



MONDAY CONFERENCE

TRANSCRIPT

THE Rt Hon MALCOLM FRASER Prime Minister of Australia

IS INTRODUCED BY

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MONDAY CONFERENCE 280

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MONDAY CONFERENCE:

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(MONDAY CONFERENCE THEME)

ANNOUNCER: This week on MONDAY CONFERENCE, The Right Honourable Malcolm Fraser, Prime Minister of Australia.

(THEME CONTINUES)

ROBERT MOORE: Welcome to MONDAY CONFERENCE, tonight live from Canberra.

One thousand days ago from last Saturday Malcolm Fraser was elected Prime Minister of Australia. Tonight, two days later, Mr Fraser is with us on MONDAY CONFERENCE.

And with me to question the Prime Minister are, Maximilian Walsh, Editor of the Financial Review, and Huw Evans, Anchorman of the ABC's radio Public Affairs programme, "PM".

Well PM I suppose I should say the end of your thousand days has ended on something of a sour note with the latest public opinion poll in The Bulletin which shows your personal popularity rating at its lowest point since you became Prime Minister. Why do you think this is?

THE RIGHT
HON. MALCOLM
FRASER:

Oh I think some of the publicity coming out of the Budget, obviously the Royal Commission into ^{the} Queensland redistribution didn't help.

MOORE:

Yes. The poll shows also that in fact the Opposition would win quite easily if an election had been held that week. Did it give you anything..

FRASER:

Oh I know, but an election wasn't held that week and the polls will show something quite different when an election is held.

MOORE:

You blamed a moment ago the Budget and yet you've also been quoted as saying that you find that people have accepted the Budget and the philosophy behind it. Well ...

FRASER:

Oh I do, I think maybe the other affair would have done more damage at the polls because I think they judge the Liberal Party--and I don't blame people for this--more harshly in relation to these matters than they'd judge the Australian Labor Party but I've found, going around the countryside, that while people might dislike a particular aspect of the Budget that they are very glad that the Budget is a responsible one. They know quite well that some parts of it hurt but they also know that everyone's got to make some kind of a contribution to get this country out of the problems that it's faced and I think they believe that considerable progress has been made and maybe because of the publicity during the three or four months before the Budget when the deficit from last year ran out, reports of problems we would have in getting down to a responsible deficit for this year, I think people were maybe wondering well is the Government going to stick it or are

FRASER: they going to give it away before the game's properly won.

MOORE: You mentioned the Withers Affair a moment ago. It is only a couple of weeks ago that people were talking about the possibility if there were another plausible possible leader of the Liberal Party you'd be kicked out. What's happened in the few weeks since to cause that kind of talk to cease?

FRASER: Well I didn't hear that kind of talk, I saw one or two people who wrote it in ⁱⁿ one or two newspapers but/the newspapers you'll find all sorts of things.

MOORE: What effect do you think in fact the Withers Affair did have on the morale particularly of the Parliamentary Liberal Party?

FRASER: Oh look, it was very difficult because you had allegations being made by one of our own members, we had very difficult circumstances, the matters being referred to the law officers, then referred on Government decision to a Royal Commission, and then quite clearly a recommendation in relation to the Royal Commission which for a Government couldn't possibly be anything but a no-win situation--a very senior and respected member of the Ministry involved and the Ministers who examined it all believe that the Report had to be accepted with very real consequences. If you'd tried to reject the Report, which we all felt would have been wrong, there would have been very, very serious consequences of quite another kind.

MOORE: When you say you all thought it would have been wrong you mean to have rejected it would have been wrong.

FRASER: Yes.

MOORE: Yes, sorry, yes.

FRASER: But, you know, if you'd had a Government that had been disposed to try and sweep things under a carpet, not take what it thought was the right course, that might have been a tempting avenue to people ... for people to pursue but, you know, that would have had something which I believe would have gone along for much much longer. I think a rejection of that Report would have dogged any Government, not just for two or three weeks, I think it would have, you know, for months and maybe even for years.

Mr HUW EVANS: ^{that} Are you quite sure that the, so far as you're concerned, /the whole business surrounding the dismissal of ^a Senator Withers is now closed, there are now some strange reports about/break-in at the Surveyor-General's office in Brisbane.

FRASER: Oh well I don't know if you saw Mr Hayden on the news tonight, he was rather discounting that.

EVANS: I know he's not interested, I'm just interested to know whether you are.

FRASER: I'm not interested in that, no, if it's a matter that needs to be pursued under the law I've got no doubt the Queensland police or somebody else will pursue it in the proper way, but ...

EVANS: And is there any fence-mending so far as you're concerned that needs to be done still in the Liberal Party about that whole business?

FRASER: I think the Liberal Party is in very good heart and the meeting we had

FRASER: in Sydney a few days ago with all the Liberal leaders certainly demonstrated that.

MOORE: Were there any Ministers who didn't think at the time that ^{it} would have been wrong to have rejected the judicial inquiry's report?

FRASER: The Ministers who considered this all believed we should accept it.

Mr MAXIMILIAN WALSH: You say the Ministers who considered it, Prime Minister. Some publicity's been given to the fact that in particular sessions a number of Ministers who one might have expected to be there such as Mr Peacock and Mr Killen and perhaps Senator Guilfoyle, one of the more senior Victorian Senators, were excluded, they weren't questioned. There has been some speculation that these people are being excluded from other considerations of Cabinet. What's the truth of those reports?

FRASER: Well I think, as to the last part of it, it's quite wrong. One of the problems you get in this particular matter is that the Prime Minister's got to consult with ministers, senior colleagues almost on a daily basis, it depends what occurs, if it's an industrial relations matter, well right, Tony Street, but if it's more serious and other Ministers can be involved, Tony Staley would be on Telecom or Peter Nixon if it's in the transport area, and if four or five ministers were in my office for the sort of conference, consultation which is very necessary very many times during the course of a week or whatever, the media here have written, they tend to write it off as a Cabinet meeting, but if there's a Cabinet meeting there's a proper meeting with a proper agenda, the Cabinet's called to it.

EVANS: But in respect of Senator Withers' dismissal there were, as we've said, several meetings when the full Cabinet was not there ...

FRASER: No, not several meetings, I think you'll find that there was one meeting and the story of that's already been made perfectly plain and public. When Senator Withers visited me on Sunday at Nareen we discussed who should be there.

EVANS: So there's no question that had the question at that meeting been put not to a small group but to the full Cabinet that the decision would have been any different.

FRASER: I can't see how it could possibly have been altered, no. The Ministers ^{ought} had a very firm view of the fact that the Royal Commission report/to be accepted and let me also say that that was the general view right around the country. It was certainly the general media view, with one or two exceptions.

EVANS: Are you, just following on from that into the general range of the Cabinet area, are you entirely happy with your Cabinet as it's constituted at the moment ...

FRASER: Oh I think it's a very good Cabinet, I think it's a very good team. Ministers work together, they support each other and I think that it's a group of people with a common commitment, a dedication, a determination, to do their best for Australia.

EVANS: So we're not expecting a reshuffle in, let's say, the next 12 months?

- FRASER: Oh well this is one of the things that's been in the speculation on many occasions. It gets denied out of my press office and David Barnett even had to write a letter about it.
- EVANS: I was interested that it had to get to that sort of stage, yes.
- FRASER: Well, you know, when the press office denies reports but then the reports are written, which means to say that I don't believe what's being said, I think that needs to be brought out into the public domain and so it was brought out into the public domain and the kinds of ... you know, one person even wrote and said, Fraser's going to do something on the 24th of December in relation to certain ministers. Well without any foundation, without any truth, in fact totally and absolutely false. I don't know how these things get written, but ^{I mean} it's unfortunate, I think, that they do.
- EVANS: As a general principle, though, what are your feelings about rotating people through Cabinet, after all you've been there three years with basically the same Cabinet apart from changes here and there. Do you think that ... are you interested in bringing new people into the Cabinet and perhaps turning them over for just ... just out of interest.
- FRASER: I'm very plainly interested in bringing new people into Cabinet and the Cabinet was in fact enlarged after the last election quite specifically to bring a couple of people into the Cabinet and Senator Chaney, new, vigorous, with a particular point of view which needs to be represented within the Ministry, and on appropriate occasions obviously in the Cabinet discussions also, and it's very important, I think, that you've got to make sure that the Ministry represents not only the mainstream but other views from within the Party so that you can have a considered judgment of what Australia needs not just from a group of people who might have common views but from also people who might want to put a different point of view.
- EVANS: /^{But} Senator Chaney was essentially filling a gap that had been left by Senator Withers and...
- FRASER: Oh yes, but he also represents a very, you know, a particular kind of view in the Liberal Party.
- EVANS: But I'm interested in whether you think that there's merit in turning Cabinet over whether they perform well or not, whether you think it's worth changing the composition of your Cabinet to try and / ^(unintelligible) them ...
- FRASER: Well if you're suggesting do you drop a minister because he's doing a good job just to make room for somebody else I don't think that view has got much merit because it takes a while to learn a portfolio, to learn the business of running ^{who} a department and a minister/is doing well obviously has gained experience, will gain more, and one of the things you need to understand is that this in fact is a very very young Government, I'm under 50, there are very few people in the Ministry over 50 and it's probably the youngest Government that Australia's ever had. At the same time it's got a number of people in the Ministry who've got a good deal of experience, who've been there for ... or have spent many years in the Parliament and that obviously established the circumstances where you're not going to see a sudden movement out through retirements or anything of

FRASER: that kind.

MOORE: Prime Minister your ...

WALSH: One of the ... that's one of the aspects, of course, you criticised of the Whitlam Government, that they chopped and changed their ministers, especially their Treasurers and you criticised a number of aspects of the Whitlam Government one of which after a thousand days in Government you might be prepared to comment on, it was that politicians tend to promise too much at election time, that the people should be more realistic about what politicians can deliver and I just wonder, with hindsight, do you think you've been a little delinquent in this area yourself?

FRASER: Well would you like to nominate any area?

WALSH: Well I could nominate quite a few but suppose we start with what I consider the most important one, a subject which you stated quite specifically at the last election campaign that unemployment will fall from February and keep falling. Now we all knew that was a certain semantic political proposition but in point of fact even before the seasonal factors have worked their way through we're in a situation where unemployment is again starting to increase and you've just had your Treasurer bring down a Budget which suggests that it will increase further in the next 12 months.

FRASER: Well I don't know on what basis you suggest that unemployment is starting to increase.

WALSH: The Commonwealth Employment Service figures for the last month released on Friday.

FRASER: The Bureau of Statistic figures of the Employment Service?

WALSH: I'm sorry, the Bureau of Statistic ^{figures,} /the Commonwealth Employment Service actually went the other way, but the figures you prefer, the Bureau figures, showed an increase.

FRASER: I know, but what you also need to understand is that the Bureau of Statistic figures pick up factors within the economy, and this is why overall they're preferred, which the Employment Service doesn't and the particular factor which Tony Street brought to attention at the end of last week was the Borg Warner strike which led to some thousands of people being stood down in the motor industry throughout Australia. Now they were picked up and added on to the numbers in the Bureau of Statistic figures and therefore in a sense led to a distortion, a temporary aberration over the period, but they were unemployed at the time, out of work at the time and therefore, you know the way that survey's conducted, they were picked up, but as Tony Street put it, ⁱⁿ that was a significant reason for the Bureau of Statistic figures moving/the opposite direction from the Employment Service figures for that particular month.

WALSH: But both sets of figures, in the coming 12 months which may be preferable to talk about, will start to show increased unemployment ...

FRASER: Well let me go on to the rest. I think what was said at the time of the last election was accurate, has proved to be accurate throughout the course of this year and quite obviously what you say, everyone knows there's going to be a seasonal increase over the summer period and I've said on more recent occasions, and other ministers have also said, that we've been

FRASER: disappointed with our success in moderation of wages and are particularly disappointed at the moment about what appears to be a spate or a campaign of strikes for wage adjustments, for additional leave in one area or another, to get improved and better conditions for those who are now in work because I've said on many occasions now that trade union leaders in this country have a clear choice in this particular arena: they can go on fighting as they are for better terms and conditions for those already in work at the expense of those out of work or at the expense of those who might lose their jobs, or show some greater degree of moderation and do more to assist in getting other people back into work.

Now I think it's reasonable to say this because over the last couple of years wages have risen faster than the Consumer Price Index, average earnings have, and in addition to that, including this year with the temporary tax increase, incomes are proportionately rising faster than taxes. In the last two years in that respect it reversed a trend that had gone on for many many years where the percentage increase in taxes had been greater than the increase in incomes which plainly meant that the Government was getting a larger and larger share of people's incomes. That trend has been reversed and that's not altered by the fact that ...

WALSH: Well it depends which way you look at it ...

FRASER: Well no, the trend has been altered and it's stayed altered in spite of the temporary increase, we can on with facts and figures to prove it if you want to.

WALSH: To take you down a road where quite obviously your remarks are leading, if ... in the Budget you made this point about real wages quite firmly and put the onus not on the trade union leaders so much as the Arbitration Commission ...

FRASER: Well I think it's on both, you can't, you know the Arbitration Commission can do so much, trade union leaders often try and do something outside of Arbitration.

WALSH: But you said in the Budget, or your Government said in the Budget, your Treasurer said in the Budget that in the first instance it was up to the Arbitration Commission ...

FRASER: Well it is.

WALSH: Do you feel on your past remarks that it has granted too much in the way of wage increases at the National Wage hearings?

FRASER: Yes I do, I believe we get back to economic health much quicker if there was greater moderation in wage claims, and, you know, that's nothing new, we've said that all along.

WALSH: No, of course, but I just want to take it to the next step and say what do you intend to do, if anything, rather than pursuing the same things you've been pursuing in the past, presenting a simple argument to the Arbitration Commission saying that wages should not be increased. Do you have an idea of a different form of hearing or a different form of argument?

FRASER: You obviously judge your argument when each case comes up and because of

FRASER: the composition of the last Budget that will obviously have a very clear impact on the nature of the arguments that we put before the Arbitration Commission. Take oil price increases, for example, we'll clearly be arguing that they shouldn't flow through into wages because the price's been increased for national reasons, to get to world parity, it had to happen sooner or later, we decided sooner, and it would be quite wrong for one section of the community to be compensated for that national decision, it's something that had to happen and the same thing in a sense in relation to indirect taxes, but you'll judge the arguments before the Commission in the light of the circumstances when each case is heard and argue with all the force and vigor that we can command, but let me make the point, we are gaining ground in relation to these particular matters. It's a question of how quickly we can gain ground, and I think, if I could, I'd like to put this into the broader perspective because the Government's got a very clear view of what we're aiming for and I think it's important that it be understood. We aim to get Australia's inflation, as on Treasury forecasts we will, below the OECD average. It will be below North America where it's getting worse, it'll be below Britain and France and Italy, Germany by the middle of next year, and Japan will still be below us. If we get our inflation down our own industries start to be more competitive within Australia and should get a larger share of Australia's market. That has employment consequences and in addition to that because we're a resource-rich nation and have many things that the world needs, even if world markets are slack, even if world trade is slack, there's still some investment going on in these particular arenas and therefore if we run our economy right it's open to us to attract more than what might be regarded as Australia's normal share, or more than we would otherwise get of investment in resource projects and, you know, we really are starting to get there.

Somebody in my office the other day said, Look, you know, there are not many countries around the world where we'd like to invest, but there is Germany and there is Australia. Now that's good company to be in.

WALSH: We're not getting the capital inflow, Prime Minister.

FRASER: Oh, you know these things take time and in the last half of the last financial year there was a good deal of capital inflow and you also know that in the markets overseas the Budget has been well received, they accepted inflation as coming down, that interest rates will come down as the market's backed not only by large investors but by tens of thousands of small investors ...

WALSH: Well what happens ...

FRASER: ... is also clearly demonstrated in Australia.

WALSH: Well what happens in terms of overseas investment? You're looking here mainly at the United States and to some extent Japan, to some extent Europe. Suppose, as seems highly probable from your own remarks to the Vice-President of the United States that there ...

FRASER: I don't think^{you} know what I said to the Vice-President of the United States ... (inaudible)

WALSH: You felt that they were running a rather inflationary economy. The fact of the matter is they appear to be moving, and I think you probably concede this point with no problem, into a deflationary situation because of their own balance of payments situation which will lead almost certainly to higher interest rates in the U.S. which will lead to Australia being less attractive just as...in terms of an investment proposition and really what I'm asking is to what extent is the Government strategy just merely getting inflation down to five per cent regardless of what happens elsewhere. What happens if the United States' economy slows down to a halt and the international economy stays at a halt, we end up with five per cent inflation and where are we in the OECD unemployment stakes as distinct from the inflation stakes.

FRASER: Well look there are two things that need to be said about that but I think there was one of the assumptions in the question which is itself highly questionable. You said that if the United States is moving into a deflationary situation and interest rates are going to go up ...

WALSH: Yes.

FRASER: ... that that will make Australia less attractive.

WALSH: In terms of interest rate differentials.

FRASER: In terms of interest rate differentials, well that's a qualification you didn't put on it before.

WALSH: Well I was ... we've only got 55 minutes.

FRASER: Well maybe you'd like it all 55 minutes for the question but ...

WALSH: No, well ...

FRASER: ... I think that recent years has demonstrated that it's not the rate of interest within a country that is the prime determinant of investment, I would have thought economic and political stability, control over inflation generally is much more important. Look, we've had higher rates of interest in Australia over recent years than ⁱⁿ many European countries, than in North America, but that hasn't attracted too much overseas investment into this country because people have been looking at rates of inflation rather than the rate of interest so I don't believe that what you've put will mean, you know, no investment, no investment moving into this country, I don't accept that at all...

WALSH: Really Prime Minister I think that...

FRASER: ... I think that, you know, with inflation coming down we start to become more competitive, we will attract more investment from Australians within this country who'll get a larger share of our own markets and also from people overseas who will recognise that they can get resource supplies from Australia more effectively, more reliably than they can from Africa, South America or other places.

EVANS: Prime Minister, if I could just return briefly to the question of unemployment. You've answered part of the question I was going to ask with your comments about your expectations for improved industrial competitiveness and the likelihood of creating jobs that that would cause but I wonder if for ordinary Australians you can offer them some sort of reassurance given the sorts of things they read from day to day about technological

EVANS: change and continuing high levels of unemployment, I wonder whether the Government has long-term policies of an employment ceiling that they would like to try and achieve in the future; what sort of policies you think you'd like to develop in terms of manpower and perhaps also in terms of productivity.

FRASER: Well again two broad points, but before I come to it let me point out that the Secretariat of the General Agreement on Trade and Tariffs, GATT, only within the last week has said, you know, I'm putting it in my terms, the kinds of policies that the Australian Government is pursuing are the only policies that will lead to improvements in employment, in productivity and in balance of payments and they made it very plain that in their view there is no other road to take and the remarks I think were very pointed in relation to some other countries that have believed that they can solve the employment problem by beginning a Government-led stimulus, increase Government spending while inflation was still too high, too much of an unsettled atmosphere in the general economy leading again to higher rates of inflation and generally to increasing unemployment.

Now the General Agreement on Trade and Tariffs has made it quite plain that it's important to get down to the general level of inflation that might have been prevalent in the mid-1960s and was indicating that if you wanted employment to improve there is no other path available to you. Now that's pretty solid support for the kinds of policies we've been pursuing, but then let me get on to the other areas because obviously we're concerned if there are men and women in this country, as there are, who want work and can't get work, that's something that any Government needs to be concerned about, but at the same time any Government needs to have the courage to pursue policies that it really believes will do something about it rather than ones, that it thinks will make the position worse but which out in the ^{general} public arena for a short while might be more acceptable because the public attitude to them might lead them to think that, well, you know, it'll do something about it when in fact the Government believes it won't, so let's look at what we are trying to do to help.

The various training programmes run in Tony Street's Department are helping over a hundred thousand, about a hundred and ten thousand people, many of them young men and women at any one time and in the on-the-job training schemes over 60 per cent and in some programmes up to 70 per cent are keeping the jobs for which they're given assistance for four months or six months in on-the-job training. We modify these programmes, we improve them, we try and embrace more people within them and they've steadily developed and they'll be watched, monitored, improved, as time proceeds, but a hundred and ten thousand people, many of them young men and women being trained at any one time is a substantial number of people.

Now technological change, the very reason for the independent and separate Department of Productivity which was brought in right at the beginning of the Government is starting to be understood and I think it was received slightly sceptically at the time, but we know quite well that if there's

FRASER: going to be long-term security for Australian working men and women Australian industry has got to be soundly based, it's got to be technologically advanced, it's got to be competitive; it's got to be able to get into export markets and that was the reason for that Department.

Now in more recent times other things have also been done. We'll be getting the report of the Williams inquiry into Education and Training which was established 18 months ago because we are concerned about the education system and what it was doing to prepare people for the kind of working life that they're going to have to have.

Now, you know, over the last few weeks there's been much more written and read, hopefully, about the problems of technological change, but when the Government made these moves we were aware of what was going to happen, we were aware of continuing difficulties if Australian industry is to become competitive and we'd taken action long before it was out in the public domain to try and put ourselves in a position of being able to respond. The Crawford Study into the restructuring problems of Australian industry is another such.

Now other programmes that we have designed to help are export incentives, additional funds for technical innovation to advance technology and inventiveness in Australian industry which are areas assuming greater support from this particular Budget because we know there's a very real need.

MOORE: Prime Minister, can I take you back to the Arbitration Commission for a moment because ...

FRASER: Well this was a very important question about productivity and technological change.

MOORE: Yes but Prime Minister I think, with respect, we unwittingly are encouraging you to lecture a little and we shouldn't be doing that because it's not fair to you. Could I take you back to the Arbitration ...

FRASER: I know, but I was asked a many-part question.

MOORE: Well I think we'll make shorter questions. To come back to the Arbitration Commission, supposing the Commission goes on rejecting your fundamental philosophy in wage cases, what do you do about that?

FRASER: Well the Commission then will have to take responsibility for making quite certain that there'll be more unemployed in Australia than there would otherwise be.

MOORE: But it's hardly fair--I can see in a sense that would be the argument, but isn't it your job as a Government to see that that doesn't happen, and if you take that view ...

FRASER: It's our job as a Government to show what policies need to be pursued, it's our job as a Government to maintain the policies, to have the right Budget settings, the right monetary policy, it's our job as a Government to do what we can to explain, to persuade, to lead, but in any Government there are the ...

MOORE: But ^{putting} your view ...

FRASER: No but wait a minute, there are other people in your own community, other

FRASER: people in your own society, you have got trade union leaders, you do have an Arbitration Commission. The Constitution puts very real restraints on what we can do in relation to the Arbitration Commission and I'm not complaining about that but it's a fact of life and our power before the Commission is one of persuasion, it's one of argument.

MOORE: But supposing they reject--it does seem to me that this is really a fundamental problem for a Government such as yours with the philosophy on wages policy that you have.

FRASER: It's not a philosophy on wages policy, it's an attitude and policy which is rooted in a deep belief in what is necessary to get unemployment down supported by GATT, and supported broadly, I believe, by most international organisations that have examined these particular matters.

WALSH: Well Prime Minister, being sympathetic to your policy on wages could I say, put the question to you this way. You're putting an either/or situation, in fact you're saying we're going to stick with our policies ...

FRASER: Yes we are.

WALSH: ... even if we push more and more out of employment until the Arbitration Commission accepts our point of view.

FRASER: No, I don't believe that's going to happen because I said we are making progress on the wages front I think almost in spite of the decisions of the Arbitration Commission, we have been, over the last year or two, making some progress in terms of the ^{rate of} escalation in wages one year from the next even though average weekly earnings have still risen faster than the Consumer Price Index. Compared to earlier times progress is being made and so we'll go on making progress.

WALSH: All right, well just to move into a slightly different tack, is one of the ... talking about short-term unemployment problems, you defined at the last election the question of interest rates as being one of the best ways to stimulate the economy and promised, if that's not too strong a word, that within 12 months there'd be a 2 per cent reduction.

FRASER: The word used quite specifically was "could".

WALSH: Could, right, well where's the could now?

FRASER: In Government rates the longer term, maybe into long-term rates, if my memory is right, have come down $1\frac{1}{2}$ per cent...

WALSH: That's right, but there's been no sympathetic movement in other rates, that's the ...

FRASER: In the housing rates, building society rates there's been a movement down of half a percent which, incidentally, is already worth about \$9 a month to an average couple who might have borrowed say \$25,000 to build or buy a home and a one per cent reduction in that area is worth about \$17 a month. I believe that as a result of the Budget and as a result of the Commonwealth loan which I'm sure you'd concede was a success, especially with the funds attracted from the non-bank public, that the stage is set in a responsible and sustained way, which means steady and gradual, for further movements downward in interest rates and I haven't got the slightest doubt of that.

WALSH: If the major constraint upon employment domestically is wages policy isn't your major constraint on interest rate policy going to be your balance of payments situation?

FRASER: That's obviously a factor, of course it is.

WALSH: And the balance of payments situation is entirely dependent upon a pickup in private capital inflow.

FRASER: No, it's not entirely dependent upon that, I think there are a number of things which are auguring well for the Australian economy which maybe we put aside because we don't notice it too much. For the first time in maybe 15 years you've got good sheep prices, good wool prices, improving and even good beef prices; for those for whom it wasn't too wet to sow, reasonable wheat prices. In other words Australia's major rural industries are looking healthy with good price prospects and also a good season ^{and} /I think it's the first time in about 15 years that all these things have come together.

Now that obvious..since these are major export areas this obviously has an impact on the balance of payments, it obviously has an impact within Australia on activity in rural areas and country towns and as farmers buy to get on with deferred maintenance and replace equipment it has an impact for Australian employment in Australian industries right around the country. I always believe that we've underestimated the depressing effect of depressed rural industries on the general economy and I think some people might be underestimating the impact of revived ^{that} rural industries on the Australian economy and the contribution that/can also make in the balance of payments arena.

EVANS: Mr Fraser, one of the things to which I think the Budget was directed was in creating an atmosphere of confidence in countries abroad towards the Australian economy and potential investment here. I wonder to what extent the Budget strategy has legislated for the awful possibility, I suppose, that there could be further recession in those countries with which we do most of our trade and what our response would be in those cases, how effectively have we isolated ourselves from that sort of effect?

FRASER: We can't isolate ourselves completely from what's happening in the world scene because we are a great trading nation, a large part of our Gross Domestic Product is represented by trade, we're a trading country and we can't get away from that, but when the Budget was framed I think we were well aware that there were some problems in the British economy, interest rates had gone up shortly before I was in Britain about $3\frac{1}{2}$ per cent over a period of three or four months; in France I was told that unemployment would rise between then and Christmas by 100,000 to 150,000; it's perfectly plain that in the United States, at some stage, adequate measures have to be taken against inflation which would tend to dampen demand in the United States or at least reduce the rate of growth and being so large that clearly has an implication for world trade.

On the other hand, Germany is doing a bit more, Japan is doing a bit more but probably not enough to counter the other factors that I'd mentioned.

FRASER: Now we were well aware of that but again I get back to the point it's all the more important therefore to get inflation right in this country, to get interest rates right so that Australian industry will be more competitive in our own markets, that there'll be more employment in supplying our own markets and there's a programme that we're hoping to launch with the support of industry in a month or two called Project Australia designed to help create a pride and feeling for Australian industry, Australian production, Australian capacity, but getting our own inflation down below OECD countries, below our major trading partners again will help us to attract more investment from overseas because people will look upon us as a better country to get their resources, their supplies of raw materials, but that sort of move obviously takes time, it's not something that occurs in a week or two or a month or two but decisions are made and then activity follows, so running a tight economy, low inflation, low interest rates, and then Australia is in a position, because of our possession of resources, to insulate herself to a significant extent from sluggish, slow, inadequate world markets and world trade. Not completely, but we're better placed than many countries to look after ourselves, put ourselves in a better position than we'd otherwise be.

MOORE: Prime Minister, I wonder if we might move on to some other important but perhaps less weighty matters. A number of more topical issues/^{I think} have arisen, particularly one concerning alleged compulsory unionism which is on your doorstep here in Canberra tonight. Do you feel that someone who does not have a certificate of exemption should have the right to refuse to join a union? There seems to me some confusion in discussion about compulsory unionism.

FRASER: Well I think there is confusion about it and I think we have to recognise a long tradition of trade unionism and our own industrial relations policy has in fact positively encouraged people to join unions and take an active part in their affairs and it's especially important for moderately minded people to do this and it's no good if you just vacate the field and leave it to wild people or radicals or whatever, so it is important for people to take a part in union affairs and to do so in a responsible way and in a way that contributes to the union's well-being but recognises the wider responsibility to Australia, but the policy also goes on to recognise that people should not be forced, coerced, to join a union and therefore seeks to give effect to that through a system of conscientious objection.

Now there's been fuss in Melbourne over a tramways case, there's a fuss in Parliament House, but what people haven't noted, what the editorials haven't said is that over 150 certificates have been granted since the legislation was brought in and they've been accepted, the unions have accepted that, the policy has gone on quietly.

WALSH: But it hasn't gone on quietly.

FRASER: Well except for, you know, these two cases recently ...

WALSH: Don't you think you'll see this happening again and again for all sorts of reasons, for personal publicity or just throwing a cog into the works,

- WALSH: isn't it more trouble than it's worth for 150 conscientious objectors?
- FRASER: Well it's gone on quietly for those 150 certificates that have been issued and accepted by the trade unions and you might say that it's more trouble than it's worth, but individual rights are important and I think it is terribly important that unions should not feel that they have a power to deny you, Max Walsh, the right to work because you hold particular views. You know, I can at the same time feel and understand the reasons that unions put to say that, you know, a bloke ought to join. They win benefits, put the cases before the tribunals and all the rest but you, whether it, you know, I shouldn't personalise this but Max Walsh or Bob Moore or whatever, you've got a right to your own views, you've got a right to your own conscience and you should be allowed to hold it and you shouldn't be denied the prospect of work because you do hold it and surely Australia is a big enough, tolerant enough society to have a situation in which while unionism generally can be encouraged, the individual feelings and perspectives of people can also be recognised, tolerated.
- MOORE: In the light of today's news do you think the Ranger agreement will be signed by the Northern Land Council?
- FRASER: What's today's news?
- MOORE: Oh well, Huw, you actually had the story on PM tonight.
- EVANS: The last report I heard was that there was some doubt, I mean Mr Yunupingu had, as was announced I think last Friday, agreed to recommend to the Council that they agree to the terms of the agreement he'd worked out with you. There's now some doubt as to whether the 43, I think it is, other delegates to the Council actually agree with that proposition and whether in fact that would be an overall vote.
- FRASER: I've got no doubt that until this is put before the Northern Land Council and the votes taken on it that there's going to be speculation in relation to it, but let me only say that Doug Anthony and myself had a very good discussion with Mr Yunupingu, I accept completely what Mr Yunupingu said, he and Doug Anthony in fact signed a document in which Mr Yunupingu made it perfectly plain that he'd be putting it to the Northern Land Council that the Ranger agreement should be accepted and accepted at the meeting being held. Now I'll believe something else if he puts it to me. Obviously it's a question of people voting on the Northern Land Council but I'd believe if he and the Vice-Chairman are both of that mind and I understand they are, I would believe that it would be accepted. However, we'll know in a few days.
- EVANS: How critical is it, though, to your strategy and your plans for the ... for uranium mining that they give that approval and sign that agreement before the wet season?
- FRASER: Oh it's important in terms of time and that's been stated.
- EVANS: Vital?
- FRASER: Oh vital's a strong word, you know, in the public domain we use so many words so often that we aren't left with strong words when we really need them. No, it's important and let me just stick with that, but you know

- FRASER: there are contracts that have been signed that can't all be met out of Mary Kathleen and we do need additional mines opened up so that even existing contracts can properly be met and the longer it's delayed in getting further mines operating the more difficulty there'll be in the interim period but I'd like to make one general point: since the Fox Report was handed down I think remarkable progress has been made in this particular arena because, you know, when uranium is found on Aboriginal reserves and Aboriginal land, on a nature reserve with a very sensitive environment, when you've got differences of view within your own community also about the wisdom of export of uranium, to have got to the point we have in not much more than a year after getting the Fox Report first put into the Government's hands and published I think's a pretty good effort. A great deal had to be done, a great deal has been done and we'll know in a day or two what the Northern Land Council is going to say.
- MOORE: If Richard Nixon does want to come to Australia will you let him?
- FRASER: Oh look we can't stop him, it'd be quite wrong to and there's been all sorts of, you know, suggestions that he might be denied a visa, well I think that would be offensive and wrong but a private visit is a private visit.
- MOORE: Do you know if he does really want to come? Do you know yourself?
- FRASER: Well look really all I know about this is that his office has made feelers to a number of countries. Now I don't really know what kind of visit there are the nature of the visit that's involved. Some advice was given that/a fair number of official visits over the next few months but you know that's about where it is.
- WALSH: Prime Minister you made the point that in public remarks the language tends to become a little debased with the use of it. One of the expressions in the last Budget was you're introducing a whole new health insurance system because it was going to be more simple than the other one, and it's an expression which left me rather confounded as I tried to work it out and I'm also confounded by why in a Budget did you bring down a health scheme that's going to cost you \$600 million more against your Budget...
- FRASER: In a full year.
- WALSH: ..than the previous scheme would have. In the full year. It was quite contradictory to your Budget and the only explanation that one could gain from it, passing through, apart from this/use of the word simple was it would have a good effect ^{odd} upon the CPI for the December quarter.
- FRASER: Oh well there are two reasons and you basically stated them. I don't think simple is an overworked term, I do believe that people found the earlier health arrangements complicated and to a degree confusing. I also believe that the changes we've announced have by and large been well received and well accepted, a fair bit of it might be due to the ABC because there was a very good TDT programme that explained the new proposals in very clear terms a couple of days after the Budget.
- WALSH: How firm is the Government's commitment to the 40 per cent payment? I

- WALSH: ask because, just to explain why, immediately afterwards Mr Hunt left us in grave doubts as to the Government's commitment to this, he suggested it mightn't even last out the financial year.
- FRASER: Oh it'd last out the financial year, of course it would. I think the structure that we now have, will have on the new arrangements will certainly last and I believe it will last because even the Opposition have basically said that they accept the new structure.
- WALSH: But you don't think they'd continue to accept it if it fell below that 40, that 40 does seem to be a ...
- FRASER: Well you've got two elements there, you've got 40 per cent and you've also got a \$20 ceiling on the payment for any particular service. Now they would both be capable of some adjustment if you felt it wise to in the light of future circumstances and nobody should read into that that they will be adjusted but they could both be adjusted without altering the framework that has now been introduced which is much simpler, people know what they'll get from the Government, whether they're in hospital or whether they're ^{for} a medical service out of a hospital and they know quite plainly what they can insure over and above that which the Government provides and you know I think that's a better and a simpler system.
- WALSH: One group of people who won't, of course, are this area called socially disadvantaged, who you expect the medical fraternity to identify as being socially disadvantaged. When is the Government going to tell the community how it defines a socially disadvantaged person and how and ...
- FRASER: I think doctors traditionally have been able to detect in their own way who was and who wasn't socially disadvantaged and, you know, one of the odd things about public reaction, when this arrangement was first announced it was very well received and it was announced, as you know, long before, certainly many weeks before these particular changes to Medibank as a whole, there was an announced consequential in the modifications coming back from last May and it's only since the general changes that there's been any criticism of the fact that the medical profession would be making this kind of judgment.
- WALSH: Well let's put it this way. Some doctors do ramp the system, how are you going to stop it?
- FRASER: Oh I think you'll know because you'll know the doctors if they're going to be treating more than a reasonable proportion of people in certain ways, I think that you'd be able to detect it, and obviously the suburb, the area ...
- WALSH: Yes well it's a real problem.
- FRASER: ... of a doctor's practice will have a significant implication on the number of disadvantaged people that he might have within the practice, but a person would know that and would be able to make adjustments for it.
- EVANS: Prime Minister, are you and your Government and your Minister for Aboriginal Affairs really happy with the way the Queensland Government has approached the continued administration of Mornington Island and Aurukun?
- FRASER: Oh look there've been obvious difficulties and it would be idle to suggest that there haven't been, but I think that the agreement with the Queensland

- FRASER: Government is basically a good agreement, it's important to make that agreement work and I believe with persistence if we can make it work it will be to the best advantage of those communities.
- EVANS: What's the preference for making that agreement work as against the direct intervention and administration of those communities by the ...
- FRASER: Well that's the simple answer in the eyes of many people but you know the act of acquisition can be swift, it can be reasonably decisive but then after that the problems would start. You'd have legal challenges that could go on for five or six years; you would certainly have two warring administrations, the Queensland administration which does have and if there were acquisition or no would still have obligations to provide basic services to all the people of the State, obligations to provide health services, education services and others and if we establish the circumstance in which there would be two warring administrations it's the Aborigine people who'd suffer, they'd be torn apart, they'd have competing views put to a much greater extent than occurs now and...
- EVANS: I'll get back to the point, are you happy with the way the Queensland Government is pursuing it at the moment?
- FRASER: Well look I think I conceded the point that there have been problems. I will expect to find as the weeks and months pass that some things will go well, others will go not so well and at this stage we've made the very clear decision that it is better to persist with these arrangements rather than to conclude that they've failed and to take some other option and the only other option really is acquisition which might appear to be quick, might appear to be easy, might appear to provide the solution but when you really analyse what would happen as a result of acquisition, it wouldn't be an easy quick simple solution.
- MOORE: But doesn't that mean that Mr Bjelke-Petersen always, always had the winning card?
- FRASER: No I don't, I don't for one minute because I believe/with patience and persistence we can make this particular arrangement work. No, we didn't support the decision to rub out the councils although in terms of local governing bodies it's worth noting that it's not an infrequent occurrence in Australia but the administrator seems to be showing a sensitivity for what's needed in the area. I understand that arrangements are being made for elections and so far as we're concerned the sooner they're held the better and we really do need to give these arrangements an opportunity to work because if you have got the two administrations working with a degree of co-operation, if you can get to the situation in which the two administrations can develop trust over future months and years then the Aboriginal people are really going to be advantaged. Now acquisition, there'll be no trust, there'll be a war between the administrations which would maybe go on for years as long as the legal battle and the legal challenges which I think would be the inevitable result. That doesn't mean, look that doesn't mean to say that you can put acquisition aside as a possibility in all circumstances, you can't do that because we do have responsibilities and those responsibilities have got to be met but we've got to look at what is going to best help the Aboriginal

FRASER: people.

EVANS: A trust presumably implies better consultation than Mr Viner said he had from the Queensland Government when they decided to abolish those Councils, he denied that there'd been proper consultation as according to the agreement at all.

FRASER: Trust implies a whole lot of things: consultation, both sides; administrations supporting each other not trying to get in front of each other or upset what each other are doing in the interests of the Aboriginal people and quite plainly, with past history, it's going to take some time for that trust to establish. What I'm saying is that we need to work at it, persist with it because if we can establish that proper trust I've got no doubt that it will be the best course for the Aboriginal people, none at all.

MOORE: Do you have any sympathy for the suggestion that we perhaps should not participate in the Moscow Olympics as a gesture on human rights? Is that something you've thought about?

FRASER: I think that's a very serious view to take ...

MOORE: Yes.

FRASER: ... I don't really see the similarities between Germany, when was it in 1938?

MOORE: '36.

FRASER: '36, and Moscow, but the question of human rights, the position of the Jewish communities within the Soviet Union is obviously a very serious one and one that disturbs a great many people. I would prefer to try and keep sport and politics apart if that were possible. I know in the year 1978 it's not possible because so many Governments mingle the two together, but I think it would be a very serious situation to move to say the Olympics won't take place in Moscow.

MOORE: So at this stage you're against the--at this stage anyway--you're against the idea.

FRASER: I would certainly like to reserve my judgment in relation to it, very definitely.

EVANS: On another foreign policy issue, given the developments in Rhodesia could you tell us what the Government's attitude would be to any sort of large-scale migration of Rhodesian whites into Australia in the event of serious problems there, and the other one in Africa is the question of Australia participating in the proposed UN elections in Namibia by providing staff, funds and what not.

FRASER: Well in Rhodesia we've always, you know, the basic policy has been that we hope the matter will be resolved by settlement and that a refugee in emergency situation won't arise. We have a refugee policy that's been applied and been applied conscientiously with sympathy. If emergency situations arose in Rhodesia that policy would have to apply and it should. So far as Namibia has been concerned, there's been no formal request to Australia for assistance. The Foreign Minister made a statement about this but more information had to be collected. It's a very serious matter, there are arguments on both sides. The proposed Namibian

FRASER: settlement is one Western initiative that looks as if it's got a chance of being successful and, you know, if Africa's abandoned, if Britain loses interest, if the United States loses interest, if all other non-Communist countries lose interest you virtually vacate Africa to the Soviet Union and Cubans and that wouldn't augur very well for the peace and well-being of the whole Continent.

On the other hand Mr Peacock pointed out some difficulties that we'd have. That's not to say those difficulties are insurmountable in terms of logistics and all the rest. It's a very serious matter. In general terms support for Western, United Nations initiatives are something that Australia would want to be able to support but we'll you know, this matter is under consideration, it's not at the moment getting to the point of decision.

WALSH: Prime Minister just--because we're going to run out of time--can I ask you three questions for the record relating to your election promises. One was that you would introduce the Mathews Report provisions relating to company taxes over the first three years you're in power. That hasn't been done, only half has been done, is it your intention to do so in the near future or is that subject to further taxation changes?

Two, you also promised personal income tax indexation which you introduced in the first year, but we're back this year to half income tax indexation, is it your intention to restore full income tax indexation?

And the third one is that you promised quite firmly to abolish the Prices Justification Tribunal which you saw as an inhibitor of profits and which the oil companies seem to agree with you at this stage. Do you still intend to abolish the Prices Justification Tribunal?

FRASER: I think it's unlikely that the Prices Justification Tribunal will be abolished it's ... while in a perfect world competition will provide adequate control over profits, and ought to, I think the industrial relations advantages of having a Prices Justification Tribunal are quite considerable and that was basically the reason why the initial approach to the Prices Justification Tribunal was altered. I think it's worth noting that when industries, one or two, have been about to buckle in to quite unreasonable union demands we've said to them, Well if you can afford to do this we'll have a PJT inquiry into the pricing policy of the industry, and it's remarkable how quickly the industry has not given in, or stopped talking to the union in those circumstances, so I think it would be most unlikely that that Tribunal would disappear and it does provide a capacity for surveillance, for examination, for inquiry which I think in a modern and complex society is necessary.

Personal tax indexation will become full tax indexation again, you know the specific reasons why it hasn't. You haven't asked the question but I want to answer it. Even though there is a temporary increase in income tax this year, there is still a very substantial benefit to all individual taxpayers and if the Hayden scales which Mr Hayden introduced in his Budget still applied, individual taxpayers would be paying \$3 billion more

FRASER: this year, or for example a couple on average earnings with two kids, \$13 a week more, so the tax reforms of the Government stand as major tax reforms.

The Mathews Report, the remaining elements of it would clearly have to be judged in the terms of our Budgetary capacity at the time, I couldn't make any commitment about that at the moment, but in theory it's full acceptance instead of a 50 per cent acceptance would be desirable.

WALSH: Of course you could always get inflation down to nothing, you wouldn't have to worry then.

FRASER: Well then it wouldn't cost so much would it and if we have inflation down maybe we can put it there as a protection.

MOORE: Just before we go, and we must soon, are you in favour of the televising of Parliament?

FRASER: I don't really think so, no, we do have the broadcasting of Parliament as you know, but when we had the joint sitting, the Senate and the Representatives, there was a televising of Parliament and the speeches that were made were speeches to the nation.

EVANS: From both sides.

FRASER: Oh from both sides, yes, that's a non-partisan comment, and however much it might be an ideal, the speeches made in the Parliament ought to be speeches made in the Parliament to other members of Parliament. Now that's not to say that the public shouldn't hear them, it's not to say the public shouldn't read about them, but part of the purpose of Parliament is to try to influence the minds and thinking of other members. Now you might think with the Party system that that's pretty remote and unreal, but debates, what's said in the Parliament, does count and I think they ought to be Parliamentary speeches and not speeches to the nation.

MOORE: Prime Minister, thank you very much indeed for joining us again. Max Walsh, Huw Evans, thank you both as well.

Next week our special guest will be the Leader of the Opposition, Bill Hayden. With me will be Gay Davidson and Max Suich. Till then, goodbye.

(MONDAY CONFERENCE THEME)

ANNOUNCER: MONDAY CONFERENCE this week has come LIVE from Canberra. Our special guest was the Right Honourable Malcolm Fraser, interviewed by Maximilian Walsh, Huw Evans and Robert Moore.

(THEME CONTINUES)

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