think he'd do as well as he did.

PM: Well. Were you privy to the polling? I mean I know what the leads were of the Government and the Opposition at that time. And there is some suggestion that it was a massive gap, that we were streets ahead. We never were streets ahead?

BEUTLER: What's the polling say this time?

PM: That's for me to know and you to find out if you can. I don't like your chances.

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