



PRIME MINISTER

TRANSCRIPT OF NEWS CONFERENCE, SEAGULLS FOOTBALL CLUB, TWEED HEADS - 17 AUGUST 1990

E & OE - PROOF ONLY

JOURNALIST: Sir, does your use of the biography of Mr Churchill imply that you're an admirer of Mr Churchill?

PM: Not unqualifiedly, but in regard to that period he was outstanding. He unflinchingly and against great odium that was directed against him, tried to warn not only his own country but the world about the follies of appeasement and the price that would be paid. I obviously would have lots of disagreements about aspects of Mr Churchill's career but on that issue he was supreme.

JOURNALIST: Without crystal ball gazing, how do you think your supporters will judge you in the light of your decisions in a few weeks time?

PM: History will tell that. But I've never as Prime Minister taken the view that I should make decisions on the basis of how I'll be judged. If you think a thing is right then you've got to do it.

JOURNALIST: The reaction to your current decisions as you're moving around, from the public?

PM: Overwhelmingly supportive. There's been the odd protest expressed. I guess that's as it should be in a democracy. I mean that's what we believe in, what we're trying to defend.

JOURNALIST: How do you feel about Mr Whitlam criticising you Sir?

PM: I've already said something about that. I've made the observation that Gough seems to be going into a period of gratuitous advice as I put it. That's fair enough because I think Prime Ministers have generally found it a little bit difficult to retire and stay out of things. I probably may have some of the same difficulty myself when the time comes down the track. But I think the best comment about this recent period of Gough came from one of his own previous staffers, as I've just said recently, who rang up my office when Gough was proffering advice on how to run the economy. As he put it, he said having Gough advising you on how to run the economy was something like Nero giving advice on

firefighting services. As I said, I think Gough would have been proud of that line himself.

JOURNALIST: Mr Hawke, regarding the crisis in the Middle East at this stage, we've heard that a number of overseas hostages have been gathered together in Kuwait. Do you know if the Australians are part of that gathering together?

PM: I spoke to my office this morning and at that stage they believed not.

JOURNALIST: Has there been any further advice throughout the day or is that -

PM: No, I have not received any further advice. I think I would have if that had been the case.

JOURNALIST: Sir at this stage do you see any parallels with Vietnam?

PM: None at all.

JOURNALIST: Do you support Senator Richardson's views on the ICAC, or can you give us your views?

PM: Those are the views that have been expressed by Senator Richardson. He speaks for himself on this issue. It's not a Government position.

JOURNALIST: And what about your views?

PM: I have no views for public expression on that point.

JOURNALIST: Mr Hawke, if we could touch on some local issues.

PM: Yes of course you can.

JOURNALIST: About unemployment in the area. Do you have any specific plans to curb this problem?

PM: I was asked a similar question this morning and what I said was this. You have to, in regard to the presence situation, put that in the context of Australia's recent experience. When we came to office in '83, unemployment was at dreadfully high and unacceptable levels. We have pursued economic policies to stimulate growth and the success of that is to be measured by the fact that the rate of employment growth in Australia under my period of Government has been twice as fast as the rest of the world. Now we're proud of that. We reached a point though however a year ago when this fact had emerged, that Australia's consumption had increased by eight per cent, consumption broadly defined, and our production only increased by four per cent. In other words that gap was taken up by imports. We couldn't responsibly as a nation keep going like that. So we've had to slow the level of activity down in the economy for those external reasons, reasons of external balance. And

inevitably that has meant, with a slowing of rate of growth, some slowing in the rate of employment growth and some slight increasing in unemployment. Now that has been deliberate, it's been necessary in the interests of the country. So I want to say that with the success we've had in achieving that slowdown I'm looking to a situation where the economy will begin to grow again, or significantly in next year. Of course those are the sorts of general measures you've got to take. Obviously in Australia there are going to be areas which will have different employment and unemployment experiences. It is the case that in this region there has been somewhat higher levels of unemployment than elsewhere. Now we don't generally intend to take measures for specific areas to deal with them. However let me say this, that since I've been here there have been a number of issues raised with me which I'm going to look at. I'm going back with a swag of submissions from various people. I give the undertaking that all of those will be examined closely. If there are any things out of that which are capable of being done within this general framework I'm talking about we'll do them. But I don't want to mislead the people in this area and say well look, we've got a specific employment generation program for it. But we'll do what we can.

JOURNALIST: Will there be any special initiatives for small business at all.

PM: Well in regard to small business you'll see some initiatives in the Budget. The most important thing is that now the Minister for Small Business is David Beddall who as you know last year chaired the committee of review of small businesses. We have made a specific reference to the Industry Commission to look at the capital requirements of business and small business in particular. So there are a range of things that are being done to look at this issue but by and large of course what small business needs to prosper is an economy which is not blowing out. We've stopped that. As we move to a position where there can be further reductions in interest rates, as there will be in the future, then that will be to the benefit of small business.

JOURNALIST: Talking of interest rates, when do you expect interest rates to come down again?

PM: It's a good try mate. But all I can say to you are two things. One that in this year, as you know, there have been two reductions in interest rates. Those haven't been fully reflected, that's in prime rates, as a result of Government policy. Those haven't been fully reflected right through the structure of interest rates and it is the case that the business community generally is paying something of a price through the banking sector's attempt to cover the losses that they have incurred through perhaps injudicious spending policies in the past. We will move at the time that we think it's appropriate towards a further reduction of rates and we will not delay that one day longer than is necessary.

But we won't bring it in a day before we think we can do so responsibly. So the prospect is for reduction but I'm not putting a time on it.

JOURNALIST: Sir, home owners have seen one half a per cent reduction. Can you hold any more hope out to them?

PM: Yes. The future is for a reduction I believe. But I repeat what I said. I'm not saying that's tomorrow or the day after because neither home owners nor small business nor anyone else would benefit from a premature reduction of interest rates and a premature resurgence of unsustainable levels of activity.

JOURNALIST: Mr Hawke, on another subject. The premature leaking of the debate on the telecommunications plan to the media. What's your reaction to that?

PM: Oh, it's something we would've been better off without. Of course I don't welcome it but it was not a terribly well-kept state secret that there are some differences of opinion within my Ministry about this. I've had discussions with the two Ministers particularly concerned. I believe that by the time the Government has to formulate a position and go to the Conference with it that we'll have an agreed position. The important thing to understand is this. While there are some differences of view within my Party, there is an agreement between the two Ministers concerned and others that we've got to have competition in this area. But we've got to have competition within a situation where there is going to be a publicly owned and operated telecommunications facility. That's what the important issue is in politics in this country because that distinguishes my Party and my Government from the Opposition. Because we've seen this incredible position now where Brown, the spokesman for the Opposition, has come out and said that they'll sell Telecom. In other words, what they are offering the people of Australia is a situation where the vital telecommunications industry will be totally in private hands. That is a recipe for disaster for this country. And however we sort it out, and we will, it will be in a framework where there will be a publicly owned telecommunication facility. And the retention of such a publicly owned telecommunication facility is essential if you're going to protect the interests of this country.

JOURNALIST: Would transport come under the same sort of category as telecommunications?

PM: Well not the same sort of category, but let me say what I see as the relevant considerations in transport. As I've said before, political parties, trade unions, employers, governments have got to understand that we live now in the most rapidly changing time in human history. None of us can afford just to keep the assumptions and the attitudes of the past. There may have been shibboleths, sacred cows before which we've worshipped and so on and it may have been appropriate to do that. But we've got to now be prepared to

ask ourselves what are the right priorities. Now in the area of transport, I think the overwhelming need for this country now is for a program which will deliver an integrated rail, road, freight system. It's unintegrated at the moment. There are vast diseconomies which occur because of the lack of integration. What my ambition is and intention is to see that we can as a national government put capital resources into rectifying that situation and to do it in co-operation with the States. But you've got to have the capital platform from which to do that and I believe that one way of providing that capital platform is to question whether in terms of relative priorities it makes sense for a government to have resources sunk in running airlines. There is a relationship between your capacity to do things in the area of transport which are crying out to be done and whether that's not sensible to look at freeing up some resources in other areas. That's the discussion in part which has been sensibly and I think without great passion being conducted within my Party. I welcome that discussion but I think we'll come out with a sensible outcome.

JOURNALIST: Have you decided to lead your Party to the next election?

PM: I had decided and announced that a long time ago mate. You know that.

JOURNALIST: Senator Jim McKiernan has put out a statement today on behalf of the Left -

PM: Senator?

PM: Jim McKiernan from Western Australia has put out a statement calling for assurances that Australia's involvement in the Gulf will remain strictly passive. Are you going to be able to give those assurances or be willing to give them?

PM: I've spoken on that. I just repeat again our position. The decision we've made has been on the basis of our own consideration and in discussion with others, including the United States, and it is accepted as a sensible use of limited Australian forces. I have said that there is a considerable period of time now, some 18-19 days before the ships will reach that area. In that period we'll use that time to have discussions with others. If, and I've just said this conditionally, if it appears that there is a case for any broadening of the Australian involvement then that is a matter which would be discussed within the Government. It's not something on which I would unilaterally make a decision ... But I don't expect that that will be necessary and indeed, as I said at lunch, my great hope, my great hope is that in that period of the best part of three weeks that events will have developed in a way which will render any further presence unnecessary.

JOURNALIST: Are you more concerned for the fate of Australians there now that the Britains have been ordered -

PM: It's always been a great concern of mine the fate of the Australians in Iraq and Kuwait. We have just constantly through our own diplomatic representatives and where we haven't got a diplomatic representative, as in Kuwait, through other diplomatic representatives to try and ensure the greatest degree of protection we can for Australian citizens.

JOURNALIST: If the war does break out would you rule out the use of Australian troops on the ground?

PM: I don't answer hypothetical questions. You know that. I just believe that good sense is going to prevail. We haven't directed our mind to that. Neither has anyone else asked us to direct it. We have no such request from anyone.

JOURNALIST: With the interceptions now going ahead in the Gulf, is there a fear how Iraq may react to that?

PM: The general observation I made in the past is relevant to that question in that if you were dealing with a person who appeared to make decisions on rational grounds you would conclude that what you must say now is that the best interests of Iraq are served by withdrawing from Kuwait. Now if that was ... purely rational consideration ... applied. Now unfortunately when you look at the record it seems that not entirely rational considerations do apply. So it's very difficult to try and project an answer to what may happen. I just hope that it will become clear that fortunately the world is saying to Iraq we are not going to tolerate this sort of action. It must be coming clearer with each passing day that that's the case and that the occupation and purported annexation of Kuwait is not acceptable for the rest of the world. I hope, I mean the logic of that situation will prevail in the mind of Saddam Hussein.

JOURNALIST: At the best totally unpredictable at the moment.

PM: Yes well, no intelligent person looking at the record could predict with certainty. When you make predictions in regard to any situation it's on the basis of being able to say well we know what the criteria are that the person is going to follow, what rational sort of decisions. Unfortunately when you're dealing with a record of irrationality predictions become a bit more difficult.

JOURNALIST: Mr Hawke, if we could just talk about rail transport again. Mr Newell has called for motor rail and ... rail services to be restored in the region. Is the chance of that happening likely to occur?

PM: Well I don't want to be misleading on that. I respond to that by saying that I believe there is an urgent

necessity for getting a national rail-road system in place which is going to be rational and effective. Now I intend to have discussions with the States about this issue. How that particular service would fit into that I just can't say at this stage. But I can understand the concerns that have been expressed by Mr Newell but I can't make a promise about that. I think it will be a part of an overall consideration. What's important for the nation is that we get a better and more integrated system than we've had in the past.

JOURNALIST: In your speech you spoke about Japanese investment, or overseas investment -

PM: I didn't mention Japan as I recall.

JOURNALIST: - overseas investment in manufacturing and in services. Do you feel that investment in land and property is covered in that same ...?

PM: I think, I mean you can't say to the rest of the world, at least I don't think you can rationally say to the rest of the world look we want your investment in our country for this purpose but we won't have it for another. I mean they are likely to say - well I won't put it in the vernacular - but they could express rather rudely what you could do with your country. So I think what ... involved, we've got to say yes we are part of the world community and we welcome investment not only in manufacturing and services but in land. But the qualifications that I expressed exist. I mean we just have to be intelligent without being stupidly jingoistic, acknowledge that any country has a right to get a balance between foreign investment and a natural desire for a national autonomy in economic matters. When you say that, that means that on certain investments you'll get what may be a quite legitimate difference of view as to whether you're coming down on the right side. But my overwhelming point is that we must, as a matter of principle, welcome foreign investment. The worst thing that we could do in this country for the future of our kids would be to create the impression generally, and you mentioned Japan in particular, or with Japan, that people are not welcome here and their money is not welcome here. Because the realities are that Japan for instance is our major trading partner. As far as we can see into the future they're going to remain a massively important trading partner. If we are going to see our future, as it inevitably will be enmeshed in Asia, which is the most dynamic and fastest growing region of the world, then it's important that Asia sees us as a country which wants to be part of the development of the region. Now that's necessary for the benefit of our kids and future generations. So that's the way we've got to see it and the way we've got to handle it.

JOURNALIST: What would you see as an appropriate degree of overseas ownership in a privatised Qantas or Australian Airlines?

PM: I would very firmly have the view that in such a situation the majority ownership and control should be in Australian hands. I mean that's the major issue. Then just where the minority level was held well I'd have some flexibility about that. But my point is that ownership control, majority ownership control must remain in Australian hands.

JOURNALIST: On Australian Airlines, one more if I may. If Australian Airlines is sold off to private interests, would you prevent Sir Peter Abeles from coming in to buy it?

PM: Not only would I prevent that - I'm glad on this final question that that question has been raised. Because I notice that some informed people, including one ex-Minister of mine, has uttered the absurdity that what Hawke's about is selling off to Sir Peter Abeles. If I wanted to help Sir Peter Abeles in regard to the airlines, the best thing I could do would be to do kill off the privatisation debate. That's the best thing that could happen for Sir Peter Abeles. You leave an Australian national airline starved of funds and just gradually being privatised by market share with Abeles getting more of the market. The worst thing for Sir Peter Abeles, I would think, would be a reinvigorated Australian national airline providing him more competition with greater access to more capital from the private sector. That's the biggest challenge for Sir Peter. Under no plan that I have would Ansett be able to acquire any interest in Australian national Airlines.

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