

(Recorded Friday November 15)

HS: Prime Minister, Mr Hawke said last night that he anticipated that next year would be the worst year the world and Australia had experienced since the great depression.

PM: I think he's right. I think the figures for the next few months are going to be quite bad here and in every comparable country, western Europe, North America, Japan.

HS: He says that he thinks maybe the western world has got to rethink its attitudes towards production, distribution of wealth, do you think that that's the way to solve the problem?

PM: I think the western world has to sort out its priorities much more, there's no doubt about that. It has taken some things too much for granted, some things at home, some things in other parts of the world upon which it depended, such as the oil-producing countries, but that will take quite some time to do.

But for the next few months, things will be very disappointing, in all economies like ours, all countries like ours.

HS: You say for the next few months - yes - so I anticipate you're seeing some kind of a pick-up somewhere along the line.

PM: Yes, I've said that I think we will have turned the corner by the middle of next year.

HS: What do you think it will have been that will make us turn the corner?

PM: I believe the biggest single problem we have in Australia, and just as the biggest single problem in the other countries too is the cost inflation now. The fact that incomes are rising even faster than prices. Now the Australian Government has come out with a proposal which ought to break that vicious circle of wages chasing prices and prices chasing wages. We have proposed that there should be very considerable decreases in taxes, with the consequence that the take home pay, the net take home pay for people in general will be considerably higher. These tax reductions which I announced on behalf of the government last Tuesday mean that a man, say on \$100 taxable income, that is, taking away the deductions that he has for his dependants and for his medical expenses and so on, would have the equivalent of an 8% increase in his income. A man on \$150 taxable income would have an increase of about 6% in his net income. He would take home as much as he'd take home as if his wages had increased by 8% and 6% and this will mean that - we believe - that the Arbitration Commission can be persuaded to say that the increase in prices in this December quarter will have been compensated for by the reduction in taxes. The Arbitration Commission will therefore, in our argument, say there is no need to increase awards for wage and salary earners to account for increases which occur in prices in the December quarter. The increases in prices in the December quarter will have been compensated for by a drop in taxes. That means, thereafter, from the March quarter onwards, we are asking the Commission to index wages so that any increase in prices will automatically produce an increase in wages.

HS: Now that's good in theory Prime Minister, but what about the Trade Unions? Those who have already said, we are not committing ourselves to co-operate.

PM: Well, you quoted Mr Hawke before. Mr Hawke has committed himself to co-operating. And after all, the arguments before the Arbitration Commission will be put by the ACTU on behalf of the unions and Mr Hawke is their president - and the argument will also be put by the Australian Council of Salaried and Professional Associations, ACSPA, and by the Commonwealth Council of Public Service Organisations, CCPSO. This means that the blue collar, the white collar, the public service unions, will all be putting an argument. Its true enough, you know how some of the papers are, if anything comes out, they make phone calls round for everybody to make a comment, and they publish the comments which express reservations. But the people who express those reservations, won't be making submissions to the Commission. They won't be giving evidence to the Commission. They will be involved in a collective submission made by the ACTU and ACSPA and CCPSO. After all the Commission doesn't make up its mind from what it reads from a selective group of telephone calls. It makes its mind up on the basis of arguments put to it by employers and employees and governments.

HS: And yet we've seen a number of trade unions that have been I think to use Jack Egerton's word, irresponsible.

PM: Yes we have, in the past, I do believe, irresponsibility. Thanks largely to leaders like Jack Egerton who are prepared to give a lead - they have moderated these excessive claims very largely in the last few months. Of course the biggest problem with unemployment in Australia now, the biggest cause of unemployment is that people are pricing themselves out of jobs. One man's increase could mean another man's job - and what we're doing will not only give employees as good an increase in their standard of living as any increase in wages would have given them, but it will not involve a payment by an employer. And this means employers will be encouraged to keep people on their payrolls, and to put more people on their payrolls.

HS: Talking about a man and his job, why the attack on Mr Crean?

PM: I'm blessed if I know! But its just part of the thing, the speculation, and if one doesn't respond immediately to every form of speculation, one thinks that where there's smoke there's fire. There's the absurd position yesterday in the House of Representatives, Mr Snedden said that I was not only going to swop jobs for Mr Crean but for Mr Johnson. He brought this allegation on in Parliament in the morning rather early, he cut off question time so as to bring it up and then he caught a plane to Brisbane and mentioned three more names. Well of course you can see what the consequence would be if I say: yes or no to Crean or yes or no to Johnson. Then next time there's a question time, he asks me to say yes or no about the next three he's mentioned, the ones - but the damn funny thing he didn't mention <sup>there</sup> in Parliament all five, when three hours before he'd mentioned two. And of course behind the scenes he's been planting this idea about a whole lot. Well I don't respond to these things. I have my responsibilities and I'll exercise them as I see fit.

HS: Prime Minister a lot of people voted for the Labor Party on 7 December 1972 and again the 18th May because they believed the Labor Party had some vigorous, exciting plans. And yet a lot of people who voted Labor on both those occasions have lost confidence. Why?

PM: Oh some might have. I also believe however that a great number have had their confidence confirmed and a lot of others have decided that we deserve support because we are trying to carry out what we promised to do. Now we've been very unfortunate of course - because this world-wide movement, almost recession, has taken place - and this makes it very difficult to get on with all the things which we've promised to do and which we've tried to do. But there's also a very great deal of obstruction. There's been obstruction in the Senate - quite inexcusable delays in getting some Bills through. I mean the Trade Practices Bill should have gone through a year earlier. It would have been of very great benefit to consumers if it had gone through. And there are many other instances too. And of course, some of the States have delayed or obstructed, and Queensland, consistently so, in fact vituperatively so. That is you get the absurd position that Queensland alone among the States will not co-operate with some of the things which we promised to try to do and which the other States are co-operating with us in doing.

HS: I've got a press release here from the Premier's Department and he says and I quote "The Prime Minister was launching into his usual campaign of stand-over and cries of obstructionism because somebody stood up to him." Meaning I presume himself.

PM: Well of course he would criticise me for what he objects to there. The extraordinary thing is however, that not only the Labor Premiers, but the Liberal Premiers, the three Liberal Premiers are not objecting to the things to which Mr Bjelke-Petersen objects. I'll give you a couple of instances. Queensland is the only State which has not co-operated with us in setting up a Land Council to acquire and develop and make available at cost, land for people who want to build. The Liberal Premiers have all agreed. Again - growth centres - everybody knows that two Liberal Premiers have co-operated with me, Sir Robert Askin and Mr Hamer in getting ahead with the growth centre in Albury Wodonga. We started this in January 1973. We wanted to do exactly the same thing in Townsville. But Mr Bjelke-Petersen will not do so.

HS: Does he give a reason?

PM: No he doesn't. As a matter of fact that's one of the most extraordinary things, that he doesn't even answer the letters very often. I give a couple of instances of this, not only the letters, you might remember that in September last year there was a Constitutional Convention in Sydney and the Premiers of N.S.W. and Victoria made a particular suggestion, and I said 'Righto, I'll take that up, let's discuss it over dinner tonight'. So all the Premiers were asked to have dinner with me in Sydney. And all of them came, except Mr Bjelke-Petersen. And we agreed, and Mr Bjelke-Petersen himself agreed, that we should all get our parliamentary draftsmen to draft an amendment to the Constitution. It was to make it more flexible so that there could be references by the States to the Federal parliament, as already happens but to make it clear that this could be for a certain time or subject

to certain conditions and the reverse process, that the Federal Parliament could refer matters for a time or on conditions if it wished to any or all of the states. And then all these were drafted and I sent the drafts along to all the premiers. And Mr Bjelke-Petersen hasn't responded in any way.

HS: Have the other Premiers?

PM: Yes they have, they have.

PM: I'll give another instance. There was a special Premiers conference to discuss inflation last August. We all agreed that our officials should get together and prepare papers for us on six matters, and then we could discuss those after we got the papers and come to some agreement on them. They were things like the procedures for government tenderings and wage tribunals and wage fixation, a great number of things concerning inflation, which did need us all to pursue the same course. The reports were sent by me, they were good reports by these officials, federal and state officials, from all the States as well as the federal and I sent these all 2 months ago. And Mr Bjelke-Petersen hasn't yet replied or acknowledged. Its no use saying I'm out of step with him - everybody's out of step with him, the other five Premiers too, the two Labor ones the three Liberal ones, but just forget that. Look at the position that Mr Gorton was in. When we were first elected in December 72 it very quickly emerged that there were 3 quarrels between us and they were the same ones there were between Mr Bjelke-Peterson and John Gorton. They were the Barrier Reef, overseas control of our natural resources, and aboriginal land rights. Exactly the same thing. Now he's out of step with Gorton, he's out of step with Askin and Hamer and Court as well as the Labor Premiers. And then there are several things which concern Queensland alone. And he has either not answered or he's just stalled. He's stalled now for twenty-three months on the proposal that I made, I mean our predecessors have made it too, but I raised it when we came in, that the Australian National Line should be allowed to trade between Queensland ports, which need more ships and the ships of course have spare cargo space. Now I'll give you 3 or 4 other instances, last June these came up, I proposed to him that we should see if we could reduce electricity costs in Queensland, Right along Queensland's coast, in every provincial city. their electricity costs around double what they are in the provincial cities in N.S.W. and Victoria. He hasn't even answered the letter. Then I suggested to him that we should get an environmental impact statement made on beachsand mining and he hasn't even answered the letter. And there are a couple of things about aborigines and he hasn't answered those either. Its rather extraordinary, this is not standover I'm not standing over Askin, I'm not standing over Hamer, I'm not standing over Court. They see advantages. But there must be at least \$50 million that would have come to Queensland if they had accepted offers which have been accepted by other States.

HS: Fair enough point. Mr Bjelke-Petersen of course is fighting the forthcoming State election on the issue that the people of Queensland have got to decide between his Government and a Government which is aligned with the Federal Government.

PM: Yes the people of Queensland have to decide whether they want an obstructionist Government in their State or a co-operative one.

HS: Fair enough point. You're going overseas - (PM:-yes) Some people wonder about Prime Ministers, Premiers for that matter, who go overseas when there seem to -

PM: Well last year for instance the Premier was away from Queensland in more days than I was away from Australia.

HS: Touche. Do you see any particular advantage in going overseas, particularly when Australia's facing this difficult time.

PM: There are plenty of people who can pursue the domestic policies. And of course, I devote the great bulk of my time to them. But there are many things which can only be determined at the level of head of government and face-to-face. After all, there are great number of heads of government who now come to Australia: the Prime Minister of Japan, the Shah of Persia in the last couple of months, and of course you remember since we've been in there've been more people visit Australia, heads of government or heads of state, than in the previous ten years. Now take the question of Japan, surely nobody should dispute that I should visit Japan, as I did a year ago, and as a result, of my government's contacts with Japan the price that Australia including Queensland has got for mineral export is three times what it was. Now Queensland coal is fetching 3 times the price that it was getting when we came into office 23 months ago. And this was because of the Australian Government's initiatives. Surely nobody says that I shouldn't see President Ford, or that I shouldn't go to the United Nations, where some things alone can be solved, that I shouldn't have gone to Japan, as the group of ministers repaying the visit that Japanese ministers made a year before. This is an annual thing. Nobody's going to suggest surely that I shouldn't go to the Commonwealth Heads of Government meeting. These things clearly require my presence and it would be taken amiss I believe if I were not to make the visits I mention. And any other visits I mention have only been over a week - two weeks in S.E. Asia, all the countries there. Well for God's sake, surely I should visit them. They visit here too. And the other ones I've made have been just for 3 or 4 days, over the weekend.

HS: Prime Minister, you've made reference to the improvement in the price of coal, getting back to things like attitudes to overseas investment and international trade. Why does the Federal Labor Government appear to have virtually changed its mind about say overseas investment in Australia, how much should be invested how much should be held.

PM: We want to see that we have an Australian control of our resources. Now it doesn't matter so much who owns them but it is essential that we should exercise control over them. It's not good enough for big international companies to come along and pick off State governments which don't themselves - and the public services too, one has to confess, don't have sufficient skill to deal with these things. The big companies with whom we are dealing are bigger in their scale of operations and in the experts at their disposal, than any State government in Australia, including N.S.W. And its

only the Federal Government which has the resources and the skills and the status to deal in this way. There's been a great deal of obstruction, take the uranium things, there's been challenges in the Courts, and there's been obstruction in the Senate there. For six months they held up regulations and then disallowed them. Well when that avenue was closed Mr Connor, Dr Cairns and I got together with the uranium people and we made a contract. And as a result of that we will get a very much better deal for Australia. For instance, the amount of the royalty for the export of yellowcake you know, the uranium powder, from Australia - when we came in, the amount of the royalty was 1 $\frac{1}{4}$ %. We've been able to get 50%. Forty times as great! And in the process we have been able to secure by co-operation with the main company concerned, the erection of a processing plant and this means we'll be able to co-operate with the people who discovered <sup>the</sup> uranium. They'll get a very good return themselves, they know that, and while they used to join in the general criticism of us, they now say that this is an equitable arrangement, and of course it is. Now in some other respects we want to be ensured that the environment isn't harmed and that aboriginal susceptibilities are not affronted. Now that's delaying some things with some other companies. But the one where there was no objection on the basis of overseas control or aboriginal rights or environmental hazards, the arrangements have been made, very sensible arrangements.

HS: Prime Minister a final question - there was no doubt I think in most people's minds, particularly the minds of observers that it was Gough Whitlam who led the Labor Party to victory in 1972 and again in May. Is Gough Whitlam still <sup>clearly</sup> the captain of the ship though, that's the question in the minds of a lot of people.

PM: Well I would think I am, I would have thought that nobody was doubting that this week. But the main thing I want to emphasise is there is a good crew for the ship as a whole and some excellent officers. I think that the ship is well-handled and its in good shape.

HS: Fair enough. Prime Minister thanks very much.