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PRIME MINISTER

TRANSCRIPT OF UNEDITED INTERVIEW WITH IAN McMINN, RADIO 3AW, 9 NOVEMBER 1990

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McMINN: Prime Minister, thanks for joining me this afternoon.

PM: Pleasure Ian.

McMINN: How significant do you believe yesterday's announcement on changes to telecommunications can be both in two areas? First of all, in making it more efficient? Secondly, providing work for Australians?

PM: Well it's hard to overstate the importance of yesterday's statement on both counts. It will produce the most competitive telecommunications system in the world, I think, and it will mean that users, your listeners, will get the benefits both as individuals on their household phones and the business community. STD calls, it's estimated, will come down in charges by about 40% and this must mean benefits for individuals. But it must mean economic benefits generally as all sectors of industry are going to be provided with a more competitive lower priced system. As far as employment is concerned, it must mean an increase in jobs within the industry, both in terms of providing telephones and associated sort of telecommunications system but also within the Australian industry as a base for export into the region. As I said in my speech, we are very fortunately placed. Asia, the countries of Asia, the near region have about half the world's population but only about 17% of the world's 500,000,000 telephones. Now the number of telephones are going to double by the end of the century and we will see an enormous growth in demand in the region and Australian industry is going to be well placed as it expands now with our own developments to play a part in meeting the demands of the region.

McMINN: Do you think the unions will accept the plan that it's virtually open slather after 1997?

PM: Well I believe so because they must see it as part of a process which is going to expand employment opportunities, which is going to give them as workers more jobs and as a union a greater sphere of influence.

McMINN: Now of course right now you'd be also interested - we might just get a few easy ones out of the way. You'd be interested in how Charles Blunt managed to rack up \$270,000 in mailing fees.

PM: It's got me licked.

McMINN: You've been working out that one for a while.

PM: No, it just occurred to me. I'm just like that.

McMINN: But how did he manage? Is it in fact what really occurred the National Party used the Leader's account to pay for part of their election campaign?

PM: I don't know what happened. It's being investigated. It would be quite improper for me to suggest what happened. It sounds strange, just let's say that. It sounds very strange but the appropriate investigation will take place.

McMINN: Is it a criminal matter?

PM: I've got no idea, I've got no idea and I certainly won't make any accusations when I don't know all the facts. All I'm saying is that everyone, but everyone, across the political spectrum is saying it's more than passing strange.

McMINN: It certainly is.

PM: And it's very interesting that the matter arose from the Opposition asking me a question trying to, apparently thinking apparently thinking that they were going to nail us. We're not nailed.

McMINN: No, well \$278,000 would buy you a lot of stamps.

PM: Yes.

McMINN: Are people entitled to believe they're in a recession or are you still sticking to the fact that it's technically not?

PM: It's not a matter of I'm sticking to the fact. I mean, I don't make the economic definitions. The economics profession has its definition and that says that in a technical economic sense that a recession occurs when you have two successive quarters of negative economic growth. But I'm not, as I say, nailing my flag to that particular mast. If people want to use the phrase, recession, then of course it's appropriate they do. I mean the word recession is not the monopoly of professional economists. The fact is that we've had to slow down the level of activity and there's been a significant slowing down and there's hurt been involved which has been necessary because if we hadn't done that the world would have imposed a much worse solution upon

us. But I mean the word doesn't frighten me at all. I mean the fact is that's the technical economists definition of recession and that's all I've said. But I'm not walking away from the word.

McMINN: Did you and the Treasurer and the Cabinet realise the damage that would be done when you went, as you put it, slow down the economy?

PM: Not only realise, it was a necessary intent. We had the simple fact which - you don't have to be an economist to understand this - in the previous year this country had increased its expenditure by 8%, increased its production of goods by 4%. Now the country can't keep on doing it. You'd just drive the country right into the ground. You'd just destroy the country if you allowed that thing to go on. So we had to slow things down. That was what we intended - to slow things down.

McMINN: Well who's fault was that, that we were spending too much?

PM: Well you had a situation where you had turn-round in the terms of trade, a massive increase in prices for what we got at that time and that money was then spent. The problem was not the acquisition of the means to spend, the problem was that the economy wasn't producing more. This economy, let me remind you, for 31 of the 34 years before we came to power this country was in the control of the conservatives. The basic economic infrastructure, the capacity of the economy, the attitudes of the community were shaped by 31 years of conservative rule where there was no attempt to have reform, to make our industry more competitive, to get decent work practices, decent management practices. You had a situation where income increased, you didn't have the capacity with our industrial structure to produce more goods and services. Now what we're about, what our whole program of micro-economic reform is about, of which yesterday was an important part, was precisely that; to make our industry more efficient, more competitive so that this country can produce more goods, not only for its consumption here but importantly, for export.

McMINN: Well I mean no-one will doubt the 31 years out of 34 but the point is that this is your fourth term in Government.

PM: And look at what's happened in that four terms.

McMINN: What?

PM: OK. Well let me tell you what's happened in the four terms. In the period before we came to office, the seven years before we had a situation where nothing was done in terms of moving to restructure the economy and we have in our period of office had a rate of employment growth five times faster than in the previous seven

years. That's what's happened in this period of Government. Employment growth fives times as fast then and twice as fast as the rest of the world. We've had a situation where we are now moving to the point where our exports of manufactured goods are increasing. Last year an increase in manufactured exports, the best part of 10%. In this eight years I'll tell you what's happened in regard to education. Two out of three of our kids stay on in school now where when I came to office one in three of our kids stayed on in school. We now have a situation where I go to Melbourne last week and opened the first Victorian University in the western suburbs so that the kids of the relatively less privileged in the Australian society are now not only staying on at school but they are going on to TAFE and universities and they are having universities in their own areas rather than in other areas. Those are the things that have happened in this period. We now have an economy which is infinitely better equipped than it was when I came to office. But we've still got to do more.

McMINN: Well if it's so glowing, Prime Minister, if it's so good why everyday I sit behind a microphone listening to people saying that they're laying off staff, they're going broke, they can't meet their commitments, they're worried about their kids future in terms of employment. Then why is that the case?

PM: Because at this present time things have been slowed down for the reasons I put it. You couldn't continue to have the rate of expansion that we were having while we weren't producing more goods. I mean does anyone believe that you could go on as a country increasing your consumption, increasing your consumption by 8% but your production by 4%. You can't keep on doing that so we've had to deliberately slow things down. But the economy will recover as we go into next year because we've now had five successive reductions during this year in the level of interest rates. With that reduction in interest rates and with the increases in consumer power, which will come from the tax cuts in January, and the wage increases that are now in the pipeline you will have the situation where there will be the lift in activity but it will be in the context where we'll be able to sustain it, as compared to that period before, where we simply couldn't.

McMINN: Do you think people will believe you when you say that, and I say that with the greatest respect, I've known you for a long time as you know. I mean you've got a situation now for the first time in my living memory you as a preferred Prime Minister is trailing your opponent and that even takes into the period of time before you were even in the Parliament. What you're saying now is that interest rates will come down and things will be OK. It would appear to me that a lot of people are saying well we're not sure if Bob Hawke's got it together again.

PM: Well they are saying that at the moment and I'm not losing any sleep about that. What I'd be losing sleep about was that if I didn't have the guts to take the hard decisions because I love this country and I'm certainly not going to refuse to take the hard decisions which are necessary now to protect the future of this country. I will not attempt to buy cheap popularity by prejudicing and mortgaging the future of this country. I've devoted over 30 years of my life to public life and public service and I haven't done that to now say oh look I might be a little bit unpopular if I take a tough decision, therefore I won't take it. That's not the way I operate.

McMINN: So you don't think you've lost the plot a bit?

PM: No, not at all. We are committed to the goals that we had when we came to office of creating a more competitive Australia and certainly creating a fair Australia. I've found it repugnant that the kids of ordinary Australians had a lesser chance of going on in school and having their talents developed and the kids of the wealthy went on and had that right. I wanted to see an Australia where by the time I left office I could look at it in the face and say, now it doesn't matter what the income level of your parents is that you've got just as much chance of being fully educated as if your parents come from Toorak or Vaucluse. That's the Australia we're creating and that's what I'm proud of.

McMINN: My uncle works in the electrical trade - he's retired now. He has been trading there for the last twenty years. He was telling me last year, or this year, sorry, is the first year that company recorded a loss and they've had to lay off a third of their staff - and it's not a huge company, it's about 250 people. They've laid off 70 people.

PM: Yes, well you know it just is a matter of fact that if you're going to deliberately slow the economy down to address that 8%/4% imbalance, you have to - just by definition if you slow the economy down some people are going to be hurt. I mean if you can tell me a way of slowing an economy down and it not entailing hurt well I'd like to know. I mean it's a contradiction in terms. You can't discharge your obligation of slowing the economy down and not have hurt.

McMINN: What about Victoria? The other day you were quoted - I believe accurately - you were quoted saying that the disaster called Victoria, or words to that effect. Why is Victoria so much worse off, it would appear, than the rest of the country?

PM: Well there's been two things, two points to make. Victoria is the manufacturing base of Australia, much more so than NSW and where therefore you had a slowing

down of activity it was going to be affected more. Secondly, of course, you've had a loss of confidence in Victoria associated with the financial difficulties that the Government's had. So you take those two things together and it's worse off. You've got to remember it's come from a higher base. They had higher levels of employment, lower levels of unemployment and once those other two factors come into operation, well you see a more significant decline in that State.

McMINN: In the past you've admitted mistakes. I mean it's been one of your strengths. You said that you're not the fountain of all knowledge and when you've made a blue you've admitted it. Now I put to you a question I put to the Premier the other day, Mrs Kirner. That is I think there'd be a whole lot healthier atmosphere here if the former Premier, John Cain, and the former Treasurer, Rob Jolly, basically just came out and said - there's probably not a vote in it but it might do something to the climate - and came out and said look we blew it, we're sorry.

PM: Well I don't know about Rob Jolly. I haven't - because whatever he may have said didn't get the same coverage. But I can distinctly recall remarks from John Cain acknowledging mistakes.

McMINN: Well it certainly, it wouldn't appear to have made huge press. See, what's happening -

PM: Well largely you know, you talk about making huge press, politicians can say and do things but whether they get reported or not is another matter. Let me just give you the specific example, Ian, I mean it is as though it's a matter of what politicians - all we've got to do is say it and it gets reported. I was down in Victoria last Friday, a week ago, I did two things of importance. On the Friday morning I went to the western suburbs and opened the Western Institute as a part of the new Victorian University of Technology. Victoria's new fifth university and the first ever in the western suburbs. In the afternoon I went and opened the most modern state of the art tyre factory in the world, which will have the best productivity of any tyre factory in the world. Which will be competitive with the rest of the world. It will export 25% of its production, including to Japan, into the most competitive markets. The media was there at the opening of the University and at the opening of this tyre plant and they were there at both and they also had a press conference with me. At the press conference they asked me about this bloke, Booker, and his absurd comments that I had put Australian ships under the United States command - and I just pointed out that he was wrong. Now what got covered? I'll tell you what got covered. Not the exciting fact of opening a University in the western suburbs of Melbourne, not the fact that we'd opened the most modern state of the art tyre production factory in the world but the Booker story. So

don't give me this business about what gets reported. Two fundamentally important things - a new university, opportunity for kids in the western suburbs, the most modern state of the art factory in the world, and what's covered? Booker.

McMINN: I can tell you what's being covered right now at a local level and that is you can't pick up a newspaper or watch television or listen to radio without listening to John Halfpenny, the Secretary of Trades Hall -

PM: That's because you fellows in the media, the whole lot of you, have given John Halfpenny the floor. He was Secretary of the Trades Hall. Whenever you wanted to have a story, John Halfpenny. So I don't find it surprising when you say that all that's being covered is John Halfpenny. I mean you people build him up before he was ever heard of in the Victorian Trades Hall secretaryship.

McMINN: Well the question that's being asked in Victoria right now - it leads me to my next one. The first one is who's running this State, John Halfpenny or Joan Kirner? It leads me to my next question. Can Labor win federally if it can't turn around Victoria? The latest polls indicate the Opposition's are leading the Government 56 to 26.

PM: Yes, it's a great Opposition too, isn't it? Are the people of Victoria in love with Alan Brown and company?

McMINN: No, they're probably not but they're certainly not in love with the Labor Party.

PM: Well it's all I'm saying is that the fact is that of course in Victoria the Government is unpopular. Joan acknowledges that and she acknowledges that she's got a tough road ahead of her. But I believe that she and her Ministers will make the decisions which are necessary to turn their fortunes around and they will have our support in doing that. I mean in the end people have got to ask themselves the question, well OK it is true that mistakes have been made by the Cain Government, there's no doubt about that and as I've said John Cain has admitted it. But the fact is that now they have a Government which is committed to getting Victoria moving. They've got to ask themselves the question as to who can better do that, that Government or the mob that are in Opposition. I mean they have been a joke for the best part of a decade, the Liberals in Victoria. Have they suddenly got better? Look at the State of Victoria. Look at the State of Victoria before Labor got in. I mean they were one of the most inefficient governments in the country. They had no concept of reform either in the economic sphere or in the social sphere. I mean they embodied the principle of conservatism in this country. That is the privileged are the ones that count and the responsibility of Liberal governments is to entrench the position of those already

privileged. Don't worry about the kids who come from the homes of the lower/middle income. They are not our bailiwick. The bailiwick are those who are already privileged. They embodied, they made that into an art form of government. Damn the majority of people, let's look after the privileged. Now there has never been any suggestion as far as the Victorian Labor Government is concerned of any personal venality or any of that sort of thing, not a breath of it and yet what you've had was conservative governments. There's questions about the appropriateness of behaviour of people as individuals and you had a perpetuation of privileged under those types of government. They are -

McMINN: State Bank, Prime Minister.

PM: I beg your pardon?

McMINN: They didn't lose a State Bank.

PM: Well OK, but I tell you what, they lost thousands of lives in terms of kids who should've been able to go in an education system and have their lives developed by having all their talents trained and educated. Those people who are growing up into adults will never be able to reclaim their lost lives, the opportunity that should've been given to them. When you're talking about Labor in Victoria never forget that it was a government which was committed in the area of education and social welfare to ensuring that the resources of Victoria were in fact in terms of a distribution, made available to those who should be assisted by government. True it is and I've acknowledged it and said so publicly. They've made some grievous mistakes in economic management but in terms of their concepts of who should be helped in the community in terms of trying to get a better education system, a fairer society, they were light years in front of the Liberals and the National Party. And they remain light years in front of them.

McMINN: Prime Minister, if I can just turn your, I know you're almost out of time, but just turn your attention to the Middle East right now. Some very disturbing developments. We've got James Baker going to London after talks with the Saudi King. We've got Margaret Thatcher the other day talking about the fact that Saddam better get out of Kuwait or else. Are we heading to a war?

PM: No and when I say no, no-one can say whether we're heading to a war or not. There is no-one in the world, including President Bush, I think who can say at this moment whether there's going to be war. But what we are faced with is a situation where you still have installed in Kuwait a dictator who has said to hell with all the standards of international law and convention, I am going to destroy another State, my neighbour, and acquire it and keep it. That cannot be tolerated. It's my hope,

it's my sincere hope, as I'm sure it is of President Bush and other leaders, that this man will respond as he should rationally to all the evidence before him. That is that the interests of the Iraqi people are at very grave risk by a continuation of his attempt to say that he can spurn international law and convention and just take another country by force. Now there is still some hope, I think, that rationality will prevail and that he should withdraw. But the world cannot tolerate a continued situation where he says that I'll acquire a neighbouring State by force. If the world allowed that, condones that, tolerates it, then international law and order ceases to exist.

McMINN: But we've got from George Bush an announcement that another 100,000 troops are going to be sent to the Middle East. We've got Baker also talking to the Soviets, winning their support. I mean reading between the lines I get the feeling and you might know better than me, you probably do, but I get the feeling that basically everyone's just closing the bases or closing the options, if you like, and they're moving towards a situation of striking?

PM: Well they are wanting the sanctions to work. I mean we all want the sanctions to work. The hope is that they will. He's making, Saddam Hussein is continuing to make the statements that he will not withdraw from Kuwait, that that is done and the world has got to accept that he has swallowed a neighbour. Now what is being said by the world and the sort of things that you are referring to reflect the fact that the world is saying we are not going to allow that in the end of the Cold War era and in this new post Cold War era where the world must show its capacity to resolve problems, he's been told that the world is not going to accept that position. And if you're not going to accept it you can't just sit idly by and say well that's what we're telling you, Mr Hussein, we're not going to accept it and not given to understand that you mean what you're saying.

McMINN: One final point. I'm in the business of possibly selling my house in Sydney. Things are going quite well in Melbourne. I love working here and living here. But the market is flat as a tack so can I ask your -

PM: Do you want to know if I want to buy it?

McMINN: When will the economy turn around?

PM: I've said in the Parliament and I'll repeat on your program that I believe that as we go through to the first part of 1991 that the economy will be picking up.

McMINN: The first part of 1991?

PM: By June. By the middle of 1991 I think we'll see the pick up.

McMINN: OK, I hope you're right.

PM: So do I.

McMINN: Prime Minister, thank you very much for your time.

PM: It's a pleasure Ian.

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