

INTERVIEW WITH THE PRIME MINISTER, MR E.G. WHITLAM, O.C., M.P.,  
BY GERALD STONE ON "A CURRENT AFFAIR" - MONDAY 28 OCTOBER 1974

STONE: Prime Minister, there is a wide-spread feeling that this country is in an economic mess and that you don't seem to know how to handle it. Now how do you respond to that feeling?

PRIME MINISTER: It is true that the public are bewildered on a number of things but you find this in every country like us, every trading or industrialised country, you will get the same feeling.

STONE: Yes, but how do we know? We have been told that things are bad overseas but surely Australians only care about what is happening here and the trust that they have in their own leadership?

PRIME MINISTER: I don't agree that all Australians only worry about what goes on at home. I think more and more Australians realise that what happens in Australia must be affected also by what happens in other countries.

STONE: Yes, but again we don't know what the conditions are there; we don't know how they are handling the situation over there. We do know that unemployment is rising here and inflation is rising here, and so far the Government has not seemed to offer any definite solution.

PRIME MINISTER: There is no simple solution. If there was, obviously we would have adopted it. But people do have a fair idea what goes on in America or Britain or Western Europe or in Japan and they know that inflation is worse in Japan or in Britain than it is here and they know that unemployment is worse in all three areas, than it is here.

STONE: Yes, I started off by saying that it was a feeling but then are you willing to concede that there is reasonable ground for assuming that the situation is at least somewhat messy and that our leadership is in some doubt about how to handle it?

PRIME MINISTER: Yes, inevitably. As I say, there is no simple, easy, popular solution and that is the experience of people in government in the three areas that I have mentioned and in all the comparable countries that you can mention. Leadership in politics is under challenge everywhere in the western world.

STONE: Going back to your leadership, it seems that every poll is now showing a very sharp drop in popularity and a very sharp rise in the number of people dissatisfied with what you are doing. How does that affect you?

PRIME MINISTER: I notice that the papers this morning said that I was more popular than my competitors, so we are all dropping. And I don't think you will find a poll in any western country where the head of government is popular, has a popular majority. I am better than my competitors, that is all that I can say at the moment.

STONE: But that's cold comfort.

PRIME MINISTER: My word it is.

STONE: Particularly for a Prime Minister who is, I wouldn't say egotistical, but certainly has a great deal of self-confidence, you

called yourself the best Foreign Minister, one of the great Prime Ministers. How does this make you feel to say that now less than 40 per cent of the people think you are doing a good job?

PRIME MINISTER: Well, to be precise, I've said I was the best Foreign Minister for 20 years - I was mentioning since Evatt. I mean let's get it precise.

STONE: O.K. But isn't it in a way a personal tragedy for you that a man who does exude so much self-confidence has not been able to instill that kind of confidence into the public?

PRIME MINISTER: Yes, yes. I think this is disappointing, frustrating of course it is but I must say it's the fate of everybody else in every western country, in every western democracy, the current leader cops it the same way.

STONE: But perhaps for different reasons. Let's just take again your case specifically. There does seem to be a gap between what you promised in the way of leadership and what you're delivering. During the election periods we heard mainly about Gough Whitlam - "You can depend on him." Now we seem to be hearing only about the four C's - Cairns, Crean, Cameron and Caucus - sending us different messages. You've tended to fade into the background.

PRIME MINISTER: Well, can you be precise on any one of those? In fact my Government has achieved a very great deal indeed. It's achieved more in the 23 months than I think our predecessors did in most fields in 23 years; that is, we have done a very great deal. But the economic situation throughout the western world is more bewildering than it has been for over 40 years.

STONE: But I'm on a different point now. I'm even willing to concede that your Government has achieved a great deal. We're talking about image now and the image that comes across, I think, to the public is that we're hearing an awful lot about Dr Cairns, an awful lot about Mr Cameron, an awful lot about Caucus, we see them on television and the press, we're seeing less and less of you.

PRIME MINISTER: You're seeing me now.

STONE: Yes we are. It's been a long time.

PRIME MINISTER: I don't remember when you last asked me.

STONE: Well I think the invitation - we won't go into those specific things. But the fact is, wouldn't you say, just looking at your news every morning and looking at your television set that we do see an awful lot of Dr Cairns and Mr Cameron, for example.

PRIME MINISTER: Quite properly, quite properly.

STONE: But I mean are you happy....?

PRIME MINISTER: I mean, you're talking in quite generalised terms. You say Caucus and Connor and Crean and Cameron and Cairns. I mean, what precisely do you mean? I mean, let's come to...

STONE: I'm talking about the physical number of times....

PRIME MINISTER: Yes.

STONE: ...that people like Dr Cairns and Mr Cameron, and I mention those two specifically, show up on television, show up in the newspapers saying something about the economy.

PRIME MINISTER: Every Tuesday that I'm in Canberra I give a press conference; that is, everybody in the Parliamentary Press Gallery can ask me questions once a week. Now it's true that I can't, obviously give much other time for press conferences, but I do. I'm the first head of government in Australia to regularly have a press conference.

STONE: Well, just to sum it up at that particular issue. Are you happy to see some of your senior Ministers appear on television and the press as often as they do giving various opinions about what might or might not happen in the economy?

PRIME MINISTER: I want my colleagues to be known to the public, that's true. I think sometimes they'll respond to requests for kerbside opinions too readily and I also think that this is played up in a way which obscures the public knowledge or understanding of how government must operate.

STONE: Can I bring up a persistent rumour? I'm not trying to pretend that it's credible, but it is a rumour that has existed: that the reason why Dr Cairns has emerged in such prominence is that you don't really care that much, or aren't really that interested in economic matters.

PRIME MINISTER: I suppose I would have discussions on economic matters at least twice a week with academics or officials or employee bodies, businessmen: at least twice a week. Many times it would be more often than that. I would be discussing economic matters more than any other matters constantly.

STONE: This rumour, I might say has been used to explain away your number of overseas visits. It has been suggested that you feel personally more comfortable as a statesman dealing in Foreign Affairs than you ~~do~~ do as a politician wrestling with domestic matters.

PRIME MINISTER: I have to make - anybody as Prime Minister has to make trips overseas. Now there again, can we be precise about these? I think there have been four times when I have been away a fortnight - and I haven't been away longer than a fortnight - and which of those trips, I ask, do you think the Prime Minister shouldn't have undertaken? Now, I know this is said a very great deal, so let me be precise. There was last August a meeting of the Commonwealth Heads of Government in Canada. I went to Mexico, New York, Washington on the way. Does anybody say that Australia should not have been represented at a Commonwealth Heads of Government meeting? Then, in October, there was a return visit, only the second visit, of the Japanese/Australian Ministerial Meeting. Five Japanese Ministers came down to Australia the end of '72. It was our turn to reciprocate - five of us went; I the Foreign Minister still. Does anybody say that we shouldn't, as a Government, have shown our interest in maintaining close relations with Japan?

STONE: I don't think...

PRIME MINISTER: And I went next door to China in the same visit. Then I went right round South-East Asia. Does anyone say one shouldn't go? That was February. Then a couple of weeks ago I went to the United Nations and I called on the new President and the re-elected Prime Minister of Canada.

STONE: I don't think anybody is saying that, taking individual trips, that they're needless.

PRIME MINISTER: Yes.

STONE: But it certainly is a question of priorities. Wouldn't you say that there are many people, including people in your own Caucus, that think that in hard times the Prime Minister's first place is at home?

PRIME MINISTER: No, I don't believe that at all. I don't accept that. I reject it. I believe it would have been the wrong thing for Australia not to be at the Commonwealth meeting; for Australia not to go to ~~London~~ <sup>Tokyo</sup>. It would be the wrong thing not to go to the United Nations. It would be the wrong thing not to go to South-East Asia. Those were my duties I did them, and I think I did them quite satisfactorily.

STONE: There have been 10 trips in less than 2 years.

PRIME MINISTER: Yes. Well, yes, that includes for instance, three to New Zealand: Norman Kirk's funeral, the Commonwealth Games and the first meeting after we became Prime Ministers - that is each two days. Of course you can get that sort of thing. I go for a long weekend to Indonesia and spend it with President Suharto: that's a fourth trip. Now let's be reasonable. These are very short trips.

STONE: I'm trying to be...

PRIME MINISTER: I've mentioned the four substantial ones. They each took a fortnight.

STONE: I'm trying to be reasonable and explain what I think people ~~feel~~ <sup>feel</sup> feel.

PRIME MINISTER: Well I'm very happy to have the opportunity to give point of view to you.

STONE: I mean you happened to be out of the country when there was this short-lived, very short-lived, very erroneous run on building societies. Don't you think people would have felt more comfortable then with their Prime Minister in control?

PRIME MINISTER: Not at all, not at all. My Ministers and Premier Dunstan killed that run in a day. It was started off by the Queensland Treasurer.

STONE: Yes. You're saying that it was started off by the Queensland Treasurer. What was that?

PRIME MINISTER: In Queensland it was, yes. He made some injudicious remark. But that was killed in a day. It didn't need my intervention. My Ministers coped with it very adequately and promptly and so did Don Dunstan in Adelaide.

STONE: Yes. What do you think you accomplish on these trips? For instance, we heard that Dr Kissinger said, perhaps to a member of the Australian party, that the only time he'd ever visit Australia is if was on the way to somewhere and the only place he could think of would be the South Pole. Now obviously he's not treating us very seriously if he does make remarks like that.

PRIME MINISTER: Well he....

STONE: What are we accomplishing in Washington?

PRIME MINISTER: He didn't say that. Let me take you back. When I went to that Commonwealth meeting in Ottawa last August, there was a great deal of to do as to whether President Nixon would receive me. This time there's no suggestion that President Ford won't. That is, you can't win. There'd never been an Australian Prime Minister - we're probably the only Government whose head of Government was in this situation - address the United Nations' General Assembly. It was about time we did it. There were many things that could only be done in that context, and I saw Ford and Trudeau in the process. Now it would have been taken amiss if I hadn't. There are many things which only a head of Government can do; it has to be done on the spot at that level. And I do it by recent Australian experience, more than adequately.

STONE: Right. Well I won't persist with this point, other than bringing up another rumour, as long as you're disposing of rumours. Would you?

PRIME MINISTER: I mean this is all very necessary...

STONE: Yes. But would you ever accept the post of Secretary-General of the United Nations and give up your job, because it has been suggested that you would?

PRIME MINISTER: I believe that Billy Wentworth suggested it on the Adjournment the other night.

STONE: Yes.

PRIME MINISTER: I missed it. But he's the only person who has suggested it. I don't expect it to be offered and this is the job I sought and is the job I'll fulfil.

STONE: Could we talk now about the Labor Caucus? Are you proud of the performance of the Labor Caucus in these troubled times?

PRIME MINISTER: On balance, yes. Obviously they make mistakes I would have regarded from time to time, but let's be more precise there. You talking in very generalised terms.

STONE: Well without coaching you, what I'd like you to do is in two or three quick sentences tell the audience just what benefit you see in having a Labor Caucus that can overrule the decisions of the Prime Minister and Cabinet once they've been announced.

PRIME MINISTER: The Caucus comprises the Members of Parliament who've been elected as Labor candidates, and obviously we should get together as we do, once a week - sometimes more often - to decide how we'll vote in the two Houses of Parliament. Now, you say the Caucus can overthrow the Prime Minister and Cabinet.

STONE: Overrule their decisions...

PRIME MINISTER: Well, OK. They've done it twice. They did it once last year and once this year, and there have been in that time at least two thousand decisions that the Cabinet has made. Now that's a pretty good record. They have reversed Cabinet decisions on two occasions out of over two thousand.

STONE: Yes. How many times have the delayed decisions that you thought should be brought about right away, and they've said no, hold on?

PRIME MINISTER: I can't think of any. I can't think of any case.

STONE: Or modified decisions.

PRIME MINISTER: I can't think. I include "modify" in reversing, because the two cases where they reversed them were in fact only modifications.

STONE: Do you think you could have done...

PRIME MINISTER: I mean there were two cases in over two thousand. I mean these are things that are always personalised and dramatised, but in fact the Cabinet is elected by the Caucus and the present Cabinet has been ~~like~~ twice elected by the Caucus without change. So you needn't think I'm particularly worried at a record like that.

STONE: No, but at the same time the record may not reveal what is actually happening in...

PRIME MINISTER: Be precise.

STONE: Well,...

PRIME MINISTER: Let's be precise.

STONE: Well, precisely, are there measures that you would have liked to bring to help the economy, to help Australia, which you feel you couldn't get through Caucus and therefore, perhaps, revised them?

PRIME MINISTER: Every decision that the Cabinet has made, and has got through, with two exceptions...

STONE: Yes, but I think...

PRIME MINISTER: Yes, but wait a minute. I'm a member of the Cabinet and I stick by Cabinet decisions. I'm not going to reveal details of Cabinet discussions. You wouldn't expect me to do that.

STONE: No, no, but I can...

PRIME MINISTER: You know the argument always used to be, before we came into office, that a Labor Government would be under direction from people who weren't members of Parliament. Now apparently, the objection is that it's under direction from people who are members of Parliament.

STONE: Yes, but there, you know there's quite a feeling, I think, that people who don't understand Caucus...

PRIME MINISTER: I think that is true, but let me repeat: Caucus comprises people who are Labor Members of Parliament. Nobody else. But everybody who is a member.

STONE: Yes but can you say as Prime Minister that there is no step you would have taken without the Caucus? I'll rephrase that again, because I said it very badly. But what I'm trying to say is that there are steps you would have taken except for Caucus not approving.

PRIME MINISTER: There's one instance that is known. Before I come back, let me say that of those two matters where the Cabinet decision was modified by Caucus, one was a year ago about taxation benefits for people in the gold-mining industry and the other was concerning the higher income tax on unearned income and that took place a month ago. Now the one where I would have done something but the Caucus didn't agree, nor in fact did the Cabinet, that was about the Parliamentary salaries. But that's a well known instance.

STONE: Yes, but the trouble is although there's just a few incidents, they are big because they do seem to indicate that...

PRIME MINISTER: Yes, but don't give the impression that they're numerous. I've listed the two where there's been a modification and I mentioned another one where I didn't want the Cabinet to do what it did, nor the Caucus to do what it did.

STONE: Okay. Can we say, can you say categorically that there has never been a point where you have been brought to threatening resignation because of some action of the Caucus or actions of your Ministers?

PRIME MINISTER: Not for years, not for years. There were some instances in the past, of course, but not for years.

STONE: I'm just....

PRIME MINISTER: Yes, well let's be precise. There was an instance six and a half years ago where I resigned. There's been no other.

STONE: There was an incident last year, perhaps we won't call it an incident, in the House where you suggested that if Caucus went ahead to make you reveal or give them prior information about tariff decisions that you would then resign your commission - you did say that to Mr Kelly?

PRIME MINISTER: But it never happened, did it?

STONE: No it never happened, but I'm saying that when a Prime Minister gets up in the House and says something like that, who says it's a threat, who says it's not a threat? The point is...

PRIME MINISTER: It's sufficient for me to state it for everybody to behave with propriety.

STONE: Alright. Finally, on this point of Caucus. If it weren't for Caucus ...

PRIME MINISTER: After all I'm a member of Caucus ...

STONE: Yes, you are -- one member of ninety-five.

PRIME MINISTER: And I've been -- yes that's right -- and I've been elected as the leader of Caucus, what, for over-nearly-eight years.

STONE: But if you didn't have ...

PRIME MINISTER: Several times in that time. I don't complain about Caucus. I think their choice has been excellent.

STONE: You mean Prime Minister?

PRIME MINISTER: Yes.

STONE: But if you didn't have to deal with Caucus would you have perhaps changed some of your Cabinet?

PRIME MINISTER: No, no. I've always said I much prefer the system where Ministers are chosen by their Parliamentary colleagues. I believe one of the great things that helped to bring down the Liberal Party in Government was the fact that Prime Ministers chose their Ministers, and there were, inevitably, therefore, eruptions and resentments.

STONE: Alright, there is ...

PRIME MINISTER: But if anybody ...

STONE: There is no Minister there right now that you would prefer not to have, but you have to have because of Caucus attitudes?

PRIME MINISTER: There've been a few people elected to the Ministry that I didn't choose, that I didn't vote for -- nearly two years ago when we voted for them -- but I'm not saying my choice would have been wiser.

STONE: I don't like ...

PRIME MINISTER: But I don't want anybody to get the impression that I would alter the system that the Labor Party has of choosing the Ministry. I prefer it; I've always said that, and I'm still certain it's the best way.

STONE: I don't particularly like to ask this next question, but I think it's expected of me. It's been rumoured that you plan to get rid of Mr. Crean as Treasurer.



PRIME MINISTER: Well, I will not pick on Mr. Crean or anybody else. I have the responsibility in these matters, but I think he's been picked on far too much, quite obscenely. He's been a friend of mine for over 20 years and I have confidence in him. After all, people shouldn't just pick on the Treasurer. These are difficult economic times. No Treasurer would have an easy job. But Frank Crean carries out the Cabinet decisions.

STONE: Well, can you say, can you assure the public that there won't be any reshuffling of Cabinet in the next few months?

PRIME MINISTER: I will give no assurances or denials on this matter. I will not do it. You will then go through all the Ministry. I'll not be in that. A couple of months ago they were suggesting it about Connors and Cameron and everybody cops it. A couple of months ago it was suggested that Cameron would be going to London.

STONE: It's just like you and UN Secretary-General.

PRIME MINISTER: That's right. There's nothing I've said or done that would justify any speculation that Crean would be going.

STONE: But at least you're saying that it is a possibility, ... a Cabinet reshuffle is a possibility?

PRIME MINISTER: I'm not saying it is or is not. That is my responsibility. And there is nothing that I've said or done that would justify speculation.

STONE: Can we get on to the economy now? You've said that the Australian economy is basically sound.

PRIME MINISTER: Yes, of course.

STONE: Are you basing that on information that's not known to the public?

PRIME MINISTER: No, but of course it's true we have a healthy, educated active population and we have very great natural resources.

STONE: Yes, but ...

PRIME MINISTER: And we have healthy trade.

STONE: But is that what you're calling basically sound ...

PRIME MINISTER: Yes, yes.

STONE: In the face of an increase in business collapses and an increase in unemployment ...

PRIME MINISTER: Now wait a minute, wait a minute. Let's be precise. I don't want to be abrasive about this.

STONE: Yes, yes.

PRIME MINISTER: Let's be precise. What business collapses?

STONE: Well, precisely, for instance, the Victorian Chamber of Commerce said that 240 business firms had collapses so far this year, compared, I think, to 160 in the ...

PRIME MINISTER: Now the ones that would ... if I had to think of some business collapses, I would think of some companies which had speculated in land and which would only make do if the boom in land continued. Well, we stopped the boom in land. But let's be precise on these things.

STONE: Well, yes, it's good to be precise, because, perhaps, these big companies have been stealing the headlines. But what we haven't been hearing about is smaller companies, all across the spectrum of Australian life, getting themselves into trouble and perhaps collapsing because of what the Government has done. I mean I've just quoted you the Victorian Chamber of Commerce.

PRIME MINISTER: You said what the Government has done. What ...

STONE: Right. Well, ... you don't believe that any businesses are collapsing because of what the Government has done?

PRIME MINISTER: It would be true that the land speculators have been hurt because of what we did, and it was right that we should do it. I mean, if the States won't regulate the cost of land .. which they can do directly, and our Parliament can't ... then we have to use the measures that are available to us.

STONE: So you're suggesting that the only companies that are being hurt by this are land companies?

PRIME MINISTER: That's right. You look at them all. I suppose you could mention Leyland too.

STONE: Well how do you explain ...

PRIME MINISTER: What companies are there that you can think of, or suggest, other than Leyland and some of the land companies?

STONE: Well, I can't deal with specific companies, but I can deal with specific reports. The Chamber of Commerce in association with the National Bank issued a report in which it is said that 66 per cent of business only felt that they were having a successful or profitable year compared to 83 per cent a few months ago.

PRIME MINISTER: We talked a few months ago from time to time to some of them, but we spoke to the representatives of business before we drew up the Budget and there were not reports as alarming in character as that. I think it is quite damaging to give the impression that businesses are collapsing all round the country. They are not. They are not.

STONE: How do you explain a survey that indicates that 49 per cent almost half the Australians, consider economic conditions to be, right now, poor or very poor?

PRIME MINISTER: Well, there again, what one are you quoting?

STONE: The ASRB Poll which appears in "The Herald" and "The Age"

PRIME MINISTER: People are giving their impressions of how things will be in, say, a year's time. Now ...

STONE: Not only that, they were talking about a year's time or now. But surely you must realise that if the people saying this are business leaders, some business leaders are saying the country's in a mess and some union leaders are saying the economy is in a mess and some people are registering this in a poll, that they must at least feel that the economy's in a mess?

PRIME MINISTER: Now, it's quite clear that the figures for the next quarter, on things like prices and employment, will be no improvement on those that have come out in the last couple of weeks. And the quarter after that there may be no great improvement. After that, I believe there will be. Now, what we've had to deal with is the old demand inflation; we have largely brought that under control. We now have cost push inflation and I believe we are coming to a compact with the employee organisations, the unions, white-collar people, and so on, which will be able to restrain that, and we are of course conferring with them as to the cases we'll put before the Arbitration Commission.

STONE: But let's get this straight -- it's very important. Not for two quarters -- for at least the next quarters you expect inflation to increase.

PRIME MINISTER: I don't say that. I don't believe that there will be any significant improvement in the indices. I mean I'm being quite frank with you ...

STONE: Yes ...

PRIME MINISTER: But I don't believe there'll be a deterioration and I think the quarter after that, there will be some marked improvement. As I say the demand inflation has been curbed, the cost inflation has yet to be restrained.

STONE: Well, just last Monday we saw 5.4 per cent for the quarter.

PRIME MINISTER: Yes, and it may be 5.4 in the December quarter.

STONE: Or 5.5; You could expect ...

PRIME MINISTER: It may, or 5.3. It may be over 5 or ...

STONE: But no substantial improvement, and a possible deterioration?

PRIME MINISTER: I'm not forecasting it, nor for the March quarter. And the figures there will come out in April. After that, I believe there will be an improvement. As I say, there has been an improvement in the demand inflation. There has been, in recent months, a deterioration in the cost inflation. I believe that we are coming to a compact which will restrain that.

STONE: Cost inflation meaning wage demands by unions?

PRIME MINISTER: Excessive income claims by employees in general, but also -- employees are not the only people --

STONE: Some critics would say it took you long enough to get around to blaming excessive wage demands for some of the inflation that we're seeing. It was only in the last couple of weeks that you've really...

PRIME MINISTER: No. One would have said it for a few months past. But one couldn't blame that a year ago. The inflation at that time was much more demand than cost. Much more.

STONE: Now you've talked about inflation perhaps proceeding on for the next two quarters at least before it goes down. Is that a correct summary of what you've just said?

PRIME MINISTER: Hmm. I'm not forecasting that there will be a decline.

STONE: No ... but that's what you'd expect ...? What about unemployment -- the progression of unemployment figures?

PRIME MINISTER: As I say, well I was talking about them as well I said prices and employment.

STONE: I see. So that we can what, in the next two quarters - after the next two quarters ...

PRIME MINISTER: I don't think there'll be a significant improvement in the next two quarters. And let's be plain about this. There is no step that one can take which has an impact in less than about six months. Everything you do economically, takes about six months to have its impact. I don't think your viewers should have any impression that there is a simple or easy or popular step that one can take and cure it. If there were it's amazing that nobody's used it.

STONE: Yes, but it is surprising that for a government, a leader who came in with such progressive and radical ideas -- I mean, for instance, the recognition of mainland China, we're one of the first western countries to recognise Soviet control of the Baltic countries ending conscription -- all of these radical and progressive ...

PRIME MINISTER: No, most countries have done these things.

STONE: But ...

PRIME MINISTER: We were just late in doing them.

STONE: But your treatment of the economy seems to be traditional and rather unimaginative; you're using some of the classical measures that have always been used.

PRIME MINISTER: No, on the contrary. For instance the unemployment position. We are the first Australian Government to use any measures for retraining people for other jobs, or to enlist local organizations in finding new avenues of employment or directly assisting companies which are in difficulties outside the metropolitan area.

STONE: It's very late, very late.

PRIME MINISTER: No, well maybe.

STONE: Your measures haven't caught up really, your corrective measures haven't caught up with the ones....

PRIME MINISTER: These should have been done years ago. We were the first Australian Government to do it. I don't think that you can say there was never any need in the past for adult training or retraining or for regional employment schemes or for assistance to particular companies hurt by particular programs in regional areas. I mean, these things ought to have been done long since. They were being done in some other countries. They'd never been done here. We had to start them.

STONE: Will you tell the people - you have within the Government dedicated socialists, honest socialists, who believe that capitalism is perhaps in its last days, that capitalism is doomed? Now can it be that even with the best intentions....

PRIME MINISTER: No we aren't. I mean it may be that theoretically you'd expect me to say that. The fact is that all the Ministers accept the fact that we have a mixed economy, and three-quarters of the jobs available in Australia must be provided by private employers, not by Governments. That is....

STONE: Yes, but at the same time....

PRIME MINISTER: That is, we want to make the mixed society work this way. You just can't do this through Government initiatives alone.

STONE: But you know enough about team work to know that unless you have psychological attitude that says, "Yes, we can succeed", that it tends to debilitate the whole team. Now can people who believe, I'm just saying some people in your Government, who believe that the....

PRIME MINISTER: Do you mind being precise? You've mentioned, what is it, all the C's you've mentioned - Cameron, Cairns, Crean and Connor....

STONE: (Inaudible) ....and yet we don't....

PRIME MINISTER: Well, certainly. So let's be precise about this. All the ones you've mentioned: you can't quote them as ever having expressed the view that you're giving in generalised terms. And I don't do it either. Now who do you say, who do you suggest, holds those views?

STONE: Yes, well I wouldn't like to suggest. But I can....

PRIME MINISTER: No. Well it's very difficult.

STONE: ...tell you that we had a director of one of these speculative land companies, that you said went down quite naturally, in the circumstances, suggest that he thought there were elements in the Government who were quite satisfied with the collapse because it was part of their socialist belief to try and get rid of it.

PRIME MINISTER: I'm not sure who you're talking about there. Which company or which person?

STONE: Well Mainline and Mr Richard Baker.

PRIME MINISTER: Yes. Well it's a bit ungracious coming from him because several of my colleagues talked directly to the executives of Mainline and I didn't speak directly to them, but I was in consultation with my Ministers who were, and in fact we did try to help. But it wasn't our fault that Mainline was over-extended. They were one of those companies, unfortunately, that would only succeed - could only continue - if the boom continued. Now we did help - we did try to help Mainline, and the fact was that they were beyond help.

STONE: Can we get on to one other area? Surely you must realise that people are greatly disappointed in the failure of the Labor Government to deal with the unions. They thought if there was a good chance in you, it would be that you would be able to deal with the unions effectively. Instead, we have the highest rate of strikes, the highest number of work days lost, the highest number of wages lost, in our history.

PRIME MINISTER: Yes, this is an appalling record - in, I think, the second quarter of this year. But the last quarter there's been a very great improvement. Now I would confess, have thought, that this was a very great minus for us - the industrial situation in Australia but I notice the recent poll - and you've referred to polls already - found the people didn't think that this would be any better under our opponents. So it may be that people are just despairing about this situation. We have....

STONE: It's known as cold comfort....

PRIME MINISTER: Oh, it is, it is. I find the position quite unsatisfactory. But the polls showed that they didn't believe our opponents would have done any better at all. I'm certain that things are better because there is frequent consultation between the unions and the white collar people and my Government, meaning myself. That is, we are able to consult much more freely and effectively than would be the case with any other Government.

STONE: But we have just seen the spectacle of Mr Hawke coming out and virtually saying that unless the Government takes emergency measures to correct the pace of the economy that it could well face collapse - the Labor Government.

PRIME MINISTER: Well, I speak to Mr Hawke quite frequently; only yesterday, and then the weekend before that, and I can assure you that these are simplifications which get into the headlines and so on.

STONE: You don't think there's need for emergency measures - emergency action?

PRIME MINISTER: Not emergency ones - there has to be constant attention to the economy. As I say, I don't think that anywhere in the western world things have been so concentratedly difficult for 40 years, and we have shown ourselves resourceful and flexible in dealing with the situation. But I'm satisfied that we are getting, we will get the co-operation - our opponents wouldn't get the co-operation - of employees in these proceedings before the Arbitration Commission.

STONE: Just on a lighter note, while you were out of the country Mr Hawke tended to criticise the four jobs of your wife, Mrs Whitlam, did you hear about that?

PRIME MINISTER: Yes I did. And I'm told that he put it in quite a light and gracious way and I can assure you that their relations are quite undiminished.

STONE: And you're happy to have your wife with four jobs?

PRIME MINISTER: Well, let's be precise there again. What one would you think she shouldn't have?

STONE: I wouldn't make a judgement. You're the husband.

PRIME MINISTER: Yes, well I think she's the best appointment I ever made.

STONE: Yes.

PRIME MINISTER: Let's face it; she's been a very good wife, a very good mother and a very good member's wife too. But I suppose the only job that she has, anything that the Government pays her for, is on the Hostels, and she is very well qualified for that job. After all, in my electorate there have been four such hostels. We lived in the next street to one of them, and she knows, I would think as well as any woman in Australia, the problems that migrants in particular have, because she used to be active in school affairs, swimming club things and so on - and she has a great rapport with them.

STONE: Well, as long as you're happy I suppose nobody else should....

PRIME MINISTER: Exactly, and what's more she's happy. A woman of her experience and lively and intelligent nature can't just be expected to be walking on my left two paces behind through life. She's got a contribution to make herself.

STONE: As long as you still get clean socks - I take it?

PRIME MINISTER: Yes, yes. Twice a day sometimes.

STONE: Just on a final note, and I suppose it's in a way what you face in the immediate future. Mr Bjelke-Petersen in Queensland....

PRIME MINISTER: Yes, yes....

STONE: ....is going to hold an election.

PRIME MINISTER: That's right.

STONE: He is going to make this the symbol, in his words, of your ability to stand or fall as a Government. Are you willing to accept a challenge along those terms?

PRIME MINISTER: Of course, of course. For the first time the people of Queensland will be able to hear chapter and verse for Mr Bjelke-Petersen's obstruction. That is, if Sir Robert Askin or Mr Hamer can co-operate with my Government, why is it that Mr Bjelke-Petersen can't? He's right out on his own. Can't even agree on the time of day!

STONE: You say that he's on his own, but every indication is that he will be returned, or at least the coalition will be returned.

PRIME MINISTER: Yes, but under that system, of course, it's very easy.

STONE: But picking up Labor seats. And the question is if you lose seats will this be an indication of dissatisfaction?

PRIME MINISTER: I'll be looking at the overall percentage of votes very closely and of course so will he, so will everybody else. But let's face it. At the last Queensland elections the Labor candidates got more votes than the Liberal/Country Party candidates combined. And the Liberal candidates got more votes than the Country Party candidates. That is, if it was a fair system up there, assuming the Coalition, the Liberal and Country Party won, Sir Gordon Chalk would be the Premier of Queensland, not Mr Bjelke-Petersen. I mean, we ought to acknowledge that the system is rigged in favour of the Country Party - I think they call themselves the National Party up there now.

STONE: It's been suggested that Mr Snedden would use this as a sign of public demand for pressing for an election, if he found that the Liberal/Country Party coalition did pick up ALP seats. Would you see it as just the opposite if you lost seats - would you consider it as a sign that the people reject...

PRIME MINISTER: Mr Snedden made one bad mistake in timing last April....

STONE: Yes.

PRIME MINISTER: ...one bad mistake. But it doesn't depend on Mr Snedden. It depends on what Liberal Senators will do. And there are, I know, I'm certain, there are some Liberal Senators who are men of principle and would not refuse Supply to a Government. They weren't in favour of it last time, and this time would stick to their principles.

STONE: Well you're a good politician. Are you counting on the fact that the Liberals won't be able to push you into an election if you don't want it some time next year?

PRIME MINISTER: That's right. I went to the people last May on a three-year program and I think we'll have that three years. I'm going ahead on the basis that we will have - I and my Ministers, will have - three years to carry out the program which we put to the people, and which they endorsed for the second time.

STONE: You're counting on that?

PRIME MINISTER: Yes.

STONE: Mr Whitlam thank you very much.

PRIME MINISTER: Thank you Gerald.