

PRIME MINISTER INTERVIEWED BY JEREMY CORDEAUX, 5DN, ADELAIDE

Cordeaux

The Age has come out this morning with a poll which indicates that 28 per cent of those people questioned regard unemployment as the major issue. Is that a surprise to you?

Prime Minister

No, it is not, because it depends what people blame for unemployment, and they blame many different things. Governments certainly have responsibilities, but so do trade unions, so do people themselves. I think if people understand that employment has grown by over 200,000 over the last 12 months - that is the best for ten years - and teenage employment has grown better than it had for 15 years.

Cordeaux

Prime Minister, can you explain to me how it is that you say that employment has grown, yet there are more people unemployed. The figures do not work out.

Prime Minister

Well, the figures you work out - and I am glad you asked me that question - because, there is a thing that the Statistician calls the participation rate. That in effect, is all people over 15 who want to be in the workforce. Now, if you have a larger proportion of your people over 15 wanting to be in the workforce, you can have a growth in employment but the same number unemployed. The participation rate grew. In other words, people who had been not wanting jobs over the last year have gone back saying "yes, we want a job now". As a result of that growth in the participation rate, about 100,000 were involved in it. In other words, if the participation rate had stayed the same unemployment would have fallen by the best part of 100,000.

Cordeaux

Now, when you went to the people last time, you did suggest that you would bring unemployment down.

Prime Minister

I think that we under-estimated the damage that had been done to Australian industries - and it has been harder in a difficult world to get Australian industries profitable again - but they are now profitable. They are selling in Australia. They are selling overseas. It would be a tragedy to alter policies and to embark on an approach that would send inflation through the roof and make it impossible again for Australian industries to sell. Because if Australian industries cannot sell what they produce, then they cannot employ men and women of Australia.

Cordeaux

What has the Government done to create the atmosphere through which business can indeed employ people.

Prime Minister

We have established investment allowances. Labor said they are going to stop that; but we have established investment allowances. We have got inflation down. We have got inflation below that of our major trading partners. That is what really gives our people a competitive edge. If our inflation is lower - and it is much lower than Britain, and it is lower than the United States, and lower than many other countries - then it means that we can produce goods more cheaply than they can. That means we sell. That means our industries employ people. But there are also investment export incentives, and encouragements for research and development; for small businesses, access to the development bank and changes to the tax laws which makes it easier for them to build up their financial reserves. Now, all of these things have been designed very specifically to encourage investment, to encourage industry, because they do provide the basis of a growing prosperity in Australia and of a growing employment. And if you cut the feet off industry, well then you are cutting the feet off employment.

Cordeaux

How would you rate the job you have done - objectively?

Prime Minister

I do not like rating myself, but let me put it this way: we inherited an economy that was much sicker than most. In the last five years the world environment has got harsher, but the Australian economy is doing much better. Growth in the economy this year will be over three per cent - on not my estimate, Treasury's estimate - about three and a half percent on non-farm growth. In the advanced industrial countries, overseas, there is going to be no growth. They higher inflation, they have higher unemployment. They are in a position of stagnation. I only wish all people would go to Britain or America and then come back here before election day, because they would see how much better off Australia is under our policies. While the rest of the world has been doing worse over the past five years, in absolute and in relative terms, Australia in absolute and in relative terms, has done much better. So, against that result, I will let other people put the rating on it.

Cordeaux

Well, if you have done such a great job, why are the opinion polls running against you as strongly as they are at the moment?

Prime Minister

I think people are puzzled about that. My own people are. There does not seem to be any one major issue that is running against the Government. It is, in a sense, a mystery.

Cordeaux

As an issue, it would seem sir that unemployment is it; according to that Age poll today.

Prime Minister

Yes, but I do not think that is right, because we have also done research which indicates that people do blame many different things for unemployment. It is just not necessarily something that is laid at the door of Government. If it was, Mr. Hayden is promising 100,000 jobs where we have provided 200,000. He is also promising to charge people \$1,000 million for the privilege of doing it. That would seem to be a pretty bad bargain. The training programmes that we have established to assist the unemployed are good programmes. They are working. Well over 200,000, about 230,000 Australians, and many of them young Australians, will be helped by those programmes this year. The fact that they are working is seen in that growth in teenage employment last year, which was the best for 15 years. If an issue is raging through the community, well then people speak to you about it. They come up and they say - they really do talk to you about it. Because this has happened in other times, and I have been well aware of it. But, we started this campaign and there was a general view - I think it was a poll published in the Age or one of the papers a couple of days ago - which indicated that two thirds of the people expected the Government to get back easily, very easily. Only 20 per cent expected the Labor Party to win. Now, I think that there would be a very large number of Australians totally and absolutely horrified if they woke up on the morning of October 19 and found there was a Labor Government, with all the policies that they have of expenditure and a tax on industry, a tax on resource development, and a tax on small business. Mr. Hayden is not the flamboyant person that Mr. Whitlam was. But in a different way he is re-cycling those very same policies which did so much damage.

Cordeaux

The other issues that the Age poll suggest: 28 per cent unemployment; 18 per cent the economy, 14 per cent social issues such as pensions; 12 per cent said inflation; and only three percent said petrol prices.

Prime Minister

I think that might mean we have got the argument through in relation to petrol prices. The people do understand that there is a problem. They do understand that supplies from the Middle East are unreliable and that we have to have policies that are designed to make sure that we maintain Australia's self-sufficiency. I do not want our kids in 10 or 15 years' time to be in a position where they are utterly dependent upon overseas suppliers because we have used up Bass Strait cheaply; which might be nice for you

Prime Minister (continued)

and nice for me now, but could be very difficult for Australia and for people in a few years' time if they had to get all their fuel from the Middle East and then you have another war. It is an unpredictable, crisis-ridden area.

Cordeaux

Because of the polls and some controversy that has erupted over the past week or so, have you changed your campaign strategy?

Prime Minister

No. We are arguing the irresponsibility of Labor's policies.

Cordeaux

Will you change your campaign strategy?

Prime Minister

We are going to stay on the path. We are going to argue the irresponsibility of Labor's policies.

Cordeaux

You are not going to offer any more goodies?

Prime Minister

How can we go around and offer goodies? We have set about establishing the circumstances where we bring this economy back to health. Let me put it another way around: if Labor offers somebody a \$3 a week tax cut, and then that pushes inflation, with all the other things - you have got to look at three things in relation to Labor: their expenditure, which we believe is \$2½ billion because we only costed six programmes, but even if people want to assume well that is over-costed, there are 280 other programmes not included in that. Whatever way you look at it it is massive additional expenditure. A tax cut, which in one year, a full year, is \$900 million - that is all a demand on resources: over \$3,000 million additional demand on resources. And that is all inflationary. But then you look at the hands-off policy that would be adopted to trade unions. We have already been told, go back to quarterly adjustments, support a 35 hour week - and Mr. Hawke has supported it as President of the ACTU and he made it plain, I am told, yesterday he will support a 35 hour week if he ever had a chance in Government. Now, the additional costs of that, all adding to the inflationary pressures, and inflation would, under these circumstances, go to that 20 per cent figure. Now if you have that, and you go down to a supermarket, and what is your weekly bill? Is it \$50? You have a \$3 a week tax cut, and a \$50 bill in the supermarket will become \$60 pretty quickly. That is a pretty bad bargain for the average housewife, and it is a pretty cruel deception to make them think that \$3 is a real benefit, when inflation in just buying the daily groceries can take it all away again so easily.

Cordeaux

Carried around the nation this morning your comments about once again rejecting supply if you felt you had to. Do you regret having said that?

Prime Minister

I was referring to the circumstances of 1975,

Cordeaux

But you did indicate that you would do it again, quite clearly, if you felt the need to do it again.

Prime Minister

Look, it is all hypothetical and it is not going to happen because we are going to be in Government,

Cordeaux

But do you regret having said that?

Prime Minister

It is all a red herring, it really is.

Cordeaux

Do you regret having said it?

Prime Minister

If it is a red herring. You do not want red herrings during a campaign. You want me to use one word. I do not want to use that one word. I will say it is a red herring.

Cordeaux

I was just wondering why you put yourself in the position where you said something that would be as inflammatory to so many people as that.

Prime Minister

I was saying it purely in the context of 1975. There were many things that were happening then. It was not only the economic responsibility. There was a madness in that administration, there really was.

Cordeaux

Did you lose your temper when you were talking about that?

Prime Minister

Oh, good heavens no. I was having a good debate at the Sydney Journalist's Club.

Cordeaux

Were you surprised that it was picked up, or did you expect it?

Prime Minister

No, I think it was amplified out of all proportion in the press reports this morning.

Cordeaux

What I meant, I suppose by goodies, was one thing that I picked up recently that Mick Grace, who heads up Grace Brothers which is a retail chain going from strength to strength, had to offer by way of advice with regard to unemployment, and he said that, talking about payroll tax, he pointed out that his company would add 500 employees if that State payroll tax was made rebatable. Multiplied out, he said that it would - that a rebate system would encourage employment of up to 260,000 people if adopted by those subject to paying payroll tax. That is a sort of incentive to get employment going, isn't it?

Prime Minister

Yes. There is one real incentive to get employment going, and that is have enterprises profitable and selling. Let me point out the problems in that sort of programme that you have suggested. Even if employment is static in an economy, in Australia, there are a large number of firms which are doing well - and you have mentioned one of them - where employment is growing all the time. And there are other firms, because management is not so good or because they are in the wrong business or whatever, that are not doing so well. They are diminishing the people that they employ. So, you would find under that sort of programme, that you are starting to subsidise the employment that was going to grow anyway.

Cordeaux

But to have a tax on employment; it just seems so strange.

Prime Minister

It is a State tax. It is a State tax and if ...

Cordeaux

But you could make it rebatable, couldn't you?

Prime Minister

No, it is a State tax. If you are going to make it rebatable, you have got to - the States would say "how are you going to make that up somewhere else". It is about \$2,000 million I think the States get out of that particular tax now. But you would find that even in the position in which total employment remains static in Australia, that there is very large growth in employment in certain firms. As a result of that, you would find that that sort of policy an enormously expensive one.

Prime Minister (continued)

That sort of thing has been looked at.

Cordeaux

Okay, let's take a break, we will come back and get on the 'phone.

Caller

I would like to make several points. I would like to be hypothetical for a change.—If you were to — if Labor were to get in, and you (inaudible) block Supply, I believe that would be the action of a dictatorship. And another thing too, if you really believed what you were saying this morning, Mr. Fraser, you would be going on TV for example and have debate with Mr. Hayden. I mean, if you really had the courage of your convictions.—And another thing too, my parents and my brother are pensioners and their living standards has sort of dropped in the last five years. During Whitlam's administration we were able to — well, in 1973 we went and had a decent holiday. In 1975, we went interstate. We have been able to go on holidays for those three years.—For the last three years, I haven't been able to afford to take my family on a holiday. The employment seems to have got worse since Whitlam's time, and I don't know. Another thing too, Mr. Fraser, I believe also you're also a millionaire aren't you? And you would find it difficult to understand the positions of the poorer lot.

Cordeaux

Well, let me play umpire and let the Prime Minister get a word in here.

Prime Minister

The question about Supply — whatever I said about that was related to 1975, and it does not arise and it is not going to arise, so I think we can just put that aside. I am surprised at what you say about pensions because pensions are now a higher proportion of average weekly earnings — and have been over the period of this Government — than for 25 years.

Caller

Yeah, but...

Prime Minister

Look, I did not interrupt you mate, so what about you letting me have a go, okay?—They are a higher proportion of average weekly earnings. That would seem to indicate some improvement. I know Mr. Hayden said that they would reach 25 per cent of average weekly earnings or a bit better in his policy speech, but he worked it out the wrong way because he put a November pension over a June average weekly earnings figure and that got a higher percentage than was in fact the case. So, on that basis, welfare beneficiaries should be better off than they were in the Whitlam

Prime Minister (continued)

years. In addition to that, we have provided very large sums indeed in building homes for elderly people so that they can live their later years in dignity and decency. We have provided much greater resources to assist the disabled. We are putting in 80 per cent more in real terms than again was the case in those Labor years. I do not see much point in debating with Mr. Hayden. You mentioned that point, because the facts are known - the cost of his promises - and a debate would only end up in being a statement by myself about the costs of those things and a counter assertion by him. That would not advance knowledge. I can remember once as Leader of the Opposition I challenged Mr. Whitlam to a debate and I do not think he even bothered to reply. Mr. Hayden can make his own arguments and I will make mine. I do not think, again, your references to myself - well, Mr. Hayden has been making quite a few over the last few days - I think it is much better to talk about policies and to talk about the policies that are going to affect Australia in the years ahead. I very strongly believe that our policies are much better for Australia. We have had a very strong growth in employment over the last 12 months; the best growth for over 10 years - of over 200,000 - and especially strong growth in teenage employment, which is good to see. And the training programmes that we have developed are working well and will help over 230,000 Australians, many of them young Australians, through the course of this year.

Cordeaux

I'm going to keep you each to one question, as we did with Mr. Hayden, and thank you for your call. Nancy, good morning.

Caller

You've snookered me Jeremy by saying one question. I have two quick questions.

Cordeaux

I've got to play it down the line. Pick your best question.

Prime Minister

I do not mind if they are quick ones.

Caller

They are very quick ones. Good morning Prime Minister. You were saying about conservation of petrol, I would like to know how you can justify the speedway at Canberra when you say conservation is a must. Secondly, very quickly, supermarket prices - I don't know if you've seen them or if your wife has seen them - but they are just rampant at the moment with the speed in which they are going up and for pensioners - I, myself and my husband - are having meat once per week because we can't afford meat at this stage. We are living on the cheapest of food. It is all right to say yes, life wasn't meant to be easy, things aren't handed to you on a silver plate. Yours was, but pensioners aren't handed to them. We have really got to

Caller (continued)

struggle. You pay unmarried moms to have fun, yet the pensioners don't get anything. They don't get a bit of fun, they don't get the proper food they need or anything.

Cordeaux

Nancy - somewhere in there is a question I know.

Prime Minister

I can make a comment on the comment I think.

Caller

Yes.

Prime Minister

That is fair enough, is it? I can only - let me repeat the point that I made earlier, that pensions are a higher proportion of average weekly earnings than they have ever been. There will be a significant increase in the first of November, and that is already law. There will also be a significant increase on behalf of the children who are the dependents of pensioners and welfare beneficiaries. Those payments are being lifted very significantly indeed. Pensions have been fully indexed twice a year as a result of our policies, as a result of changes in the Consumer Price Index. That has helped, as I would believe, many elderly people. Again, you get this thread running through things that Malcolm Fraser cannot understand these things. That has been very much a part of the Labor campaign. I have represented an electorate that was a Labor electorate before I held it. I have a very large electoral correspondence. My own constituents come to see me personally still, when I advertise where I am going to be in different places. But all the multitude of problems that individuals or families may have - whether Governments are responsible for them or whether Governments are not - if they have a problem they come to see me to talk about it. Over quite a number of years in Parliament, I am quite certain in my own mind that I do understand the worries and the concerns of Australian men and women in many different parts of this continent. That is one the reasons, perhaps, why I feel so strongly about supporting policies which are going to advance the well-being of Australians. I know what Mr. Whitlam's inflation did to the old, to the sick, to the people on fixed incomes, the people who did not have an indexed pension, as pensions now are, because that inflation - which got up to 17.6 per cent in the 12 months to March of 1975 eroded their savings and created a new and additional poor. Inflation hurts the poor most of all. I am afraid we are going to have to just agree to differ.

Caller

I wonder what your view is on reducing the retirement age, on a voluntary basis, because even though these people are so poor, I'd love to join those ranks, because I think I could manage.

Prime Minister

Well, there has been some discussion about having voluntary retirement at the age of 55 in the Commonwealth Public Service. It has not been implemented up to this point. I do not really believe it would be a solution to the problems, or the employment problems that we have got. Of course, a lot of people like to go on working a bit longer. Compulsory earlier retirement, I think therefore would be very difficult. In the Commonwealth Public Service what we have been talking about is a voluntary retirement, but also allowing management the opportunity to initiate an early retirement, but under those circumstances somebody has got to be compensated with their pension arrangements.

Caller

Mr. Fraser, is it possible in some way to reduce the taxation on part-time employment. I know of many many people that would go out and work part-time, plus earning more, helping everybody in one sense, but it is ridiculous taxation. You've got to pay a third or half away in taxation. Well, it doesn't encourage anybody.

Prime Minister

If you are only working part-time and you are paying on those part-time earnings at the standard rate of 32 cents in the dollar, you would be of course getting a rebate at the end of the year.

Caller

No, I mean with a full time job and a part-time job. My husband ...

Prime Minister

Oh, you mean he has a full-time job and a part-time job in addition.

Caller

He won't take a part-time job because all he does is pay too much away in taxation.

Prime Minister

Has he got a part-time job too?

Caller

No.

Prime Minister

I am sorry; has he got a full-time job?

Caller

Yes. But his trade is (inaudible) with the steelmakers, but everybody is chasing him but he keeps on saying no because really it doesn't warrant it; the time involved, the travelling involved, and the little bit we get out of it.

Prime Minister

I can understand that. When we came into office you were paying taxation at 45 cents in the dollar at \$10,000, and at 55 cents in the dollar at \$15,000. Now, you are paying at 32 cents in the dollar - which is very much less - up to over \$17,000.

If you are earning over \$17,000 - or over \$17,200 I think - you then go onto a 46 cents in the dollar tax rate. But if your husband's earnings were put up over the \$17,000 he would be on the higher rate, otherwise he should only be paying at the 32 cents in the dollar.

Cordeaux

Prime Minister, thank you for your time. You are appearing, I heard on one of your commercials earlier - you will be meeting ...

Prime Minister

At lunchtime.

Cordeaux

Thank-you for your time.

Prime Minister

Thank you very much.

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