

PRIME MINISTER'S INTERVIEW WITH HOWARD TYNER OF THE CHICAGO TRIBUNE

QUESTION: Mr Fraser, the first thing I wanted to ask you about is concerning Vietnamese refugees. Australia is one of the few countries, and including the United States, that has been accepting some of these people. There is a United Nations Conference coming up, but given the historical ineffectiveness of such actions, what do you think is going to alleviate the situation? Where does the solution lie?

PRIME MINISTER: I don't see any short-term solution to the problem. The refugee question obviously arises in part at least because of the internal policies of Vietnam. Unless there are some change in those policies, I think the refugee situation is likely to continue - maybe at very high levels for a long while. I think that there ought to be a greater international effort. That is the view that Australia will be putting at this conference in Geneva. It is sometime in this area very hard to get countries that aren't either geographically close, or they believe other particular obligations, to take much notice of what is occurring. Adequate international effort is to always easy to achieve.

QUESTION: Australia is geographically close, and although it has taken some of these people, do you think Australia is going to come under greater pressure to take some more?

PRIME MINISTER: I think that is quite likely.

QUESTION: How many do you think Australia would be willing to take? Could you put any figure on it?

PRIME MINISTER: I don't think I want to put a figure on it, in relation to future events, the present and past record speaks for itself. I think in relation to our own population we are taking as many, or not more, refugees from south-east Asia and Vietnam than many other countries. We would believe that the main burden of the problem should not rest on Malaysia, Singapore, Indonesia or Australia - it is not just a south-east Asian problem, it is an international problem. The United Nations recognises that, but as you pointed out in your first question, there is sometimes the difference between recognition and action. I hope that at this ... conference the United States and Australia at least will be very much united in wanting to get greater and more effective international action. I don't think at this point we should assume that that is not going to occur.

QUESTION: Some people have been making a distinction between the type of refugee that is coming out, expressing a criticism in fact that some of them were able to pay gold. I think at times that a lot of people have a stereo-type version of what a refugee should be - he has to be poor, in rags. Do you think that this distinction should be made between the middle-class ethnic Chinese and the others?

PRIME MINISTER: No, I don't really think it should. If you go back to the days after the World War there were refugees from Eastern Europe of many different kinds and many different characteristics, and many different backgrounds - many of them very highly educated, and highly articulate, and probably if they had any possessions leaving, or losing most, in the process of becoming refugees. Many, many tens of thousands of such people came to Australia, and they came here for one reason only - it was a free country and one in which they thought they would be able to live out their lives, and bring up their children in freedom, a place where they could make their own and be recognised for what they could contribute. It has worked out that way. I think it makes no more sense to exclude people coming out of Vietnam now that it would do to exclude those people who are very genuine refugees from the last World War. Refugees can come in many different shapes and characteristics.

QUESTION: And the treatment that they receive at this end should be the same for all of them?

PRIME MINISTER: I think basically, yes. I think you could put this in parathenses, but the situation can be to some extent different - an exodus movement is being promoted by the government of the country.

QUESTION: But if the government feels that it can't live with these people .. that isn't very good.

PRIME MINISTER: I think it become much more complicated if a government is directly promoting an exodus .

QUESTION: It does become more complicated, but still the people who are being sent out perhaps have, or feel that they don't have a future in that country.

PRIME MINISTER: I have got no doubt that the policies are designed achieve just that, and that it also means that the government has decided that removal is a better policy than either assimilation or integration.

QUESTION: Do you think it is wise, or possible, for western governments to try to convince the Vietnamese not to do this - do you think it is really possible?

PRIME MINISTER: I think it might be very difficult, but again you have got a new element in the refugee movement - governments are going to start saying, well, here's an unwanted minority, we are just going to push them out into the world and somebody can look after them - the world might suddenly decide its time that ... accepted as a more general principle. It might well find it's got a world with a problem on its hands, the size and proportions out of any comprehension - as a general comment, not just related to Vietnam.

QUESTION: If we could switch over to another subject - Australia has been lobbying very hard against proposals to change the US beef import quotas. Europe, the farmer and the graziers, as well as the politicians - there is an understanding. Suppose you were an American farmer, someone who reads the Chicago Tribune, considering the present state of the livestock industry in the States do you think you would have any sympathy for the Australian position?

PRIME MINISTER: In terms of trade, I think when people have got their own immediate interests involved, they probably have sympathy for those interests. I was speaking with some people at lunch in Washington last June - there were a couple of Senators present who were not unaware of the problems of the cattle industry in the United States - and it was my very clear impression that the prices then prevailing were regarded as reasonable, and if they continued that wasn't a great problem.

You have asked a particular question - and really it is a general one. Producers in any country - whether they are manufacturers or farmers - can feel uncomfortable if they get some competition. That is their reason, that is their argument to say that that competition should cease, or that governments should act arbitrarily to prevent that. I don't believe for one minute that Australian beef exports to the United States has really damaged United States farmers, has damaged the United States cattle industry. Imports are too small a part of the total market in the first place, and secondly the sort of beef we send to the United States doesn't really compete with American beef - it is in many ways complementary to it, providing a need that the United States can't fill. Thirdly, the problems in the beef industry in the United States over recent years have been attributed to drought as much as any thing else - where the excess slaughtering may be up to 20 million, because your beef numbers are down about 20 million. When those kinds of problems occur I think it is quite wrong to take it out on another country, even on ... I am not unaware that we have a massive trade deficit with the United States, and we have that trade deficit, in part, because of arbitrary restrictions of the United States market - I doubt if there are quantitative restrictions that affect any United States exports to Australia. I have been watching with great interests the arguments that the United States has drawn in relation to the trade relationship with Japan, because of the United States deficit position with Japan. In relation to our size, our deficit with the United States is just as great, if not greater, and having regard to the arbitrary restrictions that are sometimes placed on our exports to the United States - not just in beef, but in other things - I think the United States has given us some very good arguments to use against the United States in relation to the imbalance of trade between the United States and Australia. The United States knows all the arguments, they have just got to read their own arguments about Japan, and they will know the point of view that we can put.

QUESTION: Increasingly I think Australia is seen as a European island in an Asian sea. Relations with Britain which were once very strong have changed dramatically, and now a peculiar relationship with Japan, the United States - ties are still close but American presence in Asia isn't what it was. Where does this lead Australia? Is there a place for Australian leadership, or do you reckon there will be a turning inward, a sort of isolationism?

PRIME MINISTER: In Australia?

QUESTION: Yes.

PRIME MINISTER: No, I don't think we react that way. In fact,

over the last two to three years there has been much more active foreign policy ... any dramatic headlines in relation to our own neighbours and in relation to a number of other countries around the world. You mentioned the relationship with Japan - you said it was peculiar. I don't know that I would use that adjective. It is a relationship very much measured in mutual self-interest of both Japan and Australia. In many ways some of these are complementary. Both countries have taken very deliberate and active steps to try and extend the relationship between an economic-trade relationship, so there will be a better understanding between our two peoples. I think that is necessary because of the very great difference in our cultures and historic backgrounds.

QUESTION: But isn't it true that while Japan has been willing to take primary products from Australia, they have not invested in Australia as extensively as perhaps say the United States?

PRIME MINISTER: Or not as extensively as the United Kingdom - the United States hasn't invested as extensively as Britain. We would like to broaden the sources of investment funds in Australia, but you have got to remember that we went through a period of mild aberration where investment from other countries wasn't really encouraged. The last couple of years has been in a period of slack trade, not much market growth and there is now, I believe, a good deal of renewed interest in investment in Australia, and I hope both from Europe and from Japan. I was going to go on to mention that in relation to ASEAN countries a number of quite specific measures have been undertaken to improve communications and consultation between ASEAN and Australia. They sometimes have one or two things to say about access into our markets, the plain fact remains that their exports have grown at somewhere between 30-40% a year, for the last seven or eight years - that is a fairly rapid rate of growth and we have done a good deal to assist them into our markets. They have problems because the ASEAN countries are competing very often against each other - they all want to export the same sort of things. They are also competing against countries like Taiwan, Hong Kong, South Korea, that might have been more active earlier, and in the sort of goods that they do export to us, the non-ASEAN countries tend to export by far the greater part. The relationship is developing, and I think developing very well. In the Commonwealth, and also through the United Nations and other forums Australia has been taking a fairly active view in the Multi-lateral Trade Negotiations, and also in the North-South dialogue - we have extended our field of relationships and because we are a commodity exporters and understand the problems of commodity trade we have taken, up to the moment anyway, a noticeably different view from that of the other B-Group countries in the dialogue of argument with the developing world. I think over the last year the B-Group countries have shifted their position quite substantially. We believe that the developing world has certainly got a point and there needs to be a response to it. In these ways I think we are far from drawing into our own shell - Australia has been taking a reasonably active role. The meeting that Manley is calling in Jamaica - at not a very happy time for me, because I have to leave here on Christmas Day - between some developed countries and developing - three or four years ago Australia would never have been asked to that sort of meeting.

I think this is an example of changed attitudes, a change of acceptance.

QUESTION: Your Government has had considerable success in cutting the inflation rate .. unemployment. Could you explain briefly how, what are your schemes of reducing the inflation rate?

PRIME MINISTER: Yes, but there was an assumption in your question which a lot of people make and I have rejected - we haven't overcome inflation at the price of high unemployment - high unemployment came into this country when inflation got high because our industries couldn't compete and they couldn't sell - lost shares on the domestic market and many industries withdrew from export markets. So, under these circumstances unemployment was bound to grow. When the basic relativities in the economy go wrong as they did, industries aren't able to compete. In a country with democratic institutions such as Australia it takes some time to get the relativities right. We have got an Office of Youth Affairs in this country and somebody from that Office the other day said that it is very simple - if you have got a commodity and you can't sell it all, you generally try to reduce the price of that commodity so you can sell it all. What is happening in the labour market is that even though you can't sell all the labour you have got, people try to sell it at a higher price, and that makes it very difficult to get back to a full employment situation. The point I am making here is that overcoming inflation is not at the expense of high unemployment - the high unemployment was with us, and the damage hadn't really worked its way through fully by the time we started to overcome inflation. - and fall back on inflation. There were still the damaging effects of the earlier inflation to work their way through the economy.

Overcoming inflation - there is no simple and quick description - you have got to get all the arms of economic policy working to fight inflation, and that means there has got to be restraint in government expenditure - that means cutting expenditure and that is difficult. It doesn't necessarily mean just cutting the rate of growth of expenditure - it can mean in many areas cutting expenditure in real terms; it means having a monetary policy which is fairly tight, control over the growth of the money supply, and I think that is more important than many envisage - if there is a too rapid growth in the money supply that can flow through at a later point as inflationary pressures. I think they are probably the main two elements of policy - obviously related to it is policy on interest rates, policy on exchange rates. One of the manifestations of how all this works out is the size of the deficit, which has probably too much prominence in the public debate because I suppose pointing to the deficit is a short-term way of demonstrating how other policies are working or not working but restrain expenditure; keep control over the money supply; have appropriate settings for interest rates (inaudible).

QUESTION: Do you think the United States should pursue a similar policy on this?

PRIME MINISTER: It's not for me to tell the United States how to overcome inflation. I think the prescriptions for overcoming inflation are well known. Let me say that I am delighted to see the policies that the President announced, the changes that were introduced. One of the things which is not always understood is that the value of the United States dollar is enormously important to a lot of countries. Maybe 70 percent of our major export trade is written in U.S. dollars. The stability in the dollar is therefore important to us. Up to 30 percent of our GDP is dependent on trade. In the United States I think it is 4 percent or 5 percent, maybe 6 percent, but certainly much much less than ours. Many countries look to the value of the United States dollar and they look to the strength of the United States economy and recognize that as a very important element in the total financial system which can affect smaller economies very greatly.

QUESTION: The Australian is loosely tied to the American dollar, is it?

PRIME MINISTER : There is a basket of goods and then we have a management committee and a Reserve Bank and Treasury and my Department. I think we stick to the basket of goods which is a trade-weighted basket, but because of the (inaudible) of some of the currency fluctuations we have had to modify them on a (inaudible) basis over the last 18 months. I think by and large the management of the exchange rate in Australia has gone well (inaudible). It is very difficult when you get one trading partner, Japan, appreciating enormously. Another major trading partner, the United States, depreciating enormously. I really believe that in the trading world -- one of the things that would help promote, promote markets therefore create jobs is to get to a much greater degree of stability in the world trading system, a much greater stability in currencies than we have seen over recent years.

QUESTION: Perhaps in future Australia's dollar will be tied more closely to the Yen than to the U.S. Dollar.

PRIME MINISTER: There are no suggestions that the present management system that we have for the Australian dollar will be altered. It's flexible. It gives us room to move, to move if we have to. It needs to be closely watched because of the very great movements of other currencies, which you can't always predict. I think therefore we have established this system quite deliberately so you don't get stuck in a position and then you get embarrassed because you have a fixed position with an automatic relationship either to the United States dollar or to the Yen or to any other currency. Because of the size of the movements you have an arrangement which gives you an automatic relationship you can well find your own currency moving in a way which might not be the best for your own economy.

QUESTION: The dismissal of Mr. Whitlam seems to me to carry a very deep effect on a lot of things in Australia. I first came here in 1972. I found, coming back several times, a tremendous amount of cynicism that I didn't think was here when I first came. Do you think that Australia is going to get over this. Do you think it is a temporary thing or is it a maturing of Australian outlooks?

PRIME MINISTER: I think there is too much cynicism but I think, and I agree, that those events are related to it. I think it is starting to fade. You are probably coming at a time when there is some contemporary re-assessment because of John Kerr's portrait, because of the statements that have been made by other people in relation to it. In one sense the event might be hard to understand in the United States because you have a different system of Government where people are elected for fixed terms. But in our system, or in the British system, the cause of the crisis was a very simple one. Here we have through some centuries of tradition, the simple intention that if the Government can't get a supply of money through Parliament in which to carry on the processes of Government, to be able to pay Public Servants and to pay your defence forces and carry out all the various other functions of Government, then that Government resigns. It can suggest somebody else form a Government in the Parliament or it can recommend an election. The most likely course is to recommend an election. Mr. Whitlam took a very strange course. Even though he couldn't get supply through Parliament he said he was going to stay in Government regardless, but he couldn't pay anyone. If that sort of thing occurred in Britain ultimately Her Majesty would have to act. It did occur in Australia and ultimately the Governor-General had to act. He had no option. It was caused by a Prime Minister who couldn't understand he couldn't stay in power if he ceased to have Parliamentary support.

QUESTION: The result of this has been what I see as a very distinct polarisation ...

PRIME MINISTER : I think it has been and I think it is unfortunate. It is continued I think by the repeated and continued attempts at self-justification by taking that original action. (Inaudible). They even went to the extent of trying to get the banks to finance the affairs of Government. In the bank's (inaudible) books, there is no legislative or constitutional (inaudible) to say 'now come and pay the Government's bills'. This was all happening in the last few weeks. But that is an aberration not part of Australia and I hope the people of the United States knew, and understand, that it is an aberration not to be repeated.

QUESTION: It's very complicated I think though. American people, as you said before, have different systems but still understand what happened.

PRIME MINISTER : No, I think that's probably right. In Canada there would be better understanding because they've got the same system. In one sense the practical impact would be the same as if you had a President in power and the Congress refused to give him any money for any activities of Government.

QUESTION: That happens from time to time.

PRIME MINISTER: Yes, but Presidents seem to get their money through ultimately, or people seem to go on getting paid while there is a dispute about budget bills. But if you had a situation in which Congress had no money whatsoever for any programs, for your payments of salaries, you've got to have some way of breaking that sort of deadlock. In our system a way of breaking it is the thoroughly democratic procedure of allowing people to have a vote.

QUESTION: Mr. Whitlam could have called an election then?

PRIME MINISTER: He could have. He wasn't prepared to. He was prepared to call a Senate election but a Senate election wouldn't have affected it because you would have had half the Senate only being elected. They wouldn't have taken their seats for another six months and that could not have resolved the problem. The only way to resolve the problem was to have a total election, which he was determined not to have.

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