

INTERVIEW WITH PRIME MINISTER BY FOUR CORNERS (ALAN HOGAN)
30 NOVEMBER 1974

HOGAN: Prime Minister, after two years in office, what single act or piece of legislation do you think is the Labor Governments proudest achievement?

PRIME MINISTER: The two pieces, I would think, would be the Grants Commission which has made it possible to do things for the Capitals and the big provincial cities, and the Schools Commission, which has given people a good start at school.

HOGAN: On the other hand, what do you think are Labor's biggest disappointments and failures?

PRIME MINISTER: The fact that we have come to office at a time of world-wide inflation.

HOGAN: Why is that disappointing to you?

PRIME MINISTER: It was something that nobody expected to be so serious and it is something where, of course, every country like us - all the trading countries, all the industrialised countries, the whole of the world - is embroiled at the one time; all with the same problems and all infecting each other.

HOGAN: Is there any need though, for Australia's rate of inflation to be as high as it is?

PRIME MINISTER: It's probably inevitable. Everybody has copped it. I mean, two years ago there wasn't a single western country which would have expected to have the problems of inflation and unemployment which every one of them is experiencing now.

HOGAN: You are, say, ahead of West Germany, aren't we, in the inflation rate and we are not, like they are, dependent on imported oil or minerals, where to a certain extent we are self-sufficient in those areas. Could we hope that our inflation rate could be made to be a little lower, do you think by government management?

PRIME MINISTER: I hope we can get it down. We are trying every means we have; we examine what every other country is doing. West Germany's unemployment, of course, is much worse than ours about twice as bad as ours in percentage terms. Their inflation is not as bad as ours. But there again, two years ago in West Germany the unemployment and inflation that they now have would have been absolutely incredible and intolerable. That we all have it.

HOGAN: Would it be fair to say though, that inflation has to a certain extent robbed the average Australian of the benefits or the alleged benefits - of the Government?

PRIME MINISTER: Of some of the benefits, but nevertheless the average incomes in Australia have gone up much more in the last two years - the years that we have been in - than have prices. The incomes have gone up over those two years, I think, by about 7 per cent more than the prices. So on balance, people are all better off in Australia but not as much better off as we had hoped. That is, just going on incomes and prices.

But where we have made a very great difference is in providing things free, at public expense, for everybody. Government services have been very greatly improved as a result of what we have done.

HOGAN: Has that in itself been a cause of the inflation do you think?

PRIME MINISTER: Only infinitesimally. It might have had some, but the point is that if we had done none of those things, if we had abandoned all our proposals for making better use of our resources or better opportunities for our citizens, we would still have had a rate of inflation which, a couple of years ago, would have been regarded as incredible and intolerable. It is no solution, say, to just postpone our program.

HOGAN: Yet it would seem that many people in Australia today think that the rate is incredible and intolerable. A poll this week, for example, suggested that 7 out of every 10 Australians don't think you have been effective in controlling inflation.

PRIME MINISTER: Well, we haven't been able to keep it down as we would have liked. But what I think Australians in general realise is that there is no Head of Government no government anywhere in the western world which has what we would have regarded in the past as a tolerable record in this regard; all of us.

HOGAN: You have made some Cabinet changes in recent weeks or they are to take place shortly.

PRIME MINISTER: One, I have made one change in over a year.

HOGAN: A fairly important one. Do you think that this change, the replacement of Mr Crean by Dr Cairns would have a dramatic effect on inflation or by cutting the rate of inflation?

PRIME MINISTER: I don't say that anything has a dramatic effect. No, I don't say that, and I don't want to give any impression that what has been happening in Australia can be quickly cured or can be cured in isolation. We are too big a trading country - proportionally we are one of the most dependent of all countries on trade - we just can't isolate ourselves. There won't be anything dramatic but I do believe that there will be an improvement.

HOGAN: Have you any cause now to regret the handling of the Cabinet reshuffle, the dismissal of Mr Crean from the Treasury?

PRIME MINISTER: No. Do you mind if I use my terms: exchanging the portfolios that Dr Cairns and Mr Crean had. I would have liked it to have happened more quickly but the news leaked out when Dr Cairns was overseas and then when he came back the proprieties dictated that I should discuss it with the Governor-General, and he was in Tasmania for a couple of days, so I couldn't do that.

HOGAN: Was it not possible in that period - and it was a very long period - while the leaks continued that Mr Crean may go: were you yourself responsible for any of those leaks?

PRIME MINISTER: None whatever and no-one associated with me. There was no atom of benefit for me in those leaks occurring. None whatever.

HOGAN: Do you think that Mr Crean was treated badly by the affair?

PRIME MINISTER: I think the media were quite cruel to him.

HOGAN: In a sense, though, could you have taken the pressure off by making some sort of statement in that long period....

PRIME MINISTER: No, I will not do it. I will not respond to questions whether somebody is going to have some appointment or if I am going to make changes. Once I yield on that I will be asked every day whether somebody is going to have another position.

HOGAN: Do you think it appears in retrospect that Mr Crean has taken the blame for the management of the economy which perhaps should have been shared by the entire Cabinet?

PRIME MINISTER: Of course, any blame that there is, any credit that there is, is shared by us all. And Mr Crean must accept it: any blame, his share; he is entitled to credit, any credit. There is no suggestion whatever that Mr Crean has not acted as the Government decided.

HOGAN: Will you yourself now be taking a more active role in control of the economy? There is some speculation that you have been sitting back, letting other Ministers have a stronger say in the economy than yourself.

PRIME MINISTER: I'll be more directly involved, yes.

HOGAN: In what way?

PRIME MINISTER: I'll be more fully and regularly briefed. I have taken steps to see that statistics and indices are comprehensively compiled and more promptly analysed.

HOGAN: After two years in Government do you think that it is a bit late to be making those changes, could you have not seen that earlier?

PRIME MINISTER: In retrospect that is right. Nevertheless our statistical information, our assessments, have not been adequate in Australia. You can blame us for the last two years. You can't blame us for 25 years before that.

HOGAN: But we can blame you for the last two years?

PRIME MINISTER: In retrospect, obviously. It could have been done quicker: Mr McMahon is now saying that too. But he didn't do it when he was Prime Minister. We are all wiser now.

HOGAN: One thing that the Cabinet exchange highlights was perhaps the difficulty you have in selecting ministers. Would you like to see any change in the system whereby the Labor Party elects its Cabinet?

PRIME MINISTER: No, none whatever. I support this system and I continue to support it. I believe that the best way to get harmony in a political party is for all members of the political party to have their say in determining who will hold office in it. I've always supported that and I will continue to support it.

HOGAN: Does it mean that perhaps there are young and able men in the Labor Party who you aren't able to elect to Cabinet because of the Caucus decision as to how Cabinet is elected?

PRIME MINISTER: Maybe. I don't, on the other hand, suggest that any political leader should be able to make his own personal and maybe capricious choice. I have influence in these things, naturally, but I am happy with the system. I don't want anybody to have the impression that I would change that system. I would not change that system. I believe that the whole of the Party - that is all the Labor members of Parliament, the Caucus - should have an equal say in determining who will be the Ministers and that the leader - the Prime Minister - should have the responsibilities of saying what portfolio each Minister should have.

HOGAN: Prime Minister the level of unemployment in Australia is now at its highest since the depression. Is that tolerable under a Labor Government?

PRIME MINISTER: No, I don't think it is tolerable under any government and we have taken steps to reverse that.

HOGAN: Is the situation going to get worse before it gets better?

PRIME MINISTER: In the next couple of months it will probably get worse. This is, of course, the time of the year when the number of people seeking jobs is always the greatest. So the figures will not look good.

HOGAN: How much worse could it get?

PRIME MINISTER: I won't speculate.

HOGAN: Could it be....

PRIME MINISTER: The statistics frankly are not good enough for me to speculate. The statistics that came out three weeks ago caught everybody by surprise, everybody. Now there may be a deficiency in the statistics.

HOGAN: What can be rectified, do you think?

PRIME MINISTER: I hope so. I am certainly having this examined. The statistics available to the Government, the official statistics in matters like unemployment and liquidity, have not been adequate and I am taking steps to see that these statistics are improved. About four weeks ago I took similar action to ensure that statistics on imports were improved.

HOGAN: Are you worried about the reaction of the trade union movement to the unemployment situation? Mr Hawke this week has been saying that he will be speaking to you next week about the need for stronger measures to prevent unemployment.

PRIME MINISTER: I regard the reaction of the trade union to unemployment as completely predictable and completely proper. Some of the suggestions that the trade union movement makes or some sections of it, I believe, are ill-founded.

HOGAN: Could unemployment bring down the Government?

PRIME MINISTER: It could bring down any government. There is no Government in the Western world which is secure; none whatever.

HOGAN: Are you worried that it could bring down your Government?

PRIME MINISTER: I have to be worried about this but I am quite satisfied that at an election I would win.

HOGAN: Do you see your change in tariff policy or import quotas as likely to affect the unemployment situation?

PRIME MINISTER: They have a marginal effect. They have more than a marginal effect in some industries. But it is nonsense to suggest that the unemployment in Australia has been caused by our more rational approach to protection. That might have affected some industries, but it is garbage to say that it has been responsible for the unemployment. Some trade unionists have said this; some of them, worse still, have said it in collaboration with employers, including overseas companies. Their attitude - they are entitled to express it but it is my duty to correct them when they exaggerate or distort the position. The unemployment in Australia is primarily due now to the fact that people are pricing themselves out of jobs.

HOGAN: They are pricing themselves out of jobs.

PRIME MINISTER: Yes, the people can't afford - employers can't afford - employ people at the rate of increase in wages which is taking place this year.

HOGAN: Well this is perhaps something that the trade union movement might be expected to take: an active role in income restraint. Do you see the need for wage restraint?

PRIME MINISTER: Certainly I do.

HOGAN: Are you getting all the co-operation that you need from the trade unions in that area?

PRIME MINISTER: We are getting a great deal of co-operation and this is, of course, one of the things which we regularly discuss. Any meetings that I have with Mr Hawke are always well publicised. I have meetings with a very great number of people too; they aren't publicised. But obviously this is something which Mr Hawke and Mr Porter and some other officials from time to time, of the ACTU discuss with me and senior colleagues and we believe that we are likely to secure restraint. The way we are doing it, of course, is by putting to the Arbitration Commission that it should take into account the very great tax reductions which we are making and that it should regard those tax deductions as compensation for any increase in prices, in the present quarter.

HOGAN: And yet only this week it would appear from newspaper reports that you personally approved an increase of 24 per cent in pilots' salaries.

PRIME MINISTER: I didn't. The attitude that I support is that employers, including TAA, should be able to pass on to their customers any increases due to increases in salaries which have been made in Industrial Awards. Now anything that employers, including TAA, pay above awards, they have to take out of their profits.

HOGAN: But was that not a inflationary settlement, an increase of 24 per cent?

PRIME MINISTER: I think so. I don't think TAA should have done it but I don't believe that a Government or any Minister can effectively take over the day-to-day running of something such as TAA or Qantas or the Commonwealth Bank: any of these Government enterprises.

HOGAN: Are you in effect saying that you are powerless to stop inflationary wage increases like that?

PRIME MINISTER: We have taken action by submissions to the Prices Justification Tribunal to ask them not to approve price increases which are due to over-award wage settlements and my Minister for Transport, Mr Jones, has made it plain that TAA and Ansett cannot pass on to people flying by air the settlements which they have made in excess of what Mr Justice Coldham awarded.

HOGAN: To take another area, Prime Minister, and that's the rural sector of the economy. The man on the land claims that he is being deprived socially and economically by the Labor Government. Have you any sympathy with that point of view?

PRIME MINISTER: The point of view is incorrect. The way that some people distort what the Government has done, I can understand many people in the country having that view. The fact is that there is better hope now for most people who live in the country and most of them live in country towns - than ever before. Life in country towns will be very much more varied and attractive than it has ever been this century, as a result of initiatives by the Government. Now what we have done is, we wanted to see that where governments give assistance through the taxation system or through subsidies for primary production, that that assistance goes to the people who need it most. Secondly, we wanted to ensure that where primary producers produce more than Australia themselves can consume, they are able to rely on long-term trade agreements with other countries. There has never been a government which has achieved so many trade agreements with other countries as my Government.

HOGAN: We have talked about the worker, we have talked about the man on the land, what about the businessman? What has he got to thank Labor for for the last two years?

PRIME MINISTER: He knows that the Government operates very much more openly than previous Governments. That if he wants some benefit from a Government, then he can make out a case and it will be looked at and the reasons given. There is no behind-the-door or

under-the-counter deals. We have stated our principles, we have established bodies to report on all these things. And business people have shown their respect at least for the way we have gone about things.

HOGAN: If not enthusiasm?

PRIME MINISTER: That's right. But there have never been so many businessmen who have been willing to advise a Federal Government, as there have been willing to advise my Government. And they have been willing to do it because they realise that whether they agree with us or not, whether their views - which we have sought - are palatable to us or not, those views will be made public and the public will know what the advice is. And usually, usually we accept that advice.

HOGAN: Are you aware of real hostility from the business community to the Government?

PRIME MINISTER: No. I imagine that I would know most of the important, responsible businessmen in Australia and I think they realise that they can express their views to me and I will welcome those views and our personal relations are perfectly cordial. Now what I would like to put is that you can't quote any substantial experienced responsible business leader, any managing director or chairman of directors of any substantial enterprise, any general manager or chairman of directors....

HOGAN: Perhaps the Chairman of Ampol would disagree with you about the operation of the Prices Justification Tribunal?

PRIME MINISTER: I don't remember him saying anything about it. But I will be dining with him tonight. I have known him for many years, I respect him and as far as I can see, he respects me. But we have very good relations. The fact is, you don't get experienced or substantial leaders of the business community, directors of companies, general managers of companies who have gone on public record in criticism of my Government.

HOGAN: Turning to the immediate events of this week, Prime Minister, we have seen a struggle for the leadership of the Liberal Party. Would you have preferred to have seen Mr Fraser win that battle?

PRIME MINISTER: It doesn't help any of the candidates - and Mr Sne and Mr Fraser are not the only candidates for the leadership of the Liberal Party - if I say whom I would like to see there. There are some people whom I would like to see there from the narrow political point of view, ones that wouldn't come successfully, say with me. There are others....

HOGAN: Do you think Mr Seligson competes successfully with you?

PRIME MINISTER: No, I don't think so. But there are others who I would like to see there in the contingency of a change of Government. It doesn't help. I have on one or two occasions in the past suggested whom I thought to be the best alternatives on that side of politics and it embarrasses the people I have named and of course, they feel bound to react to disprove it or to disprove my kind words.

HOGAN: You have been in power now for two years, will you still have the same job in two years?

PRIME MINISTER: I believe so.

HOGAN: We will have to wait to see what the electors have to say about that.

PRIME MINISTER: Oh, they might not have the opportunity in two years. I expect two and a half years and I think they will re-elect me.

HOGAN: Thank you Prime Minister.
