

INTERVIEW ON SIDE STEPS OF  
PARLIAMENT HOUSE

QUESTION: The Premiers seem to be in a state of shock. Do you care to comment on that?

PRIME MINISTER: I don't think the Premiers are in a state of shock at all. I believe they expected very much what the Commonwealth offered yesterday. Overall the funds increased by marginally over 5 percent and you know the day has got to stop when governments believe that they can go on spending year after year after year a larger proportion of the products of Australia. Governments overseas have tried that and it's perpetuated the situation in which inflation has been too high and unemployment has remained too high. My Government has no intention whatever of pursuing that path. We've made very considerable progress in overcoming inflation and considerable progress in getting interest rates down and we intend to continue with that policy that will achieve success in both those directions because by doing that, we will be doing more to help businesses, small businesses, farmers, people throughout this country than any other single act of Government.

QUESTION: Unless you are dramatically successful, Prime Minister, with the inflation rate, the five percent increase will in fact add up to a decrease in real terms. Is it necessary to be that harsh with the Premiers?

PRIME MINISTER: It's not harsh at all. Five percent increase in money terms - if there is any improvement in productivity - should be able to maintain the same levels of activity. Now Premiers over the last two years have reduced taxes, they've done that, and at the same time, maintained levels of programs. They've been able to exercise their own choices. I don't quarrel with the choices they've made. We believe taxes have been too high but we need to understand also the state and local government employment has gone up by four percent in the 12 months to March; Commonwealth employment by 0.8 percent and we've had reductions in the two previous years, so when you look to see what restraint state governments have exercised up to this point, you've only got to look at their employment - state government employment and local government employment - and if there's a four percent increase in the 12 months to March, it is perfectly clear that there has been no restraint whatsoever.

QUESTION: Don Dunstan, Prime Minister, has indicated that your economic moves may increase unemployment to ten percent.

PRIME MINISTER: I think that's nonsense. He's a Labor Premier, he's perfectly entitled to think whatever he likes. ...What will really get this country moving, what will really establish the circumstances in which there will be jobs for those who want to work, is a revival in the private sector, in investment, confidence in this country from people in Australia and from overseas; to maintain the confidence that we are re-establishing, have to make sure that inflation continues to come down, we have to make sure that Government

PRIME MINISTER: (continued)

expenditure remains under tight control. That will make this country a favoured nation for investment, from our own people and from people overseas. You know its very easy on government account, to spend some hundreds of millions of dollars more and think you are thereby employing more people. but if in the same process you alter the perceptions of this economy, by people in Australia and by people overseas; if they think as a consequence that inflation will run out, that interest rates will start to rise, you'll find you'll lose very much more than that in investment and therefore for every Government job you might get, you could lose three jobs in the private sector. Now my Government hasn't got the slightest intention of embarking on that path and I believe that what happened yesterday is right for Australia. I have not the slightest doubt of that and in their hearts I suspect a number of the Premiers also know it.

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