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PRIME MINISTER'S INTERVIEW WITH MIKE WILLESEE, 6 NOVEMBER 1975.

WILLESEE: Prime Minister thanks for joining us. You seem very determined?

PRIME MINISTER: Quite.

WILLESEE: Totally determined?

PRIME MINISTER: On the central issue, totally.

WILLESEE: The central issue, you mean that the Senate mustn't take money away from the Government?

PRIME MINISTER: That's right. In other words the Party which the people give a majority in the House of Representatives must be allowed to govern.

WILLESEE: So on that issue you will hold fast, whatever the cost?

PRIME MINISTER: Absolutely.

WILLESEE: Whatever the cost?

PRIME MINISTER: Whatever the cost.

WILLESEE: You stand improving to be very good politics but I wonder if it is necessarily responsible leadership? I mean, Mr Fraser has made an offer; he'll allow the money to go through the Senate if you have an election by the end of next June. Now that can be interpreted in two ways: one that it's a sign of weakness and he's backing down; alternatively it can easily be seen that he is being responsible, he's giving a chance to the situation to be resolved?

PRIME MINISTER: Well, I'm not wanting to emphasise weakness; I don't want to make it difficult for Mr Fraser to do the right thing. I agree he doesn't deserve much sympathy; he's done the wrong thing and he's failed. But I'm not going to use any terms such as weakness or climbing down. But the other thing is this, that his offer, when you look at it seriously, involves me going to the Governor-General now and telling the Governor-General that in six months time I will be advising him to issue writs for the House of Representatives. In other words Mr Fraser is deferring the payment of the ransom; he's saying that the hijack can be put off another six months.

WILLESEE: Do you concede any circumstances where a Senate would be justified in stopping the Government's supply of money?

PRIME MINISTER: No, I would not concede that there are any circumstances, ever. And incidentally, nobody has ever up till now, thought that was the case. There have been many cases in the past - and in the 1960's it happened constantly - where the Federal Government didn't have a majority of the Senators as its supporters. And never has the Senate rejected a Money Bill.

WILLESEE: I wondered if we could imagine an extreme case, as extreme as you like, if perhaps the roles were reversed you had power in the Senate and the Government of the day wanted to put hundreds of thousands of conscripts into a war, that was perhaps a civil war, and you knew that the population of your country didn't approve, an extreme case?

PRIME MINISTER: Well there is no doubt...

WILLESEE: And you had the power to stop it?

PRIME MINISTER: What by cutting off money?

WILLESEE: Yes.

PRIME MINISTER: No, no I would still not. And this did happen. The first year that I was Leader of the Labor Party in the Federal Parliament, in 1967, you will remember that the Senate had disallowed some regulations to put up postal and telegraph charges and then a couple of months later the Holt Government brought those increased charges in with the Budget Bills, it brought them in as a Money Bill. And there was a big argument...

WILLESEE: Yes, but I think that...

PRIME MINISTER: Yes, well this was a Money Bill in the Budget context and I persuaded the Labor Party not to persist in its opposition, to let the Budget, including the increased charges...

WILLESEE: Yes, but that's not an extreme case is it? I'm just wondering because I'm trying to test the principles...

PRIME MINISTER: Yes sure.

WILLESEE: ...to see how much it can be.

PRIME MINISTER: The answer is I would still, I would still not endorse the rejection of a Budget or refusal of Supply.

WILLESEE: No matter how extreme and gross the evil of the Government?

PRIME MINISTER: That's right. That's right.

WILLESEE: Isn't that a bit silly putting principle before perhaps peoples lives?

PRIME MINISTER: No, no, I mean this is a tough case but I still stick to what I say. I don't believe that the Senate should reject Money Bills or the Budget.

WILLESEE: So you reject the argument also that it's a question of whether the Senate is being wise in using this extreme power at the moment, not a matter of whether it can. It's not a question of whether.

PRIME MINISTER: I don't concede they can, but nevertheless I'm certain they never should. And they never have up till now. There's been 139 Money Bills which have been passed by the Senate at a time when the Government didn't have a majority in the Senate. So this is the first time it has ever been tried.

WILLESEE: You're totally firm on that principle?

PRIME MINISTER: Absolutely.

WILLESEE: Your opponents aren't and that's why we have this deadlock. I think its proper that I should put some questions to you based on their opposition...

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PRIME MINISTER: Sure.

WILLESEE: ...questioning the Government's right to govern. You have a mandate twice in a very short time.

PRIME MINISTER: Yes.

WILLESEE: But they say, I think I'm accurate in saying, they narrow it down to two elements which can now be considered further to the last election, the economy and the loans affairs? The economy, briefly. Do you accept that there is evidence that says we have not controlled inflation as well here as comparable countries?

PRIME MINISTER: No, the evidence, the latest evidence, is rather the other way. For instance the wage component of inflation is now better controlled - I'm not particularly keen on using that term in relation to incomes but nevertheless - it is better controlled in Australia than in a great many other...

WILLESEE: You say the latest, I think that it's fair that we should consider the last 18 months or 2 years because that's the period of judgment.

PRIME MINISTER: Yes, you can see developments over that period. Yes, sure.

WILLESEE: There are several things that seem to go against what you say. One is that we didn't have the oil crisis that precipitated or made worse the situation in other countries.

PRIME MINISTER: But there's no doubt that the oil business in the Middle-East has put up costs in Australia. But not as much as in some other Western countries - that's true.

WILLESEE: Would you also agree we should be more naturally...

PRIME MINISTER: I mean let's face it, oil hasn't hurt the United States or Canada, either of them; it's hurt mainly the Western Europeans.

WILLESEE: Do you accept that we should be more naturally healthy and economically resilient than many of those other countries that you compare us with?

PRIME MINISTER: On the whole package we're very similar to North America, Western Europe and Japan. And in general we compare quite favourably.

WILLESEE: The other thing on the matter of the economy is that you have sacked, or demoted, or allowed to leave, all of your senior economic ministers, all of the original ones.

PRIME MINISTER: I've changed some of them round - Yes.

WILLESEE: Isn't that a concession on your part of faults in your management of the economy?

PRIME MINISTER: It's a very difficult job being Treasurer.

WILLESEE: But all of your managers have gone...

PRIME MINISTER: No, no, the Treasurer that's the significant one.

The Treasurer. I've had three Treasurers; I now have the best Treasurer that this country's had for decades.

WILLESEE: You've had two that you feel failed in one respect or another?

PRIME MINISTER: Yes.

WILLESEE: Over that period that is relevant to this case. Isn't that an admission of some incompetence in your administration?

PRIME MINISTER: I've now found a better one.

WILLESEE: How about someone like Mr Connor, people talk about lack of business confidence; it couldn't be more marked than the mining field..

PRIME MINISTER: No, no, you're unfair to Mr Connor there; he was dealing with some very tough people. But he did not go because of any failures in administration.

WILLESEE: Despite the...

PRIME MINISTER: I mean let's face the, let's acknowledge, what Mr Connor has had to put up with. The Senate in July, I think it was, last year, disallowed regulations made under the Atomic Energy Act, which the Menzies Government had passed in 1953. This was sheer cussedness by the Senate, that put things back. Again we've had to wait 5 and a half years now for this legislation on seas and submerged lands. It was brought in under Gorton, by McMahon, in April 1970.

WILLESEE: But that's concentrating on the Senate not on the Mr Connor. I mean if you did it all again would you like Mr Connor to go in and handle business in Australia in the same way?

PRIME MINISTER: Don't blame Mr Connor for any of these business things. I won't have you insinuating that. I don't endorse what you're putting to me.

WILLESEE: Well I'd like to put it as a straight question.

PRIME MINISTER: Yes.

WILLESEE: If you did it again, had another go, would you put Mr Connor in and let him deal with the Australian, that section of the Australian business community, exactly the same way again?

PRIME MINISTER: Mr Connor did some magnificent things where it was open to him to do it, that is, in the coal industry for instance. There's no doubt the coal industry in Queensland and New South Wales is ever so much more prosperous now than it was when he came in. As regards uranium, and off-shore oil, he has been very grievously hindered by the States.

WILLESEE: But the overall question was, would you have him do it the same way again?

PRIME MINISTER: My appointment was correct. Mr Connor has been a very great Australian; he's done an immense amount to develop Australian resources and to give Australians the opportunity to share in that development.

WILLESEE: Don't you think that that industry has been confused?

PRIME MINISTER: It's been very obstructive and so on and the States confuse...

WILLESEE: It has been confused by your lack of plans.

PRIME MINISTER: No: and that's not true; that is not true. Everybody knew what laws we wanted to make. We wanted to put through the legislation that the Gorton Government introduced in April 1970, we did at last get it through and then it's been held up by State challenges - all States, all six of them - in the High Court and the High Court still hasn't given its judgment. The atomic, the uranium business was put into confusion because the Senate rejected the regulations made under the Menzies Act of 1953.

WILLESEE: Could the country have been better managed economically in the past two years?

PRIME MINISTER: In the light of the knowledge and skill that we now have, yes, of course it could. But let's face it, every Western country has been going through this exceptional situation.

WILLESEE: The loans affair is fairly indigenous?

PRIME MINISTER: Yes.

WILLESEE: Why did you want all that money in the first place?

PRIME MINISTER: So as principally to help develop our natural resources.

WILLESEE: Did you have feasibility studies done on how you would spend the money?

PRIME MINISTER: In many cases, yes.

WILLESEE: Why weren't they revealed?

PRIME MINISTER: Many of them have been. We know what it will cost to develop offshore oil. We know what it will cost to develop uranium. We know what it will cost to develop coal resources, coal ports. We know all that. No mystery about that.

WILLESEE: Why did you avoid the traditional manner of getting approval for such fund raisings in Australia?

PRIME MINISTER: The traditional method was adopted, that is, authority was given to a Minister to raise the loan.

WILLESEE: Is there any precedent for that?

PRIME MINISTER: Yes.

WILLESEE: That amount of money, avoiding the Loan Council?

PRIME MINISTER: Not that amount. Wait a bit, you say avoiding the Loan Council? No. The States would have been involved in a very great deal of this. You couldn't have built the coal ports or developed coal resources without doing it through the States.

WILLESEE: You decided to raise some money?

PRIME MINISTER: Yes.

WILLESEE: A large amount of money?

PRIME MINISTER: Well, to see if it was available, yes.

WILLESEE: An amount of money without precedent?

PRIME MINISTER: Yes. Mind you, when you say without precedent, companies aim to raise that sort of amount. The CRA gave evidence to the Tariff Board that it would be needing that sort of money in the space, I think, of about 4 years. So it's not a staggering amount.

WILLESEE: Well, isn't it fair to even use a term like staggering when the Government has raised nothing like that in one sum before?

PRIME MINISTER: The Government hasn't, the Australian Government hasn't. But Australian companies have been wanting to and in many cases have raised such amounts.

WILLESEE: Now, it wasn't a traditional way of getting approval was it?

PRIME MINISTER: Authority from the Executive Council? Certainly it was.

WILLESEE: What's the precedent for that? I'm talking about comparable amounts of money; there's no precedent...?

PRIME MINISTER: No, no, for that amount being raised by the Government. But the method of raising money is always the same; you do it under Executive Council authority.

WILLESEE: Having got that approval, why did you then avoid the traditional avenues of fund raising abroad?

PRIME MINISTER: We had offers put to us. And of course we've had many offers put to us. Three have been debated in the Parliament.

WILLESEE: Is that sufficient reason for not checking with the traditional and historically responsible sources?

PRIME MINISTER: We adopted all the checks that had ever been used. That is, the Attorney-General's Department, the Reserve Bank, the Treasury and the relevant departments were all involved.

WILLESEE: So you approved Mr Khemlani then as a reliable man?

PRIME MINISTER: No, he didn't make any offer. I'm not saying whether Mr Khemlani is reliable or not. The fact is that he never made an offer and as a result, as I made plain in the Parliament months and months ago, no money has been paid to Mr Khemlani; no money has to be paid to Mr Khemlani; no money will be paid to Mr Khemlani. And I gather from Mr Khemlani's statutory declaration he complains that our tests were so tough.

WILLESEE: I don't think that's quite in question. It was the manner of trying to get the money that I think is in question. I think....

PRIME MINISTER: He never made an offer.

WILLESEE: July 9 in Parliament, you talked about a national and international conspiracy - I presume you were talking about the money world - that would take any steps to harm Australia or harm the Australian Government even if it meant harming Australia. Now was that the real reason that you refused to go to traditional sources?

PRIME MINISTER: No, we would be quite entitled to consider any offers that were made to us. No offer was made. We could have used that money. The money is needed. And it would be a very good deal to get that sum of money on the terms which we were prepared to accept. We will need that sort of money to develop our natural resources. We will need it.

WILLESEE: But why deal with people on the fringe of the money world rather than established sources?

PRIME MINISTER: If anybody had made an offer, then it would have been accepted, if it was on proper terms.

WILLESEE: How do people know to make an offer of \$4000 million?

PRIME MINISTER: This sort of money is raised by companies, as I mentioned.

WILLESEE: Yes but you made the approach, surely you tell them you want the money.

PRIME MINISTER: No, no people know that we are prepared to borrow money if it is on satisfactory terms and no offer was made in this case. So therefore we didn't borrow any money. What I think you're referring to is this, that there has been a very big change in the last two years in the sources of money. The oil people have a very great deal of money to lend. And they're looking for good borrowers and Australia is in the top rank of borrowers. Our credit is not exceeded by any country in the world; we have a triple 'A' rating.

WILLESEE: Do you say it's O.K. because of the changed circumstances, accumulation of wealth, but is there any precedent for people such as those that Mr Connor and Dr Cairns were dealing with, the fringe money dwellers as well as if I could call them. Is there any precedent for those people raising a loan of this amount? \$4 billion?

PRIME MINISTER: You're using the establishment term, fringe money. Ten years ago the oil countries didn't have a cent to lend, now they have thousands of millions of dollars to lend.

WILLESEE: But is there a precedent for these people? I'm not talking about the Arabs.

PRIME MINISTER: Well, I am, I am.

WILLESEE: Do you know of any such loans that these men have raised?

PRIME MINISTER: No I don't know what loans, if any, Mr Khemlani has raised.

WILLESEE: Don't you think it's a little bit strange as a business practice?

PRIME MINISTER: We were prepared - we still are of course - to consider any reasonable offer. But no offer was ever put by Mr Khemlani.

WILLESEE: Alright, this national and international conspiracy you talk about?

PRIME MINISTER: Did I? Did I?

WILLESEE: Yes, Parliament on July 9.

PRIME MINISTER: Yes, well I'm ...

WILLESEE: You gave as one of the reasons why you would go away from the traditional sources because you felt that they didn't have your interests at heart, and they were trying to hurt you, the Labor Government.

PRIME MINISTER: Obviously, obviously, the people that raise money and lend money over the years want to keep that business to themselves. That's all I said...

WILLESEE: You said more than that; you said they would use any weapons they could to harm the Labor Government?

PRIME MINISTER: I frankly don't remember the details. I mean I'm not disputing or...

WILLESEE: Did you have anyone in mind?

PRIME MINISTER: No.

WILLESEE: Do you have any evidence of such a conspiracy?

PRIME MINISTER: I don't remember saying it. Did I use the word conspiracy?

WILLESEE: Conspiracy, national and international.

PRIME MINISTER: Well, I assume that it was because those people that had always had the business of lending money to Australia wanted to keep the business to themselves or they wanted any new lenders to go through them.

WILLESEE: Now with Dr Cairns, you dismissed him because of the letter which indicated he'd misled Parliament. You made a statement on July 1 and you referred to having been shown the letter the day before. You didn't say whether you'd been shown it for the first time, you said you'd been shown it. Had you in fact seen that letter prior to that...?

PRIME MINISTER: No, no. This is getting a bit far away from the Budget isn't it? Isn't it? 'Cause this hasn't been mentioned at all in the last 3 or 3 and a half weeks that the Liberal and Country Party Senators have been stalling on a vote for the Budget. This has not been mentioned. This isn't said to be an excuse for this unprecedented conduct by the Opposition.

WILLESEE: Well I'm not basing it all my questions on what the Opposition could do?

PRIME MINISTER: I thought you were. I thought that's how you were leading in.

WILLESEE: No, well because they talk about questions not being answered and I think...

PRIME MINISTER: Well, that's not true. Every question has been answered.

WILLESEE: Now you say you hadn't seen that letter. When you first saw that letter, which was because of a publication in a newspaper, you then took action...

PRIME MINISTER: Look I forget the details on this.

WILLESEE: Well specifically, because it's very important.

PRIME MINISTER: I gave - of course it is, and it is all in Hansard and nobody has disputed it since and you said not answering questions. Every question which I've been asked I have answered. I think there's over 200 of them. There's not a single question on the notice paper now and I wasn't asked a question today in Parliament. I know these allegations are made but the fact is...

WILLESEE: Having raised this I think it's fair to round up that Dr Cairns says quite categorically, that the head of your Department, Mr Menadue, had sent you a copy of that letter, June 18.

PRIME MINISTER: That's right, and I was in Launceston at the time.

WILLESEE: Your departmental head wouldn't have shown you a letter that was worthy of a Minister being sacked?

PRIME MINISTER: I was in Launceston at the time and as with every piece of paper, I've said, send it to the interdepartmental committee which is looking at all these matters. What I was intent to know was whether the Australian Government was liable to make any payments in any of these matters. And the advice all along has been, including on that letter, No.

WILLESEE: Don't you think it's a bit strange that your Department could have that letter...

PRIME MINISTER: No I don't.

WILLESEE: ...not give it to you and it's up to a newspaper to publish it and then you took action?

PRIME MINISTER: No. It's all been argued and you're now making allegations that nobody has been prepared to make.

WILLESEE: I would think they're questions rather than allegations.

PRIME MINISTER: Yes. Yes, well, I didn't see it on the date you mentioned. You say June the 18th.

WILLESEE: Yes, from Mr Menadue to Dr Cairns.

PRIME MINISTER: Well wait a bit, I'll look it up in my diary. Yes, I was in Launceston that day. On Wednesday the 18th I signed the Medibank Agreement in Launceston with the Premier of Tasmania. Any other date?

WILLESEE: It took 13 days...

PRIME MINISTER: Yes, well wait a bit, any other date? You mentioned a date and I answered you.

WILLESEE: No, I don't think it's very relevant where you were.

PRIME MINISTER: You say did I see it on the 18th and I tell you where I was.

WILLESEE: You could have been told; were you told, about the letter before that?

PRIME MINISTER: No I wasn't.

WILLESEE: You weren't aware of it until the newspaper published it?

PRIME MINISTER: I forget exactly when the newspaper published it. I mean the facts are very clear, they've been argued months ago. They have no relevance to the present situation.

WILLESEE: Mr Connor's dismissal was also triggered by a newspaper publication.

PRIME MINISTER: Yes.

WILLESEE: Do you assert that that was your first knowledge of that information?

PRIME MINISTER: Of most of the documents that the Melbourne Herald published and which it gave me - Yes.

WILLESEE: Of the relevant material?

PRIME MINISTER: Yes.

WILLESEE: Another thing about Dr Cairns I think I should put to you. Your comments about Dr Cairns and Mr Connor being sacked on 'A Current Affair' led Dr Cairns later to say, "If he said that he, himself was distorting the situation..."

PRIME MINISTER: Look if you don't mind I'm not going to connive at the handling of that program, that program 'A Current Affair' because your rival there has played it several times in different versions. Yes if you don't mind I'm not going to comment on selections from one or more of the playings of that program.

WILLESEE: I was going to go past what you said and go to what Dr Cairns said.

PRIME MINISTER: No, well I'm not going to respond to that.

WILLESEE: Alright, now this current situation has certainly introduced...

PRIME MINISTER: What we're coming back to current matters? Righto.

WILLESEE: Well, I'm not sure that they're not all current. There's a new tone in politics now.

PRIME MINISTER: Yes isn't there?

WILLESEE: Dirty politics do you think?

PRIME MINISTER: No, no, not particularly, what's happened is that the Liberal leadership is now being shown to be extraordinarily impatient and greedy. That is, this new conservative leadership has been exposed. It's been a revelation. I mean I wasn't surprised. But the public in general didn't realise what Mr Fraser as leader would lead our opponents into doing.

WILLESEE: But in fighting this out day to day, don't you think it's getting a little dirty?

PRIME MINISTER: Well be specific. I mean I've been...

WILLESEE: Alright, well Mr Fraser and Mr Anthony are making suggestions about you becoming irrational, I think.

PRIME MINISTER: Oh, yes they say I'm going mad.

WILLESEE: Yes, well they're imputing something about your state of mind?

PRIME MINISTER: Yes that's right.

WILLESEE: That's dirty politics or is that fair politics?

PRIME MINISTER: I'll let the public judge that. Anybody following the Parliament, I think, would think that they were wide of the mark.

WILLESEE: You also want the public to judge your allegations about Mr Anthony in the CIA?

PRIME MINISTER: They were right weren't they?

WILLESEE: But surely your....

PRIME MINISTER: I didn't mention the man's name. I didn't mention the job he did. I didn't mention where he did the job and Mr Anthony, he mentioned those things and confirmed everything that I'd learnt.

WILLESEE: An association with CIA money has fairly sinister connotations doesn't it?

PRIME MINISTER: Of course, it has. And...

WILLESEE: He rented his house for \$500.

PRIME MINISTER: Oh, that's not the money one's referring to.

WILLESEE: Well, what is your allegation?

PRIME MINISTER: Well I'm going in that respect on the allegations that the Financial Review makes. The Financial Review asserts that CIA money has come into Australia to condition the political and economic attitudes of Australians. I'm not saying that Mr Anthony was paid by the CIA or that he handled money for the CIA. But Mr Anthony has had very close domestic relations with a CIA chief in Australia and he should have known better. And there's no dispute of this association.

WILLESEE: I accept that, but your allegation was association with CIA money and as you say it's not really the rent which...

PRIME MINISTER: Well of course it's not; of course it's not.

WILLESEE: What is the association with CIA money and Mr Anthony that's the real basis of your allegation?

PRIME MINISTER: The Country Party - of which Mr Anthony has been a very senior and influential member for a long time; before he became Leader, you know his father was a Country Party minister too - it should not have allowed itself to appear to be influenced by the CIA against Australia's interests to the extent that it may well have been.

WILLESEE: That's by association with the CIA?

PRIME MINISTER: Of course it is, and it's a domestic association... No..No...the association...Mr Anthony let the country down - and one who should have known what he was doing - by this domestic relationship with a CIA chief in Australia. And America's interests as represented by the CIA would in many cases be quite inimical to Australia's interests.

WILLESEE: Are you suggesting that you would withdraw your basic, your first allegation, of Anthony being associated with CIA money?

PRIME MINISTER: Oh, I don't want it to be thought that Mr Anthony received any money from the CIA; I don't want it to be thought that Mr Anthony handled any money from the CIA; I do believe that the CIA has put money into Australia. But what is absolutely certain, that Mr Anthony had an undue association with a CIA chief in Australia, extending over several years and this was against Australia's interests. And a senior politician, like Mr Anthony, should have known better and should have done better.

WILLESEE: There are a few other allegations that, the cost of gifts and some questions on notice...

PRIME MINISTER: Yes, yes, you're referring to Mrs Sinclair receiving jewellery worth \$16,000 for launching two ships. Now that was a grossly excessive present to receive.

WILLESEE: But how do you know that it was \$16,000?

PRIME MINISTER: She said so.

WILLESEE: She was reported as saying so?

PRIME MINISTER: Yes, well, of course she was. She was speaking at a political gathering in Albury and she stated that and it was reported. And the report has not been denied, although it's been referred to in the Parliament more than once in the last week.

WILLESEE: Do you think it's proper that these things are now coming before the Parliament?

PRIME MINISTER: Yes, I think he was a darned fool to do it. And inferences can be drawn. I've been subject to all sorts of allegations for years. None of them have ever stuck. You seem to have touched on the periphery of some of them in the last few minutes. But I've never had an association such as Mr Anthony has obviously had with a CIA chief. I've never received, nor my wife, any gifts such as Mrs Sinclair received. And these were very unwise things for them to do. And they've been exposed in the current circumstances and the public is entitled to know what sort of people are behind the obstruction to the elected Government.

Prime Minister thanks very much.