



PRIME MINISTER

TRANSCRIPT OF INTERVIEW WITH PAUL MURPHY, ABC PM
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MURPHY: Prime Minister, you head a government but yesterday you and the Treasurer were trying to talk interest rates down. Is this an indication of how worryingly tight this election is for you, that you and Mr Keating decide to comment on interest rates within hours of each other, something you've previously been reluctant to do?

PM: We've been talking about interest rates from the beginning of the election Paul. I was doing no more, neither was Paul Keating, than to state the obvious. The obvious is that interest rates have been deliberately high last year, not because we wanted to have a tight monetary policy as such, but to help slow down the level of activity in the economy. We were stating the obvious that that policy had been working, the economy was slowing down, and in those circumstances that the conditions were right for a fall in interest rates. That was not only appropriate for us to say that as a factual situation, but we would've been failing in our obligation as leaders of our Party if we didn't put to the people of Australia that factual position, which factual position Paul, I am pleased to say, has been endorsed as you would notice by the comments that have been made this morning from within the banking industry.

MURPHY: But you don't think unfair pressure might have been put on the Reserve, trying to lock it in, by the comments particularly made by your Treasurer?

PM: No, not at all Paul. The Treasurer I think has a proper and effective relationship with the Reserve which has been established over the years under a head of the Reserve that was appointed by our predecessor and then under the head that we've appointed to replace Bob Johnson. It has always been a proper and effective relationship both with the Governor of the Reserve and the members of the board.

MURPHY: But ironically of course while you and your Treasurer were making the comments you were yesterday, some banks have been raising rates on fixed rate mortgages.

PM: Well yes, but we dealt with that effectively yesterday. Those fixed rate mortgages are financed by the banks by fixed rate securities. And because of what happened after we lowered the Par ratio and there was a selling off of those securities, the rate on the bonds went up and that was reflected in the decision they made in regard to their fixed rate mortgages. But it was quite clear that it had no impact upon variable rate mortgages. And indeed the statements that have been made this morning - I mean I just don't go to all of them - but if you refer to the statement by the St George Building Society that said, the spokesman there said the trend is still positive, a fall in interest rates is a reasonable expectation. The ANZ Bank said the direction of change will be towards lower interest rates. So what Paul Keating and I said yesterday, I repeat, was an observation as to the factual position. Those observations that we've made have been endorsed subsequently.

MURPHY: Before moving on though Prime Minister, in the end the markets will decide the level of interest rates -

PM: But Paul -

MURPHY: But politicians certainly ... influence the markets don't they. I mean politicians -

PM: ... marginally. Paul, marginally. I mean, when you say the markets determine, that's right, but also governments determine the environment within which markets set rates. And that's the point that Paul and I have been making, that we had been running a tight monetary policy during last year not because we wanted to. As I've said so often, I don't either want to hurt myself, I'm not a masochist, and I certainly don't want to hurt my fellow Australians. But it was necessary, given the enormous increase in imports which had come in to fill that gap between the eight percent growth in consumption and the four percent increase in production, we had to lower the level of activity to lower the level of imports. Now we've set the policies in a way calculated to be best for the future development of the Australian economy. It required a lowering of activity. That's been done. So the markets aren't totally autonomous in that sense. They do depend upon having a government which sets the right environment. That's the basic point, Paul, that I've been making together with Paul Keating in this campaign. Why the banks are able to say that interest rates will be coming down is because we've got the policy settings right. We have fixed the position where the banking industry, employers and employees, know what the wages outcome is going to be in the period ahead in the twelve months. They know that we've got the budget under control. That's why they can say in regard to our policies that the rates will come down. But under the Opposition the position is quite the

opposite. There would be a wages explosion and the budget surplus would be blown.

MURPHY: Prime Minister, we are half-way through the second last week of the campaign and there's not much movement out there in the electorate. Either voters really can't make up their minds or they're utterly disillusioned with both major parties. What can you say to voters who think neither of you have anything to offer them and they don't believe what you say anyway.

PM: I think that your first statement is an overstatement, that there is no indication of what's happening out there. I think there are some indications that the people are understanding that the policies that I am offering on behalf of the Government offer the best alternative. What I can say in answer to the last part of your question - why should they come to the decision, more of them now, to vote for the Government - it's basically very simple. Do you want a continuation of job growth, where we've had five times the rate of job creation that the conservatives created. If the answer is yes then you must vote for us because the basic reason why, under the Labor Government, you've had this explosion in employment and record investment which is recreating the Australian economy for the future to make us more competitive, all of that is basically because we have had a wages policy that's worked. Now Mr Peacock has had the question put to him before the campaign and during it - 'can you tell us Mr Peacock what the wages outcome will be?' He's had to say 'Who's to know'. He doesn't know and he can't be detailed about it because he knows that there will be a wages explosion. So the central issue in my judgement for the people of Australia is, in regard to the economy, you've got a government which can in fact deliver an appropriate wages policy. The alternative can't. I mean you have the nonsense in this morning's press of Mr Blunt talking about wages policy. I mean you've never seen anything so ridiculous in your life. He said, well of course a lot of people won't be able to get any wage increase because they can't get any more productivity. And he offered the scintillatingly brilliant suggestion for hire car operators that they could increase their productivity by buying stretch limousines and get more people in their cars.

MURPHY: Returning to disillusion, the Party's own research plus mainstream polling organisations do show there's a lot of disillusion out there, that they look at you and Andrew Peacock and they're not excited. I mean have you lost the ability to inspire Australian voters?

PM: Let me say Paul, if you say they are looking at Bob Hawke and Andrew Peacock, I invite you to see and then reveal to your listeners what the judgements are and the straight comparisons between Bob Hawke and Andrew Peacock. You've raised the issue Paul that they look at

Bob Hawke and Andrew Peacock and they make conclusions. Well I'm too modest Paul to spell out what the conclusions are when they look at Bob Hawke and Andrew Peacock. But you know what they are and perhaps you could tell your listeners.

MURPHY: But you don't accept -

PM: ... comparison.

MURPHY: But you don't accept that there is disillusion out there?

PM: I accept, and I've said all the way along, before this campaign started, that politics in this country and around the world are undergoing quite a considerable change. I've never tried to hide that fact. I mean there are a number of issues emerging as matters of importance in the minds of electors Paul that weren't there before. The overwhelmingly important issue that has changed the structure and character of politics in this country and around the world is the environment. I mean a lot of people are saying that for them that's the fundamentally important issue. And they are casting their votes or indicating that they'll cast their votes to non-major parties to give effect to their major concern on the environment. There is a conclusion which follows from that though which I want to put to your listeners, and it is this. If your major concern is the environment and you wish to express that by voting for a party other than the Labor Party with your first preference, remember then that it is either the Labor Party or the conservative parties which will form the government. And on the issue of the environment my record leaves the conservatives for dead. I saved the Franklin against their opposition. I saved Kakadu from mining against their opposition. I saved the Daintree from logging against their opposition. I've saved the tall forests of Tasmania against their opposition. So as far as the election is concerned with people wanting to register their first concern about the environment, I'm not upset about that, I understand it. But please make sure that the second preference goes to the Labor Party because we are the ones with the positive record and the conservatives have an absolutely appalling record.

MURPHY: Yes it's interesting that you mention independent standing and green candidates and the Democrats of course and you keep on putting emphasis on the second preferences and the importance of them. Obviously you want them to flow your way or as many as possible. But what about the first preference? I mean that's even more important isn't it. I mean really, you'd be appealing to people to vote for you, wouldn't you, on the environment rather than independents?

PM: Well I would. But I've got to accept the reality that some people are going to say that they regard the

environment as so important that they want to vote for a party, the green candidates, who have the environment as virtually their only issue. Now obviously I think it would be wiser for people to cast their first vote for us because it's either Labor or the coalition which is going to form the government. I certainly believe Labor. So it makes more sense if environment is your concern to make sure that Labor gets elected because we have a record which has led the World Heritage Bureau to say this - let me quote it. They said 'no country has done more to advance world heritage values than Australia'. Now that's the judgement of the World Heritage Bureau. And if you want that record to be maintained then a vote for Labor is the best way of doing it.

MURPHY: The best way. In other words you're not suggesting to people if they're really concerned about the environment they should vote for an independent or a green or even a Democrat?

PM: No, no, I'm saying that the best way of voting to protect the environment is to deliver your vote straight to Labor. Because we're the ones that can form the government and we're the ones that have got the record. So deliver the vote straight to us. But I'm simply saying if they won't do that, and I urge them to do it, go straight to us, if they don't, make sure that the second preference comes to us.

MURPHY: Yes indeed. Of course preferences are vital, particularly the Democrats because they seem to be polling very strongly. You must have got a rude shock in the West only yesterday.

PM: But you might notice, if you read the transcript, I was a little prescient. I mean I said well I'm not sure that that decision will stick. I don't think I was being unduly brilliant in saying that. I mean I was simply, I was analysing it and saying well how can the Democrats adhere to a decision which involves giving a second preference in the majority of seats in Western Australia to the conservatives, which would mean Democrat voters voting for a uranium enrichment industry, voting for mining in Kakadu, voting for the abolition of the capital gains tax. It didn't seem to me that they could stick to that decision, and they haven't.

MURPHY: You've been asked this before, but I'll ask you again. If you win on March 24, how long will you stick around?

PM: I will stay the full term of the next Parliament. I notice in their increasing desperation the conservatives are trying to breathe some life into a dead horse. They tried this earlier on and said that a vote for Bob Hawke was a vote for Paul Keating, to which Paul gave the eminently clever and accurate response that a vote for Andrew Peacock is a vote for Andrew Peacock. Now I think

everyone accepted that I knew better about my future than Tony Eggleton or Andrew Peacock. I'd like to hear their estimate about Andrew's future, by the way, after the 24th. But that's another issue. I'm simply saying that I will go the full term of the next Parliament.

MURPHY: And resist any temptation there might be, say 18 months on, to retire and hand over?

PM: Yes indeed. Well, when you say any pressure -

MURPHY: No, temptation.

PM: Well, temptation. I mean you don't understand Paul the enormous pride and pleasure I derive from being Prime Minister of the best country in the world. I mean Australia is the best country in the world. To have the honour of leading it is not something that either you take lightly or discard lightly.

MURPHY: Alright, if that honour continues after March 24, that would mean then that you'd be looking at an election in '93 or perhaps even '92. How long would you expect Mr Keating to stick around if that's the scenario?

PM: Mr Keating is a man of great dedication and he's a man greatly misunderstood. He is a man who is an outstandingly capable Treasurer in the macro-economic sense and in terms of thinking of micro-economic reform. But he's also a Labor Treasurer in the great Labor tradition. I would just love some of the commentators to be able to sit in on some of the Cabinet meetings and the Expenditure Review Committee meetings where we are dealing with the issue of the least privileged in the community. Brian Howe, the outstanding Minister for Social Security, has no greater supporter amongst the other Ministers than he does in Paul Keating. Now this man is a person who obviously, if he'd wanted to pursue his own personal ambition and his own personal aggrandizement, could easily have done that at any time, but he hasn't. He hasn't done that because he's got a vision about, he's got a depth of commitment and love for this country and a vision about how we can make it a better, stronger, more competitive country. And I think it's those considerations which will determine Paul's continuing commitment.

MURPHY: Prime Minister, you just said though that he's misunderstood. Why is that though?

PM: I think, well, it's fairly easy, historically - I mean Paul is not the first Treasurer of this country to be easily miscast. It's very very easy to miscast Treasurers because when decisions have to be taken in the fiscal area that are a bit tough, well the Treasurer is easily painted as Mr Scrooge. It was always historically, I mean you go back over all your Treasurers, go back to the post-war period, Arthur Fadden

and so on, the whole lot of them, they were always the easy butt. Paul of course is reasonably direct in the things he says. He can say things directly which may, again, easily lead people to paint him in not the most congenial of ...

MURPHY: Right -

PM: But all I'm saying is that I know Keating well. He's my friend as well as my colleague. I know that he is amongst the most compassionate of Ministers that has ever been in a Federal Cabinet.

MURPHY: And happy to stay where he is?

PM: He, as I've said, has got the legitimate ambition at some stage to be Prime Minister of this country. That's a legitimate aspiration. But Paul Keating and Bob Hawke have never worked more closely together than they have been over recent times, and are now, and will through the life of the fourth Hawke Labor Government.

MURPHY: And if you do get that fourth Labor Government Paul Keating will be waiting a long time to realise any ambition, any further ambition he's got?

PM: Yes, but remember, Paul Keating went into Parliament very very early. He's one of the longest serving Members of Parliament, but still a relatively young, fit, intellectually able young man. And would, on that timetable that you're talking about, come to the Prime Ministership at, I would've thought, less, significantly less than the average age that people have become Prime Minister in the past.

MURPHY: You've just annointed him.

PM: No, I haven't. I've answered your questions. I've always said that the Caucus makes the decision, the Caucus makes the decision. But I'm responding honestly and directly to your questions.

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