

6 NOVEMBER 1978

PRIME MINISTER'S INTERVIEW OUTSIDE TREASURY PLACE, MELBOURNE

PRIME MINISTER: ..I haven't decided for the moment which horse to back, I will have to study it this evening.

QUESTION: If the States are allowed to borrow such large sums of money overseas, what is to stop another burst of inflation?

PRIME MINISTER: You need to, you are preempting a decision of the Loan Council to start with, but you are also, I think, forgetting that the borrowings will be over a period of eight or nine years, and they need to be seen, therefore, in the context of Australia's normal borrowing requirement. The Commonwealth has said very plainly we have got a responsibility for managing the economy, for managing the money supply and therefore the decision of the Loan Council in these matters needs to be one in which there is a simple majority of which the Commonwealth is a part. We are not going to take decisions which will jeopardise Budget decisions or Budget strategies.

The fact that this meeting was coming up was well in our minds when we were forming our own Budget decisions. But, while the overall sum might appear to be large, the totality of what the States have asked for this year is about \$150m and that brings it down within the area in which it can be seen that it is not inflationary, and self-evidently I would believe, by and large, a responsible set of proposals. That is not preempting any attitude in relation to specific ones but a responsible set of proposals designed to add to the strength of Australia's basic industries, infra structure, export capacity, matters that will build up the basic strength of the economy of Australia. That is the substance of the guidelines, that is the purpose of the programme, and we have had some hard-won gains against inflation there is no way we are going to prejudice that with any policy.

QUESTION: The Labor Party says it will repudiate agreements on uranium if they get into power. How can you guarantee investors who might be pouring money into ...

PRIME MINISTER: They are not going to get into power, and the Labor Party is just becoming the Party of knockers. But it was Mr Uren who said that and I don't think Mr Uren has got any reason to speak for the Australian Labor Party in relation to those particular issues. On these infra-structure proposals for example, we have had Mr Hayden saying one thing, saying that the borrowing requirements shouldn't be pursued, and we have had Senator Wreidt and I think Mr Hurford saying that the agreements should be made in full. So they are in a great deal of disarray, and nobody need be concerned about any statement that Mr Uren made - he will never again be given an opportunity to apply it.

ENDS