



**PRIME MINISTER**

TRANSCRIPT OF INTERVIEW BETWEEN BRIAN WHITE (2UE) AND PRIME MINISTER, BOB HAWKE.

21 MARCH 1990

E & OE - PROOF ONLY

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WHITE: And now we come to the second of our election interviews, once again being broadcast to quite a number of stations around Queensland, South Australia and New South Wales, as well as 2UE. I welcome once again to 2HD, 2MC, 2RE, 2RG, 2SSS, 4LM, 5CS and 5MU. Welcome to you and your listeners. Now my guest the Leader of the Labor Party, Bob Hawke, the Prime Minister, sitting opposite me in the studio, having flown up from Canberra, where at lunch time he addressed the National Press Club, as Andrew Peacock did yesterday. The first question to you, the same one that I gave to Andrew Peacock. As briefly as you can, can you tell us what is the main reason why Australians should vote for you on Saturday?

PM: Because I have gone directly to the people and not simply said what I will do, but how I will do it. I've answered every question that's been put to me. What I've said I will do is to continue economic growth, employment growth, continue to create a more competitive Australian economy, increase our exports, and also continue to protect our environment and to increase social justice in our country so that there is a greater equality of opportunity for the people of this country. Now, I've explained how I will do that by having a wages policy which is predictable. If you can't have a wages policy which will tell both employees and bosses what the wages outcome is going to be, then you can't run the economy. Mr Peacock has openly said he doesn't know what the wages outcome will be. Everyone else knows it will be a wages explosion. The second thing is, I have - before I started this campaign - sat down, found savings and then fully funded every promise I have made for the Australian people. Mr Peacock has got an unfunded bribe of between six and seven billion dollars and now two days before the election hasn't told the Australian people how he will find the money for those promises. That must blow our surplus. And with the wages explosion and the busting of the budget surplus, you will have interest rates going through the roof. And, as I say, I will continue, as I have in seven years, to ensure that I accept the obligation to this and

future generations to protect the environment of this country. On every major decision I've taken, Brian, - the saving of the Franklin, saving the Daintree from being logged, saving the Kakadu from being mined, saving the Tall Forests of Tasmania - on every one of those, Mr Peacock, the Liberals and National Party have opposed me.

WHITE: Now one thing that arises as a thought out of your answer, is that this is a very presidential campaign, isn't it? I mean, is it Bob Hawke versus Andrew Peacock? I mean why has Labor, for example, chosen to make it a one man campaign?

PM: Well, I guess because they've got confidence in their Leader. I have supported the whole of the Labor Party - every one of my Ministers is one hundred percent behind me, supports me and trusts me. That is not the position with the Liberal Party. Just let me give you an example, which happened just last week. The most remarkable thing that occurred on a radio programme down in Melbourne, with Don Chipp. Don Chipp had John Howard on his programme and he asked him a question about whether he believed Andrew Peacock saying that he, Andrew Peacock, didn't know until two days before that he was going to knock Howard off? And Don put the question to him quite frankly, and Howard gave the answer. And what Chippy said was well, there's only one inference you can draw from the reply, John, and that is that you don't believe Mr Peacock. I mean, when you've got a Coalition like that where the senior members don't trust one another, when they know that Mr Peacock can't handle economic questions, then what you get is a range of people being put up - Dr Hewson, Mr Howard, Andrew Peacock. In my case, the party and all my Ministers totally trust me. They know that if there's questions about economics, they don't have to put someone else up. That I can handle it.

WHITE: You did, of course, originally come to office after a coup against Bill Hayden....

PM: Yeah, but I didn't get up and say, as Mr Peacock did, that I didn't know anything about it until two days before when I was drafted. I mean, I didn't have a situation where I had one of my senior colleagues, like Mr Howard, giving an answer which, if interpreted correctly, as saying I don't believe what Mr Peacock's saying. Everyone knew what I was about.

WHITE: Would you agree that if the Coalition did have the sort of, well....how can I put this? If it appeared to the public to have its act really together, that they'd do you like a dinner?

PM: No, I don't accept that they'd do us like a dinner. I mean, it's like saying that if someone was differently constituted, they'd be a different sex. I mean the fact is that the Opposition is constituted the way they are. Constituted of a

group of people in the Liberal Party who haven't accepted the obligation of Opposition. Opposition is a hard job and the Labor Party learnt it. We got dealt with - in my judgement - appropriately by the electorate for a long time. While the electorate looked at the Labor Party and said you're so busy fighting yourself - as we did, vigorously - the electorate just said, sorry, Labor Party, until you can govern yourself, you're not going to get the job of governing the country. Now that's the reality. And it's no good talking about it. The reality is that the Liberal Party has spent more time swapping and changing leaders since I became Prime Minister ...I mean, I met in 1983, Malcolm Fraser. So it was made clear to him that he had to go. Then they put in Andrew Peacock. So then they spend their time dumping him and putting John Howard in. Then they spend all their energy dumping Howard and putting Peacock back in. But they haven't done the hard work of getting their policies together. And then...so within the Liberal Party, they despise and detest one another and then you've got the tensions between the Liberal Party and the National Party.

WHITE: Right. Now....

PM: That's what they are. I mean, you can't say well what if they were different. I mean that's who they are.

WHITE: Yeah. But you're not saying that if they were different you wouldn't be done like a dinner?

PM: Well, I'd be entitled to say if they were different then something else might ...different might have happened. We mightn't have had the collapse in the terms of trade in 1985/86 which brought about certain economic results. I mean, it's not a very, you know, rewarding game saying if something was different on their side.....

WHITE: No. Well, today - speaking of the economy - we've got these figures out that show our gross domestic product is on the decline, yet this is essentially being seen as good news for the economy. Now, surely that's turning language on its ear when the product of a country is going down?

PM: No, of course it isn't. Because what we think....you can't have it both ways....I mean, I don't say you, Brian, I mean it can't be had both ways by people. What we were faced with is a situation where we had to bring in tighter monetary policy because we had this gap - a four percent gap. I mean, I'm not speaking in economic jargon. We, in this country, were consuming four percent more than we were producing. So we had to have high interest rates to close that gap. And what the figures show now is that the gap has been closed. And that's why the banks and the commentators are now saying that interest rates can come off. We had to get this slowing down so that you could take off interest

rates, and of course, you know, fortunately, we've got the comments on the Reuters screen last night. Traders said that credit marks at the end of the day (inaudible) in anticipation of a further easing in monetary policy in the next few weeks. As I said, assuming the Hawke Labor Government is re-elected in Saturday's federal election. In other words what they're saying is evidence is showing that the policy to bring our consumption and our production into line is working. And what's happening, fortunately, is that we will not get the recession because of this because what's happening is our production is now being channelled into net exports.....

WHITE: Yeah. But we still have a situation where while consumption might have come down, so has production. How can it be a good thing for production to have come down?

PM: Production, in fact, for the year shows an increase of...I'll give you the figure - 4.2 percent growth in GDP over the course of whole of 1989.

WHITE: Yep.

PM: We're still getting ...we've got a situation where in fact it showed a 0.2 decline for the quarter, but what you've got to understand in these statistics is a thing called a statistical discrepancy, which detracted 0.9 percent ....0.9 percent, which is the wild figure. It may well be that when the corrections are made, as they are, in subsequent quarters, that you will find, in fact, that there was a positive figure for this quarter, but...

WHITE: Sure, it could go the other way.

PM: Yeah, yeah. But what I'm saying is that what we should be pleased about, as the markets are, is that what we set out to do is working. We're slowing things down....slowing them down in a way which is directing our production into net exports which is exactly what we've got to do. What we can guarantee, and what the market is saying, is that if Labor is re-elected on Saturday, then you'll have the conditions for a lowering of interest rates and growth in the economy. That's what the markets are saying here and overseas. I mean, it's not only what's being said in Australia, but it's being said overseas as well.

WHITE: In my discussion with Andrew Peacock earlier, I quoted one overseas case to him which was the British budget out today. Let me quote another overseas case to you. The American economist, J K Galbraith, he said some time ago, and he was actually referring to Britain, that when you have high interest rates, the rich people lend to the poor people and make a lot of money out of doing so and the gap between the rich and poor gets wider and wider. Now isn't that exactly what's been happening here?

PM: It is not. The opposite is happening here. The opposite....

WHITE: Not at the moment (inaudible).

PM: Let me tell you....

WHITE: In this period of high interest rates are you saying to me that the rich haven't been getting richer and the poor getting poorer?

PM: I'm saying that under my Government the gap between the rich and the poor has been reduced. Why? Because we've had a taxation policy which has meant that the rich are now paying tax where they weren't before. Just let me give you one quote, Brian, one quote. This is not Labor Party policy, or, you know Labor Party spokesman, this is what is said at the end of the last period of government, ...this is by Professor Russell Mathews, the Australian National University, foremost fiscal authority, said the essential problem is to make the rich pay any income tax at all. Why did he say that? Basically because there wasn't a capital gains tax. And what we have done is now to remove that obscenity from the Australian scene where it is a question of getting the rich to pay any income tax at all because we've introduced a capital gains tax. And Mr Peacock by two propositions is proposing to return to that situation of the past of clothing the rich at the expense of the poor. Firstly, by abolishing the capital gains tax. The absence of which was the very reason that Professor Mathews said that the essential problem was to get the rich to pay any tax at all. The second thing ...just ...how do you like this? About Mr Peacock's proposal on the tax front. What he's proposing is a new two tier tax system. And this is his concept of fairness. Here are the figures. A two tier tax system. Shovel it back into the profits of the rich. For a person on \$17,000 a year, the tax cut he's proposing would be twenty cents a week. For a person at the level of average weekly earnings of about \$28,000, it will be a cut of \$4.73 a week. Do you know what it would be for Peacock as Prime Minister? Over \$100 a week. Now that's the concept of fairness in tax of Mr Peacock. Abolish the capital gains tax to restore the situation that the Liberals imposed upon this country where it was a question of choice as to whether the rich paid any tax at all. And secondly, if they re-arrange the tax system, he'll shove \$100 a week...more than \$100 a week into his own pocket, and \$4.00 a week for the average bloke.

WHITE: Right. Well now, if I can move to wages, and of the accord which you've already brought up yourself. Labor is obviously terribly proud of the way which the accord has held down wage levels. But could I put it to you that in a sense our whole industrial relations scene has not moved with the times?

That it's not ....it's become almost upside down today in that, for example, if good workers in the business want a pay rise, the normal way that they have to act is to go to their union first, the union might then go to the Industrial Relations Commission or wherever, but at no stage does the worker ...group of workers go to the employer.

PM: Well, it's simply not the case. We have the situation under the current industrial relations system, that there is enterprise bargaining. It's happening.

WHITE: It's starting to.

PM: It's happened very significantly. Very significantly indeed. And we have, however, in the interests of the economy, two guarding mechanisms in it, if you like, that agreements for me to be subject to the (inaudible) of the...and the guidance of the Industrial Relations Commission, so that national aggregate outcomes are guarded...you don't get a return to the beginning of the 80's when you had a wages explosion in the worst recession for fifty years. And secondly, the (inaudible) union council also is keeping a watch on seeing that you don't get massive wages outbreaks. The simple fact is that it's only as a result of our industrial relations practices that we are moving in the times. Look at what happened yesterday. The Metal Trades Award. For yonks - for decades - you've had a situation of this critically important award in the manufacturing industry - the Metal Trades Award - had three hundred and sixty different classifications reflecting the (inaudible) and the relevancies of fifty, sixty, seventy, eighty years ago. Now, as a result of our processes, that's been scrapped and instead of three hundred and sixty classifications, fourteen...fourteen classifications which now means that you can have proper training and re-training and promotion and a whole structure of relations which is relevant to the most modern technology. Now that's what our system has produced. Plus, a sixty percent reduction....a sixty percent reduction in industrial disputes.

WHITE: Many economic commentators - not the journalists from Canberra - have been saying that the best hope for this country is that whoever wins on Saturday will drop their promises if they have to, to do what just has to be done which is in their view critical surgery.

PM: No, I haven't seen anyone who said that they hope that our promises will be dropped for the simple reason that everyone of my promises is funded. You see....

WHITE: It's not so much the fact that they're funded but the problems are going to be so critical that whatever you can fund at the moment, you might not be able to fund ....

PM: Let's look at how absurd that proposition is of ever putting it. What was one of the centrally important promises that I've made to commitment? It is to create fifty centres - co-operative centres - of scientific excellence in this country, which will bring together the best research capacity of the CSIRO and universities and industries which will put Australia at the leading edge of technology in a whole range of areas which will then be used to transfer into new production. New productive processes. Now, I couldn't think of anything more obscenely irrelevant and absurd. Brian, now you're not saying...you were saying other people were saying that that proposition should be dropped. I mean if there is one thing that Australia's got to do, as I've said in the policy speech, we've got to become the clever country. We're not going to become the clever country by accident. We've got to get these centres of excellence. Co-operation between the CSIRO, the universities, and industry. Now for anyone to suggest that we should drop those proposals ...that I should drop the proposal to help parents to keep their kids on at school, to meet the obscenity that I inherited in 1983, where after seven years of conservatives we still only had one in three of our kids staying on in school, now we've got nearly two in three of our kids staying on in school and I've committed through finding interest savings to pay money to the parents of these kids. Twice a year at the relevant time so it's going to be easier to keep them on at school. And to suggest that we should drop those things....I mean, I've never heard anything more absurd.

WHITE: Let me put to you an aspect of that. That Australian Governments have been trying for years to get better performance out of Australian manufacturers. John Button was almost at the point of despair in the middle of last year with one burst he had. Why do our manufacturers, do you think, fail to perform at the sort of peaks that we've now become accustomed to hearing about from Japan, and Korea and Taiwan, and so on.

PM: Oh, come on. Stop knocking our country.

WHITE: I'm not knocking our country. I am wondering why our country.....

PM: Well, let me give you the answer....

WHITE: We aren't having the kind of manufacturing boom that's become commonplace in Asia.

PM: Brian, let me tell you what's happening. Rather than embracing this gloom and doom, knock your country concept that typifies Peacock. Let's look at the statistics - facts not prejudices, facts. In the last four years, a 54 percent increase in manufactured exports. We are now a country which, when I came to office, was going to close its steel industry, after the

lease. Now, we have a steel industry, which in this last year has exported three quarters of a billion dollars worth of steel around the world. Has become one of the world's most competitive steel exporters. Within the next three years as a result of what they're doing, their own investment and a great new co-operation they have between management and the workforce, an enormous increase in productivity, are going to treble - treble - their exports of steel in all the most competitive markets to over two billion dollars.

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We are now exporting cars and car parts to Japan and the United States. I went to a factory some time ago in Adelaide. This factory - an enterprise in the suburbs of Adelaide - is making optical lenses. In the United States market, as I say, the toughest market in the world, with 12 to 13 other competitors, this Adelaide enterprise has got more than 50% of the United States market. Now this is what Australian manufactures in steel, in motor vehicles, optical lenses, pharmaceuticals - we are now exporting in the toughest market that Australia never did before and why are we doing it, because under my Government we have had a 12.2% reduction in non-farm unit labour costs. We now have management and labour co-operating in a way they never did before. The Management of BHP said to me when I was up at Newcastle just a few months ago, under your Government we now have a revolution, a revolution in industrial relations. He said our attitude before you came in was that we used to say to our workers, our attitude was to them leave your brains at the gate. Now, he said, we slip down and talk with them and instead of having to talk about closing down the steel industry, he said, we are now taking on the world and beating them. Now those are facts, not prejudices, not assumptions.

WHITE: Can I take it from that that suggestions that Labor might lose a few seats in the Hunter Valley and around Newcastle, you don't think they are likely to happen?

PM: No.

WHITE: Lose to Independents that is.

PM: No.

WHITE: Now on this area that you have just raised with technology and the like, to some this is a diversion, to others it is central to the whole future thinking of Australia for the next century, but it is also to others the selling out of Australia and I am talking about the Multi-Function Polis. Can I ask you to give us your vision of what the Multi-Function Polis should be?

PM: Sure can. And I will go to the statement of December 1987 in which we laid down the principles that were agreed by the Commonwealth and State Governments as to what should be involved. The first principle said it should be developed as a way of assisting structural change in the Australian economy geared towards the development of an internationally competitive and export-orientated industry structure. Principle four, this is December '87, I say this in the light of the person you have just had here in the studio who said he is against enclaves. Principle four, develop the MFP as an entity which is not an enclave but is linked with the remainder of the Australian economy and provides a leading edge testbed in technology transfer. It was because the

Opposition understood these realities, not an enclave, and that this was something for the importance of Australia's future, that the Opposition the week before last when asked for their official position on the MFP said this in the Sydney Morning Herald and I quote them. This was the Opposition before the opportunism of Mr Peacock. Quote - the proposal is unique for Australia and deserves extensive consideration. The official position of the Opposition. Mr Howard that same week, quote, and he is the Minister, the Shadow Minister who was not consulted by Mr Peacock when he switched around. This is Mr Howard - I don't think, he said, we should bury the concept in a sea of hostility before we know anything about it. Now the fact is that this is not an enclave, the fact is -

WHITE: But it's an entity. What is an entity as against an enclave? That is what I think ordinary Australians are trying to struggle their way through understanding.

PM: A place where not one nation comes to Australia with its technology but any nation from overseas. That's what we say not an enclave, not just for Japan. We want to attract to Australia the best technology from the United States, North America generally, from Japan and Europe and this is what has been involved.

WHITE: All to come to this one place?

PM: All to come, because there are great advantages obviously, if you are going to try and get the best technology in certain areas of new activity, if they can have the advantage of being together because they will interact one with the other. But the important thing is, as was laid down in '87, not an enclave where it would be open to anyone to come there. Will Bailey, the Head of the ANZ Banking Group, John Elliot, I mean you have heard of John Elliot, president of the Liberal Party, totally identified with the concept. Because, if Australia is going to face the challenge of the future and not be just, have this great profile of exposure to mark variations in prices of commodities for things we grow or dig up out of the ground, if we're going to be able to have more manufactured products, more service, then we have got to get the best technology from overseas. The way to do this is in co-operation with the business community. The whole of the Australian business community has identified itself with this concept. Every State Government, including Nick Greiner, they have all identified with this project

WHITE: There is no question about all that but what we do have at the moment, what we have always had is a deep thing in the Australian psyche which ranges between a dislike to a hatred of the Japanese. For whatever reason this is how the Multi-Function Polis is being seen by a large number of people. If you have been listening to, or if you are aware of things that are being said on

talkback radio around the country that is the story that is coming across.

PM: What is the responsibility of leadership? The responsibility of leadership is knowing that there are these sorts of attitudes. I am not unaware of those attitudes. The responsibility of leadership was as was displayed by the Liberal and National Party until last week. What they said, displaying leadership until last week, was that the proposal is unique for Australia and deserves exhaustive consideration. Political leadership is not about saying look there are some attitudes in the community which they hate Japanese. There are some people in the community who hate Americans. There are some who hate Germans. There are some who hate the Poms. There are some who hate the French. But the fact of life is that the Poms, the French, the Germans, the Japanese, the Americans, all these people are at the leading edge of technology in industries where if Australia is going to take its place in the world we have got to get the best of their technology. And what had happened in this country until this last week is right across the political spectrum, the National Party, the Liberal Party, the Labor Party, every State Government, big business, trade unions, they have all identified with this concept of saying well here's a way, not into an enclave, but for the best for Australia's kids in the future to get the best technology you can here. They all identified with this. Now why, you ask yourself the question, why is it that about five days out from an election, six or seven days out from an election after the Liberal and National Party had identified with this, after their Federal President had written to Mr Cain absolutely endorsing the concept, Mr Greiner endorsed the concept, why is it, six days before an election, why that six days before an election that Mr Peacock switches.

WHITE: Right. Well let's just in the final few minutes that you have got bring up a couple of other issues. There is an old adage about management which says that two years of the same job is great, after the second lot of two years you should be thinking about change, two more years and you should definitely get out. That's six years. You have been there for seven.

PM: Well like a lot of adages it might be true for some situations for some people. It is certainly not relevant for the Prime Ministership of this country and particularly when you look at the alternative. On the 25th of -

WHITE: And with most of your senior Ministers.

PM: All firing, all firing. You look at the alternative. I mean on the 25th Australia's going to wake up and its either going to have Bob Hawke as Prime Minister or its going to have Andrew Peacock for Prime Minister with Mr Blunt as Deputy Prime Minister. Peacock

and Blunt, Prime Minister and Deputy Prime Minister of this country. I mean that is what its about. I would suggest that Dr Hewson got it right back in 1987, let me quote what he had to say then.

WHITE: This is the one where he -

PM: He says the Hawke Government is very professional, it is probably the best front bench since World War II. John Hewson got that right and I will line up the talent of the Hawke Government, and I ask the people of Australia to line it up and look at the alternatives.

WHITE: Well let's say that you were returned to office on Saturday with the same numbers, would you be planning to retain your existing theme or will there be changes including younger people coming up?

PM: Well I think your listeners might regard it as a bit presumptuous if now in a couple of days before the election I just talked to you in terms that I had won the election. I think that this election is most important as I said since 1949. I don't want to really insult your listeners by saying look it's all over ... now let's talk about who is going to be in my Ministry. I think my responsibility is to fight the election hard up until Friday night and then if I win, as I hope and expect to, then it will be an appropriate time to talk about these things. But I can make this point, that obviously there will be some vacancies and we have got a lot of talent on the back bench.

WHITE: One last question. One or two people have observed to me greatly, including today after your National Press Club address, that you seem be talking a bit these days as if you might be coming again to believe in God, have you? You have always be an agnostic.

PM: No not at -

WHITE: Since I think the ...

PM: Well no ..... All I said in one interview Brian was this. I am an agnostic not an athiest. I am not declaring there is not a God. I think it is an act of intellectual arrogance ... atheism, to say there is not a God.

WHITE: But you are shifting further towards -

PM: I mean I do, I think this is a serious question and I would like to answer it. I have retained a profound belief in the basic principles of Christianity. They have motivated me all my life. But I could not accept that, you know the ... I wasn't convinced about that. What I did say the other day in an interview was simply this and I have got to speak the truth as it is that I was asked about the passing of my dad, with whom as you know I was

very close indeed. I just said that this thing had happened not long before he died and had a stroke and the matron said to me that she'd never seen such a remarkable recovery. He came back and when he woke up he just said I can't go yet, Bob needs me. And that was in my mind and when he did in fact pass away a few days later than that, I've had this feeling, it is very hard to explain but I have had this feeling of his presence. Now that is all I've said and I said I can't explain these things. I can't intellectualise about it. I can't, I don't try to. But that is a reality. I just felt this very close presence and well I haven't really tried to analyse that and say what it mean. But that was the only thing that has happened during this campaign which may have made people ... this observation I think.

WHITE: In your private moments are you thinking about him, like this?

PM: I think about him a lot and I think about my mother a lot. I .... any conclusion but I just have a sense of closeness to him, that's all.

WHITE: You don't see yourself, well, getting religion?

PM: No I haven't felt that. I must say without in any sense - I hope it doesn't sound ... at all, it's not intended to - but I have felt a great sense of comfort and strength out of this feeling, he's there watching over my shoulder.

WHITE: Bob, thank you for coming in once again Prime Minister. Good to see you and the very best of luck for you on Saturday.

PM: Thank you very much indeed Brian.

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