

PRESS OFFICE TRANSCRIPTMONDAY, 6 OCTOBER, 1980PRIME MINISTER INTERVIEWED BY LIBBY STONE, 6WF (ABC), PERTH  
TALK-BACK

(First few minutes missed on tape).

Prime Minister.

...would have to go into any Labor policy speech. Mr. Wran comes back with some proposals saying that our promises would cost \$2 billion, but he included things in that which are already policy, things which Mr. Hayden has just committed to - he has included in that things that are nowhere in the policy speech; the increased defence expenditure which is allowed for in the present Budget for example, which is already there, and included the 10 year capital cost of some things as though it was a one year annual cost. It was a grossly dishonest document and I believe that the people of Australia, when they look at the document - see if for themselves. If they did - that has not in fact I think been published in its entirety - will see that and know that. I can give you another shorthand way of testing the accuracy of the costings. Mr. Hayden has said that his proposals are worth \$20 a week for every family. Well, you work out that with all the families in Australia, significantly over 2 billion, it has to come to a total cost of over \$2 billion, which is pretty much on our mark. Now, I think that is his own admission, for example, that our costing of his proposals is accurate.

Stone

One of the questions you raised in there was the one of defence, which concerns most of us, in particular in Western Australia, because we are fairly vulnerable at the moment. What will happen with Iran and Iraq if America goes in and intervenes. What will happen as far as Australia is concerned?

Prime Minister

But America is not going to intervene. They have said that they are going to stay aloof from this problem and so has the Soviet Union. Australia, through its diplomats, and now publicly, have said that it is very important that other powers do not get involved in this conflict; that other powers remain aloof from it. I have said very specifically that if one of the super-powers gets involved the other will almost certainly be drawn into it. There is the proposal, which we have been discussing, for patrolling the Straits of Hormuz, because there you have 30 per cent of the world's oil production passing through those Straits that is utterly critical to Japan, to Western Europe. And if the Straits did get blocked - you could not physically block the Straits - but if one of the contestants sank one of the oil tankers for example, well then others probably just would not sail until they could be guaranteed security. That would - not immediately, not over relatively good oil stocks at the moment, and if it continues, either through the United Nations or some means, you would have to

Prime Minister (continued)

get the Straits open again. The United States did have some proposals on that which they asked our views. We have been canvassing European countries' view, Third World countries, India's, Japan's, other countries in the region. If that sort of proposal were to develop or to become necessary - and I think it is premature now in terms of what is required - if it were ever to develop it might well be that it would be better if the United States were not a part of it, if it were undertaken by other powers. I say that because of the particular relationship between Iraq and the United States at the moment, and the possibility that if the United States were involved, that the Soviet Union would feel a need to get drawn in. That has been the background to our approach to that particular proposal, but the United States is not going to get involved in that war as such. Everyone is trying to make sure that it stops on the one hand, but if it cannot be stopped, that it is limited to the present two countries; Iran and Iraq. Everyone recognises the dangers that would flow from escalation.

Stone

But just suppose America did have to intervene eventually because of the oil problem. Would Australia naturally be ...

Prime Minister

You cannot make that sort of assumption, because I have said that if there to be a need for a patrolling force and if that was seen by European powers, by Third World powers, by countries such as India, that is the first hurdle you have come to: is it seen to be necessary by the international community that is dependent upon those oil supplies. At the moment I do not think they do see it as being necessary. But if it were seen to be necessary, then who should participate? Both questions are obviously very serious. The question "who should participate" would depend on many things: the attitudes of the Europeans, the attitudes of the Gulf states themselves, the attitudes of the OPEC countries. You just cannot make a judgement on that now. It is a bit like asking a hypothetical question: what would the United States do if the Soviet Union started to help Iran against Iraq. I do not believe they are going to do so. I think that the Soviet Union has recognised that there are some very vital interests of Western powers involved in this Middle East situation, and that they have to tread pretty warily and pretty carefully because while I have always believed and do believe that the Soviet Union is totally opportunist, will advance its own cause, will increase its own domination over other countries if it gets the slightest chance, I also believe that they do not want, by miscalculation, to provoke a major conflict. Because they know that the whole world is the loser after that. Here is a clearly recognisable, vital Western interest and that makes the Soviet Union, I think, cautious. If they can get away with invasions and murder and mayhem and worse in other places where they think that the West cannot or will not do anything, well then they will and they have. But, it can change. It can change rapidly. But at the moment, they are taking a hands-off attitude.

Caller

As a life-long Liberal, I ask you if you will admit publicly that you made a vast miscalculation in your actions which calls the Marxist Mugabe to take over Rhodesia which is now in a state of civil war. Unless you are prepared to do this, I cannot vote for you.

Prime Minister

I know how some people feel about that particular issue, but you certainly misunderstand what has happened in Rhodesia: what was happening before the last elections. Because you had a situation there where there Bishop Muzorewa had had elections, but where the white minority had reserved to it powers which would give it control, vetoing powers over the constitution and over the wishes of the majority. There was no way that constitution could be sustained. There was not way it was going to be supported. When the Lusaka agreements were made, and the later Lancaster House agreements between the different parties in what was then Rhodesia and the United Kingdom, that led to elections in which everyone participated, which all the international observers including Australian observers had regarded as free and fair, and Mugabe came into power. I think earlier there were many miscalculations about Mr. Mugabe and his own position. He has always been against the Soviets. He did not ask East European - East Germans - to the independence day celebrations because of various activities of East Germany. The assistance he gets he wants to come from English-speaking countries, which is one way of saying he does not want too many Russian communists around. He has done many things to try and make sure that the white people stay in Zimbabwe. When I was there for independence day celebrations, the white people were looking to the future with a sense of confidence and optimism. It was possible, as I did, to walk around Salisbury, and everyone was in the streets: very little evidence of anything - I did not have any particular guard or security, just the normal arrangements, and it was all very relaxed. Now there are some problems. Obviously, in overcoming the difficulties, and the totality of the bitterness of recent years. But, the basis of Australia's approach - an approach that was accepted by the Commonwealth, an approach that was accepted by the United Kingdom - was that you had to have a constitution in which different peoples were treated as equals. You could not have a constitution which gave permanent superiority to the white population. As a result of the settlement in Zimbabwe which, in spite of difficulties, is proceeding relatively well and is the only thing that would give Zimbabwe and all people in Zimbabwe hope of peace - there was no prospect of peace under the old arrangement - in spite of all of that, what is happening gives us some continued hope that it is all going to work in a reasonable way and that the country will have a good future as a united, multinational country. The attitude that Australia adopted, that was accepted by the Commonwealth and by the United Kingdom, was right, and I am afraid that you will never get me to apologise for the approach that Australia took in that particular contest because it was very necessary. It was very right. It has prevented a much greater conflagration in Southern Africa, and between black and white.

Stone

It's a quarter past nine, and we would like you to be as brief as possible so that everyone can get their questions in.

Prime Minister

I'm sorry about that, but ...

Stone

I wasn't so much talking about ...

Prime Minister

I know the hard-core that asked me that question over here, and I am in a sense glad they did because I think what we did in relation to Zimbabwe is one the best things we have ever done in terms of foreign policy.

Stone

Yes. That comment was more for listeners than for you. But if the cap fits, fine.

Caller

Good. I'm glad you said that. We have met several times over the jetty, but ...

Prime Minister

Oh, Busselton.

Caller

We have also more important things, I think we may have lost, but I hope not to lose the nuclear power issue which - look, Ralph Nader was out there recently and he (inaudible), but he's not the only person that said it. The bauxite refinery is mammoth. It is just enormous quantities of electricity, and we saw something of this on the weekend on television. Is there in fact, according to your knowledge, a proposal to put a nuclear power plant within the next six years in Mosley or near Sunbury?

Prime Minister

Well, this is a State issue, and the State Government has had plans for the establishment of a nuclear power station. But I am not aware that any location has been determined to this point. Obviously, all the environmental procedures would go through before any decision was made in relation to that. It is not something that I have discussed with Sir Charles Court for many, many months, but it is a matter that is totally within the province of the State.

Caller

On a recent election telecast for your Government, the theme showed cripples in wheelchairs and a spoken commentary referred to

Caller(continued)

what your Government was doing, or planned to do for the disabled. Now, what it didn't show however, were the cripples that your Government has taken the pension away from: the invalid pension. Now, if, as I anticipate you might say this ...

Prime Minister

Do you know any people where this has happened to?

Caller

Well, may I finish the question sir?

Prime Minister

Yes, certainly.

Caller

I anticipate that you will say that - I am going by newspaper reports - if as you say, this is not so, could you explain to me why ACOSS, the Australian Council of Social Security, are taking legal proceedings against your Government on this very issue. If there is no purge of invalid pensions, what is the ACOSS case all about?

Prime Minister

I do not know. I would have to get a briefing on what the ACOSS case is all about. There was substantial publicity, especially in Sydney, about invalid pensions. As I had been advised by the Minister, every case that was mentioned in the newspaper was in fact in the Social Security appeals system. But to make sure that justice could be seen to be done, some weeks ago we announced that anyone who felt that the Department of Social Security had made a wrong decision would be given the right to appeal to the Administrative Appeals Tribunal; a completely impartial and separate body. I would like you to do two things. If you know of any case where you think an invalid of any kind has been treated unfairly by the Department, I would like personally to know of it. And secondly, make sure that any such person knows that they do have a full and total right of appeal to an impartial tribunal. Because when you look at the numbers of people who have got invalid pensions, it does not support the kind of contention that is behind the question, because the numbers getting invalid pensions have grown very greatly, and the funds in real terms that we are providing to assist the disabled have grown very greatly. I followed the publicity in the newspapers with some very real concern, because I would agree totally with the questioner; that the Australian community ought to show a very real compassion and concern for our people who are less well off in this community.

Caller

Can I just put in very briefly that I think that Australia is in excellent hands. However, my question is: what is the Government doing to help young people to finance their first home?

Prime Minister

Well, thank you for what you have said. What we are trying to do is to provide funds which will enable people to help to cover the deposit. So we have a home savings grants scheme which has been developed over the last couple of years. There are house value limits on it, and we extended, in my policy speech, the value limits to a total of \$70,000 for first home buyers, and at the same time we have made a decision that the grant would be increased from the present \$2,000 to \$2,500 for couples with one child, and to \$3,000 for couples with two or more children. So, the purpose of the home savings grant is designed to encourage people, or to make it easier for people, to cover that initial deposit which is sometimes very difficult to raise. Quite apart from that, the policies are general ones; to try and maintain a good flow of funds into housing which has happened over recent years - the funds have continued to grow from a variety of courses, and of course to run a sensible economy so that home costs do not rise too much.

Stone

Mr. Fraser, can you state that home interest will not go up.

Prime Minister

No. You cannot make predictions about home interest rates. I did once in a different environment, and in the 12 months after I did, interest rates did fall very substantially, but then something happened which I had not bargained for: interest rates started to rise very rapidly in the United Kingdom and they rose very rapidly, and ultimately to about 20 per cent in the United States. Against that background, it is quite plain there is some impact on Australia. So, it is market forces that influence that, but let me only say that under policies that would increase inflation, interest rates would go up. Our political opponents have admitted that under their policies interest rates would in fact go up.

Caller

Good morning Mr. Fraser. Is it true that in the Soviet Union Pravda has repeatedly condemned you and applauded Mr. Hayden, the leader of the Gang of Three? If this is true, why has this received so little attention from our Australian media?

Prime Minister

I do not know. Well, it is certainly true. The Russian newsagencies do not seem to like me very much because I point out that I think their policies are dangerous and that they spend too much money on defence. They are in fact spending 12 per cent or 14 per cent a year on defence, of their national income, which is an enormous amount. The United States is around 5 per cent or 6 per cent. There was an intervention a couple of weeks ago from one of the Russian newsagencies which I think was very near to a gross interference in the domestic political affairs of this country. Now, it may be that that is the reason why the Australian media play down those statements to a certain extent, but there is no doubt that the Soviet Union would like to see me - somebody other than Malcolm Fraser as Prime Minister of Australia. .../7

Prime Minister (continued)

I think the more that is known, the more people would be concerned at the attitudes of the Soviet Union and at the interference in our domestic political affairs.

Caller

Mr. Fraser, I think we should have a referendum on non-European immigration; whether the Australian people want it or not.

Prime Minister

That is fair enough, but there are some decisions that Governments just have to make, then it is our job to try and persuade that the decisions we have made are right. As a result of North Vietnam's victory in the Vietnam war, something upwards of a million refugees got pushed out of South Vietnam - not immediately, but you will remember all the publicity about the boat people - and they were the independent people who did not fit into the communist regime and they were forced out to sea in ships, and hundreds of thousands on general estimates, would have drowned at sea. Some landed at Darwin but a lot more in Indonesia or Malaysia. Then again, Vietnam, supported by the Soviet Union, invaded Kampuchea and some more hundreds of thousands of refugees - from Kampuchea into Thailand - and that is a regime that had suffered enormous harm and difficulty first as a result of its own ruler Pol Pot and secondly as a result of the invasion by Vietnam. I really do believe that a relatively wealthy country such as Australia, which does have a good deal of space in it, has an obligation to the wider international community. We have very particular and special obligations, of course, to all Australians - to our own people. But we live in one world. We are part of that world. So, I believe that where there is a very savage and severe refugee problem, especially if it is in our own part of the world, that we have an obligation to do as much as we can to help. I am afraid it is up to me and up to my Ministers and Members, to try and persuade you that that is the right policy.

Caller

I suppose you would call me a swinging voter. I think I am a disillusioned voter.

Prime Minister

I am sorry about that, but can I try and answer your question.

Caller

Yes, anyway. It has been said that Australia has a Presidential type of Government, where decisions are made at Cabinet level and voted along Party lines in the Parliament. You mentioned the nature of the debate in Parliament. I wonder if this may be the cause of the rather aggressive and very difficult to listen to on radio type debate that goes on. It has also been said that women in Parliament could perhaps affect the tone of the debate there, and I wondered whether you saw a role for women in Government, because I do not know that you have too many women standing, certainly not in this State.

Prime Minister

I do see a role for women in Government, and I have always been disappointed that there are not more women in the Parliament. They have traditionally been given places, in the pre-selection process on the Senate tickets of the Liberal Party, and Senator Guilfoyle of course, and Yvonne McComb is a Senate candidate in Queensland, and in other places. But for the House of Representative I think nothing like as many women as men have stood for pre-selection in the House of Representatives. I agree with you, not too many of them have actually got pre-selection. This is the same for all political parties. I again say, that I often wish it were otherwise. You might be interested to know that in Victoria - and I mention my own State, because I will probably get muddled on the precise constitutional details of the Liberal Party in each State, it is a Federation and each State has its own constitution - but in Victoria right since 1945 we have had a provision that in all the offices of the Party, they have to be balanced: men, women. On the State Executive of the Party we have ten women from the country, ten men from the country. We have ten women from the city, we have ten men from the city. We have a woman Vice-President. We have a male Vice-President. The constitution itself, long before this was a general political question, enshrined equality of the sexes. I think this is one of the reasons that has helped the Liberal Party in Victoria very much. But, I do not know how you either get or persuade more women to stand for Parliament, more women to be successful candidates. Personally, I would like to see it.

Caller

Mr. Fraser, I would like to say first of all that it is great to have someone like you as a leader. I am a Liberal, but I do not think you have to be a Liberal to be proud to have you representing us on the international scene too. Your Government's policy on petrol parity pricing of course has hit our hip pocket and I think brought us down to earth with the conflict between Iraq and Iran. But is there any evidence that this policy is actually aiding Australia in conservation. You know, are Australians becoming energy conscious?

Prime Minister

Yes, it is. It is helping I think in a number of ways. People are obviously moving to buying more economical cars, and the motor industry itself has put a great impetus behind that. People are using less petrol. That is one of the purposes of the policy. But another purpose of the policy is to have more exploration and development. Esso and BHP alone have committed themselves to well over \$1,000 million of additional exploration and development. As a result of that, Bass Strait reserves have been extended significantly, because more oil has been found. The great North West Shelf project; that is only viable under a certain pricing regime. This State has had great courage and foresight in getting contracts under way and getting that project moving.



Prime Minister (continued)

But without a parity pricing policy for fuel, it would be I think very hard to sustain it. The other thing of course, that we have to watch out for, is that the Bass Strait reserves are finite. In the 1990s at some point they will start to dry up pretty rapidly. Now, unless we have found alternatives by then Australia is going to have to make the very difficult problems of adjustment. So our policies are encouraging people to look for alternatives. The best prospect at the moment is oil from Queensland shale. The objective is that that would come on stream about the time Bass Strait starts to dry up. This would maintain Australia's self-sufficiency and sense of independence. I think you are quite right to point out that as a result of the war in Iran and Iraq, it is very necessary that we do maintain that independence. We are not going to do it under promises of reducing the price of petrol. In fact, the Labor Party have not promised to reduce the price of petrol. They have promised for the future to increase the price of petrol, either by the amount of the OPEC price increases or by the rate of inflation - whichever is the lesser. Since Labor policies would greatly increase the amount of inflation, that means the price of petrol would probably go on going up by the amount of OPEC price increases which certainly before the war were starting to moderate.

Caller

I too am one of those swinging voters. I have a couple of points here and I wonder if you would comment please. We hear much of the superphosphate bounty which I believe amounts to something less than \$6 million a year. I believe that the TV schools which the Government spends something like \$19 million a year - we do not hear very much about this, and then the other point is, in the Farmers Weekly, issue 18 September, heading "BPC to be axed after the election". I will just read one or two points briefly. "Canberra; the British Phosphate Commission will be phased out in June next year and replaced by the organisation set up for the Australian fertiliser manufacturers. The move, supported by the Federal Government, will give fertiliser manufacturers control of all phosphate rock imported to Australia. It will also provide them with a monopoly power to set their own prices. The proposed plan, kept under wraps by the Federal Government Cabinet will not be announced until after the coming election for fear of alienating the rural vote". May I have a comment please Mr. Fraser.

Prime Minister

Yes. But I can ask you - were you earlier saying the superphosphate bounty, \$6 million only. What was that \$6 million you mentioned in relation to the bounty?

Caller

Yes.

Prime Minister

Well, it obviously costs very much more than that. I have not got the precise figure in my mind, but the superphosphate bounty would cost very very substantially more than that. The figure

Prime Minister (continued)

In my mind - no, I had better not give it because I just do not carry it and I would not want to mislead you. But it is a very much more costly policy than that.

There is a film and television school, which I think is very necessary. Australian films are now starting to do very well in domestic and world markets. In one sense, they are the flag carriers for Australia. In the policy speech we announced new incentives to encourage people to invest in film making. When I see a great Australian production like "Breaker Morant", I certainly have a feeling of pride. To have that shown in countries overseas, as I hope it will be, I think is good for this country. So that sort of excellence and flag carrying for Australia is something which I think Governments ought to support and promote if possible.

Our policies are designed to try and get phosphorous to farmers as cheaply as possible, and that is why we have got the bounty. That is why the bounty has been maintained. I was put under a great deal of personal criticism as a result of it just because I happen to be a farmer - and in an area where superphosphate is used. But we recognise that it is very necessary. There are a number of superphosphate companies and superphosphate is available from a variety of sources. If the companies in Australia were going to try and put up superphosphate unreasonably I have no doubt that something would be done about it. There would be the capacity for the Prices Justification Tribunal to operate in the area, to point up what they are doing and to publicise the fact and to bring pressure to bear against the companies. There is certainly no secret plan which is going to lead to massive increases in the cost of superphosphate which is being kept under wraps until after the election. Indeed, our policies have done a great deal to support the farming communities and to re-establish confidence in Australia's rural industries, to provide the necessary financial supports and encouragements which help people through difficult times of drought or bad prices because of the variable seasons.

There is no secret plan, there is no secret weapon, that is going to be unpleasant in relation to this.

Stone

Mr. Fraser, you mentioned the film industry and Senator Susan Ryan said that she felt that the film industry - and the re-emerging film industry in Australia - was under some threat. What do you propose to do to keep that going?

Prime Minister

Well, what had happened was that because we have been pretty assiduous in tax avoidance measures, the basis of funding for the film industry - because we knocked off some tax avoidance schemes - the basis of funding for the film industry and feature films especially, was in a sense destroyed. We learnt about this about a month ago when people came to us. So what we are going to do

Prime Minister(continued)

is for investments in film, provide 150 per cent write off on the capital that is involved in the year of expenditure, and then - because we really do want people to make good quality films, and for that there has got to be a special inducement for profits, to getting profits out of the films - we are going to rebate 50 per cent of the tax that would otherwise be payable. Film making is a high risk business. If people have the courage and belief that they are backing a really good quality film, there will also now be good money and good profits in it. This is in fact what the film industry were asking for. We have done it. I have since had letters saying "please, will you get back in quickly and legislate for it so we can get on with film making under these arrangements". I was very disturbed when I found, as a quite by-product of pursuing tax avoidance, we found that we were catching up with the mechanisms used to encourage investment in the film industry. But the way to solve that was to provide specific incentives for the film industry, which we have done.

Caller

Mr. Fraser, I am going to touch upon several points which are of profound importance to Australia, and will have far-reaching repercussions. The first of course, is the figures that have been released recently from a Roman Catholic organisation in Melbourne which compute the figure of 2 million who are living in Australia at the present moment on or below the poverty line. This is in contrast to a figure of one million brought out in 1976 by Mr. Henderson - the Henderson Report. Now, that actually, that figure has doubled in four years. This is also borne out - that actually makes one in seven, may I state as a quick calculation - this is also borne out by Mr. Samel's(?) comment yesterday where he says 14 per cent, or one in seven, in Perth, are living on or below the poverty line. Somewhere along the line, economic management in a very, very wealthy country like Australia has sadly missed out. They have gone astray. This high figure shouldn't exist in a country with such large natural wealth - enormous natural wealth that Australia has.

Stone

If you have two other points, I'm sorry to interrupt, but you will need to be briefer.

Caller

..defence - not conventional defence - of which we are all very, very wrapped up in, and consider it to be most important, but which we do not approve of, I would say the majority of Australians, is nuclear defence, and I am referring to the B-52 bombers and the nuclear submarines using our facilities. We have the American's defence word that they they will not carry nuclear weapons but their word over the years has proved cannot be trusted. And number three is, how soon can we expect you to de-recognise the murderous Pol Pot regime, who incidentally have been plundering all the rich donations I believe that should have been going to the people.

Prime Minister

I will deal with those in the reverse order. The Pol Pot regime is a loathsome and horrible regime, and let me make that quite plain. But what we have been concerned for is to try and have policies that will ultimately enable the Kampuchean people to make a decision about their own future. At the moment there are 220,000 Vietnamese in that country supporting another regime that is just as much loathed by the Kampuchians, as I understand it, as Pol Pot. The number of guerillas fighting the Vietnamese has doubled over the last 12 months, which is some indication that they are not really welcomed in the country. There will be a vote in the United Nations fairly shortly on the credentials issue. Everyone has agreed that the Vietnamese-backed puppet Government should not be given the seat in the United Nations. The only other thing I want to say about is that there will be a statement from Australia after that credentials vote. We have placed a great deal of importance on working with ASEAN countries who are in the front line of this particular problem. They want peace in their own part of the world very much, and I think we have some obligation to work closely with them.

I am glad you regard defence as important, but we also need to understand that the Soviet Union has overwhelming conventional superiority, and the only thing that has kept the world to any extent safe, the only thing that has prevented war in Europe, is over a long period the extent of American nuclear power. The Europeans all now know that the defence of Western Europe is based on the use of nuclear power, and very shortly - and not necessarily in major inter-continental weapons, but certainly tactical nuclear weapons - the Europeans know that they cannot be defended any other way because of the size of the Russian armies and the nature of the Russian armies in the Warsaw countries. We are an ally of the United States. It is important, I think, for us to remember that. It is important also to remember that the Soviet Union has been extending its influence, while other empires have properly been dismantled. The de-colonisation process has gone on in all the years since the war. The Soviet Union has expanded its empire and done so in a very ruthless way. There are workers in Poland at the moment trying to establish some little part in the freedoms that you and I and all Australians just take for granted. But they are doing it under the shadow of Soviet involvement and activity as the Soviets did in relation to Hungary and Czechoslovakia in earlier years. So, in a world where the Soviet Union is expanding its defence forces very greatly, those people in countries who want independence and want freedom must work together to advance their own cause and to defend their own liberties. That does involve co-operation with the United States. The ships that have been in Cockburn Sound - Mr. Whitlam is on record as making it plain that the major navies in the world will not say which of their ships have nuclear armaments and which will not, and that they cannot do that; it would give too much information to an enemy. We will co-operate with the United States. The Australian Labor Party has said that they will not co-operate with the United States in these areas.

Prime Minister (continued)

The B-52 missions, which if the agreements can be sorted out appropriately and protecting, as of course they would, Australian sovereignty in its totality, are for surveillance missions over the Indian Ocean where there is an important part of a shared objective with the United States. The crews at the moment are doing the same work - but they have to stay in the air for 33 hours which puts great stress and strain on them just in terms of physical endurance. If they could transit through Darwin, it would enable them to undertake the same functions with very much less physical effort on their own account. And again, providing arrangements can be worked out adequately, I think that we ought to co-operate with the United States in that sense. And we will. So, we just cannot sit back and say we are prepared to be defended by the United States and that is good enough. That will protect us, and we are not going to do anything on our own account. If we believe in the liberties of free people, we need to know that there is some cost to ourselves in relation to the defence of that liberty.

The first question you asked was then about the alleged level of poverty in Australia. I find it very difficult to accept those figures. I think, especially, looking around a city such as Perth, it would be very hard to accept those figures. It is worth noting that the standard rate of pension is a higher proportion of average weekly earnings, and has reached a higher proportion of average weekly earnings under my Government than it ever did under the Labor Government - quite significantly higher and it has been maintained on that basis. Because, we committed ourselves to twice yearly indexation of pensions for the full extent of changes in the Consumer Price Index. You might have - since you asked this question - you might have listened to Mr. Hayden's policy speech where he said that the highest point had been reached in effect in a Budget that he introduced in 1975. But that is not correct, because what he did was to take a pension figure as it was going to relate to November 1975 and put that over the average weekly earnings figure for June of 1975 and it worked out a certain percentage. The right way to work out those figures, and the way the Statistician, or the Department, works them out always, is the level of pension at any one time - namely in November 1975 - and put that over the average weekly earnings figure for November 1975. On that basis, you would find that Mr. Hayden's claim to have established a higher level as a percentage of average weekly earnings for pensions was a false one. I think you also need to look at other things that we are doing to help the disadvantaged people in the Australian community. We have spent very large sums indeed on supporting nearly 1,200 projects to build homes for elderly people and for frail aged. In terms of disadvantaged and physically handicapped people we have over the last three years spent 80 per cent more - 80 per cent more in real terms - than was spent in the three Labor years. That is extending sheltered workshops, the provision and care for disabled people to try and establish the circumstances in which they can live in the Australian community as part of the community, and not be pushed aside as disabled or handicapped people had too often been pushed aside in the past. So you have got to look at all these things.

Prime Minister(continued)

I really do believe that if you speak to people who are working in these areas, they will pay recognition to the very great progress that has been made over the last four or five years.

Stone

That figure that Vera mentioned, the two million under the poverty line, was released by the Brotherhood of St. Lawrence, and I assume a great number of that two million come from the unemployed. Who's responsibility is unemployment?

Prime Minister

It is everyone's responsibility. It is certainly a responsibility on Government. Over the last 12 months employment has grown more strongly than it has for ten years - by over 200,000. It is also interesting that teenage employment has grown over the last 12 months more than it has grown for the last 15 years: it is the best year for growth in teenage employment. I think both those figures are encouraging for our policies. We do have - I had on a talkback last night some 16,17 year old girls ringing me and telling me that they have difficulty. They had left school young, before they had a job lined up - and I think they would have been much better off staying at school, or if they wanted to leave school go into some sort of further technical or vocational training if they were not able to go straight to a job - and we have established special training programmes. Under those programmes this year it is expected that over 230,000 Australians will be assisted. You do need skills which match the jobs that are available. We are doing a good deal to assist. But then again - these are Government responsibilities and I do not suggest for a moment that there is not a very real one - and running a healthy and sensible economy is perhaps the best of all because; all this mineral and resource development, Labor spokesmen from Mr. Hayden down have committed themselves to saying that it will provide very substantial employment. That is one of the reasons we are concerned for growth and for development. There are responsibilities on other people also. There are responsibilities, I believe, on the trade unions to try and minimise the effect of industrial disputes, and on management to do the same, because if there are no disputes employers are more interested in employing more people. There are also responsibilities on the union movement, as I believe, not to press for totally unreasonable wage claims, which make it harder to achieve greater employment. The pressure for a 35-hour week; I have not the slightest doubt that even the prospect of a 35-hour week deters people from employing more labour, because they know that the additional costs would be very great indeed. In other words, the union movement has so often pursued policies which are all right for current union members - people in jobs - but which ignore totally the interests of people out of work. Now, those points do not diminish responsibility so far as Government is concerned. I am just making the point that if we are really going to have the will and determination as a community to make the maximum impact on those who want to work that are not able to get a job, then there are many different people who can contribute enormously to the success of that.

Caller

Some of the Labor Party politicians have (inaudible) admitted that they will introduce capital gains tax and possibly re-introduce death duties to re-distribute the country's wealth, as they put it. What effect do you think capital gains tax would have on the general confidence in business, in farming, and on the small investor who possibly only wishes to buy a block and build a house on it with the idea of having something increasing in value as the years go by. And also, how would this affect employment in the future?

Prime Minister

I think capital taxes of this kind would be most unfortunate. But depending on which spokesman you go to, there is no doubt that the Labor Party have certainly committed themselves to introducing a capital tax. Some have committed themselves to a capital gains tax, to a wealth tax and to death duties. Mr. Willis said that it was wrong that we did not have a combination of these, or maybe all three of them together. Lionel Bowen has said that a wealth tax, which would be a tax not only on companies and corporation and small businesses, but would be a tax on the wealth of all Australian families, would raise \$1,500 million. Imagine having to have somebody go through your house once a year to see whether it had changed in value to see what tax you had to pay on it. And death duties, I believe under this Labor Government, would certainly come back. Now, one of the problems with capital taxes of this kind is that they are not taxes on profits. You could have situations where the profitability on a farm, or for that matter in difficult circumstances other small businesses, is very low, but because of inflation induced by Government the actual capital value of the farm, or the capital value of the small business, has grown. And therefore, you are going to have to pay tax on the capital induced by Government policies, but you will not have any income to pay it out of. Therefore, you are forced to sell up the business or sell up the farm. When Labor's inflation reached 17 per cent, the costs - farm costs - went up 30 per cent in that year. The profitability of farms was virtually nil. If you had had a capital gains tax, you would have had to pay tax. You would not have had an income to do it, and the tax could well have been considerable because of Labor's Government-induced inflation. Now, this sort of thing would destroy businesses. It would destroy small businesses and it would destroy farmers in the pastoral industry. That is one of the reasons we got rid of death duties, because we did want people to have to be worrying all their lives as to whether they were going to have their sons and families carrying on after they had died: better to pay as you go. But it is only a couple of days ago that Senator Walsh reaffirmed the Labor Party's commitment to these taxes. Mr. Hayden has made his position quite clear. It would be a massive attack on Australian enterprise.

Caller

Two questions, and I will try and be brief. Neither you nor any of your colleagues have attempted to deny that many of your last election promises were broken or unfulfilled, and on this basis, can you tell me why you feel that the people should be prepared to risk giving you a further (inaudible). Further to that,

Caller (continued)

one of these of course was your treatment of Medibank, and you seem to have gone out of your way to avoid mentioning this in your election manifesto. What is going to happen to what remains of Medibank after this election if you are returned to power, and health care in general?

Prime Minister

They are fair enough questions. If you look through the policy speech from 1975 or 1977, you will see that overwhelming the commitments that we made have been met and met in their entirety, overwhelming. There have been one or two areas where we had objectives which we have not been able to meet in their entirety. International circumstances had changed very considerably. I have got to say that in 1975, I believed the international economies would improve, that they would grow, and that would help Australia to some extent. Well, they have not. Many international economies are in a much worse state than Australia's at the present time. But what we did do, is to make a decision very firmly that we would put Australia first in everything that we did, and if we had to alter the cut of our sails, the setting of our sails to some extent, to make sure that we had the best and the wisest policies for Australia, well then we were going to do that. I have said that many times over recent weeks. It would be very wrong to stay with a policy if domestic or international circumstances made that policy quite inappropriate for Australia. Governments must have the capacity to make the decisions that they think are best for Australia at any one point. But in short compass, if you go through those policy speeches, you will find that overwhelmingly the commitments have been met. For the years ahead, I would like you to look at our policies and to look at the Labor Party's policies, and see which ones will do best for Australia in the coming years. I would like you just to think that in 1975, this economy was doing much worse than most world economies. Now, in 1980, we are doing much better and our inflation is lower, our growth is greater, our growth in employment is moving ahead quite strongly over the last 12 months.

You also asked me a question about Medibank. What we have had to try and do is to conserve the expenditure of Government dollars, which in fact have to be taken from people - Governments do not have any funds of their own and anything Governments spend have to be taken from taxpayers. Now, when Mr. Hayden introduced Medibank, Commonwealth payments for health went up by 11½ per cent in one year. Quite plainly, that had to be substantially reduced. You just cannot sustain that kind of increase in health expenditure or in any other expenditure. So what we have done is to try and concentrate Government resources in the pension and welfare area and on other people who are regarded as disadvantaged. They are covered and provided for in a very adequate way. We have established a hospital costs inquiry. Hospital expenditure absorbs about 70 per cent or 80 per cent of everything that is spent in the health area. It is a very expensive area. We are hoping that the results of that inquiry will give us an insight into ways in which



Prime Minister (continued)

maintaining very high quality health services - which Australia does have - but in a way which is a bit more economical so far as the taxpayers of this country are concerned.

Caller

We are on the verge of a relatively major resources boom. Would you like to tell the public what areas or initiatives you are going to take in protecting the environment and conservation.

Prime Minister

Well, we have acted quite dramatically and very firmly to protect the environment. There are the environment protection acts of course, and we work very closely with the States in relation to that. We have shown that we are prepared to act even if there is some difficulty because of Fraser Island - where we banned mining from Fraser Island. In uranium mining in the Northern Territory, we have carried out in full a very complex set of environmental provisions; one to protect the environment and two to protect the Aboriginal population, working in co-operation with the Northern Land Council. All these actions have been taken and obviously will be maintained. I also announced a short while ago that we have embarked on the world conservation strategy - applying that to Australia - which is a very comprehensive approach to all the problems of the environment to make sure that it is protected for future years. Again, only as part of our credentials, the Barrier Reef, the Kakadu National Park in the Northern Territory - we are seeking listing for both of these on the World Heritage List, and it is the first time I think that Australia will have had anything listed there. The other thing which we did in terms of helping to protect the environment was undertake the inquiry and the implementation of the inquiry's recommendations in relation to whales and whaling and the abandoning of the killing of whales for commercial purposes. A great many things we have done, and I agree with you that protection of the environment is vastly important. We have long left the days when development can go ahead regardless of the consequences. We want development and we are going to achieve it, but at the same time we believe that that can be done in a way that is quite consistent with maintaining a good environment for future generations.