

TRANSCRIPT: THE MIKE CARLTON MORNING, RADIO 2GB, SYDNEY.

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SUBJECT: INTERVIEW WITH THE PRIME MINISTER, RT. HON.  
MALCOLM FRASER, CR, MP.

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CARLTON: There is a lot to talk about on the political scene at the moment - obviously the Hawke/Hayden row, the uranium decision by the ALP Federal Conference yesterday, and the economy with prospects as gloomy as they have been in a long while, both for business and for labour with unemployment likely to rise. Let's look at all those questions and perhaps a few more, with the Prime Minister. Good morning. Thanks for joining us.

PM: Good morning.

CARLTON: Prime Minister, I would like to go through a whole lot of questions with you but I cannot resist starting with the obvious. Have you anything to say on the Hayden/Hawke issue?

PM: No except that I think it is probably irrelevant.

CARLTON: How do you mean?

PM: Well I do not think it matters.

CARLTON: It does not matter who leads the Labor Party, you can still beat them?

PM: Yes.

CARLTON: Is there a certain delicious irony in watching Mr. Hawke do to Mr. Hayden what Andrew Peacock tried to do to you?

PM: Oh I do not think so because, you know, from the moment Mr. Hawke came into the Parliament he was bound to try and make a grab and it was only a question of seeing when it would be.

CARLTON: Mm. And it has come sooner perhaps, rather than later?

PM: Oh I think from him he maybe have exhibited a fair amount of patience already.

CARLTON: (LAUGHS) Allright. They think apparently, or Mr. Hawke's thinking, is that he can lead Labor to victory against you but that Mr. Hayden cannot. Do you see it that way?

PM: Well I do not really want to comment on it all that much. I do not know that it would make much difference and that is why I think it is irrelevant. If you have read the FINANCIAL REVIEW this morning I think that if Mr. Hawke did become Leader you would start to find more articles like the one on that being written.

CARLTON: What - the cult of personality, that sort of thing?

PM: No, no, there was just an article, pretty solidly written, that was questioning whether Mr. Hawke was Prime Ministerial material and suggesting very strongly that he was not. Now I think that most people in the media have in one sense left him alone because, you know, he has not been in that position. He has just been a private Member of Parliament.

CARLTON: Yes.

PM: But I really do not think it matters all that much, I really do not.

CARLTON: Alright - charismatic perhaps but not Prime Ministerial material. Would you agree with that?

PM: Well charismatic does not always make good Prime Ministerial material but that is not necessarily a comment on Mr. Hawke.

CARLTON: Yes. I think Mr. Hayden might agree with you on that lot. (LAUGHS)

PM: Oh there are some things I do agree with Mr. Hayden about. You might be surprised.

CARLTON: And do you share a similar opinion of Mr. Hawke?

PM: I have not spoken to him about it in depth. I do not think you would know what I thought of Mr. Hawke.

CARLTON: Yes, alright. We will leave it there if you like. I would like to get down to one of the issues discussed yesterday at that Labor Conference - their apparent softening of the Labor line on uranium. How do you see that?

PM: Well do you think it is a softening of a line to promise somebody that you are not going to strangle him quickly, you are only going to strangle him slowly?

CARLTON: His.

PM: Which would you prefer?

CARLTON: Yeah, I see what you mean but the Left Wing is saying that "we were sold out, that we cannot cut the uranium industry off immediately if we get to Government". It does seem to be a softening to that extent, doesn't it?

PM: Well if you regard that as a softening would you like me to read you a couple of words from the Resolution?

CARLTON: Yes sure.

PM: An ALP Government would give a total commitment to preventing any new mines being developed and also another bit "our minimum position would be total, unequivocal commitment to phase out Australia's involvement in the uranium industry. So the only difference is, you know, one was chopping it off, pushing somebody off the gang-plank, the present policy is phasing it out. Now nobody knows how, under what circumstances, over what period the phase out process would take. But that is, you know, that is the only significant difference.

CARLTON: Mm. So it would still be, in your view, a Labor Government would still be the death knell for the uranium industry in this country?

PM: The Resolution says very plainly that that is what it is.

CARLTON: Mm.

PM: No new mines, phasing out all existing involvement in the industry. That is, you know, those words are very clear I think.

CARLTON: Alright. How important do you see that as an election issue? Is it one that you would be anxious to pursue in the next Federal election whenever that is?

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PM: Well a good part of it goes to the credibility of Australia as a trading partner, as a place in which to invest. People have put their dollars out to develop uranium mines in good faith. We are moving into a very harsh, competitive world where there is a very real recession in countries overseas and there are many much, much worse than Australia and, in those circumstances, we want Australia to be an attractive place, you know, for people to invest in and the kind of behaviour that would be required under this Resolution on uranium, you know, investors would look on that in a pretty uncomplimentary way and they would say to themselves "well if Australia is prepared to do that in relation to uranium is it prepared to act in that way in relation to other investments, other activities".

CARLTON: So you are saying it increases the uncertainty of what a Labor Government would do with foreign investment generally?

PM: Yes I think it would. And at a time when the world was very competitive and very difficult and especially at a time when we have done a number of things to damage ourselves we cannot afford that sort of policy. We have got to be a reliable trading partner. We have got to deliver on time. We have got to get rid of the disputes and strikes and the holdups in shipping through our ports and re-establish a name for reliability.

CARLTON: Yes, alright. Let's move on then from that. I think you have made your views pretty clear on that. The economy itself - all the signs at the moment are looking very bad aren't they?

PM: Well the overseas recession is really starting to hit Australia hard. Some of the mining companies are in very great difficulty. The pause in the price of oil over the last year or two has made coal conversion less attractive and they have slowed that down. That would not have made much difference because, especially in some ports, we ran into bottlenecks with the export of coal and the port facilities have not been adequately developed. Internal transport facilities have not been adequately developed and, you know, it would be very easy to sit down and blame people for this that would be responsible for these things but I have taken the attitude that it is too important for Australia and I have told Mr. Wran and Queensland also that it is not a question of blaming people for what has happened, it is a question of doing what we can together to overcome the problem, to re-establish Australia's reliability at the earliest point.

CARLTON: Yes. You are saying we are basically at the mercy, though, I suppose the American economy and the general world downturn.

PM: Well, in those things, yes, but we have contracted to deliver tonnages of coal. We could not deliver because of industrial disputes, because of inadequate facilities. Let me give you an example: when I was in Korea a few weeks ago I visited a large modern new steel mill making 9 million tonnes of steel a year. The same company is going to build a new steel mill producing a little more. The first mill is based on Australian coal and Australian iron ore but the second will not be unless we can re-establish reliability, you know, out of Australian ports, for coal and iron ore.

CARLTON: Which you do not see happening in New South Wales?

PM: Well I hope it will. We are working now with the New South Wales Government and I hope very much that the industrial disputes which have done so much to damage exports, through Newcastle in particular, are largely over and that we can get back to delivering coal and filling orders in a proper way. I do not think we can entirely overcome the problem until an additional coal loader is in operation.

CARLTON: Mm.

PM: But, you know, this is something that affects Australia's general trading reputation.

CARLTON: Yes.

PM: At a time when the world is tough, when we are affected by American recession and interest rates and low, or bad, world trading conditions. We just cannot afford any other upsets, any other, you know, problems.

CARLTON: Mm. Allright but Prime Minister that is still only one corner of the economy isn't it? Here at home we have these high interest rates, we have unemployment likely to rise don't we?

PM: Coal is only one corner of the economy certainly but the American recession and low world trade is affecting the whole economy.

CARLTON: Yes.

PM: Now it is starting to hit the economy pretty hard.

CARLTON: Yes. Do you believe unemployment is going to rise again? In fact, the new figures are out today I believe.

PM: Well I do not know what any figures are that might have been or might be coming out today but in the trading conditions that we are facing I think it is going to be impossible to prevent a rise in unemployment. I believe that was accepted at the tripartite conference yesterday which I think was a very successful conference. For the first time unions, industry leaders and governments sat down together and, you know, in terms of what is happening in the economy there is not total but a significant measure of agreement.

CARLTON: Yes.

PM: I think the three parties have a common view that there are some very real problems ahead of Australia and that we all ought to work together to do what we can to overcome those problems and to minimise the impact of overseas recession on Australia.

CARLTON: Yes. Those problems are going to be significantly higher unemployment, business seems to be in big trouble now. The mining boom seems to have burst, doesn't it? Where do we go from here?

PM: Well what we are going to have to do is to try and, you know, do everything we can to minimise the impact of world recession on Australia. You cannot prevent it entirely but you can take some action. And obviously we are going to be looking at this in our own Budget deliberations. In addition to that, we have got to make sure that Australia's industry is in a position to take advantage of any world upturn when it does come. You know the shorter hours and the wage increases there were pretty high through last year have damaged Australia's competitive position and if you are getting ten to twenty percent wage increases in Australia at a time when people in America or Britain or Europe are accepting six percent wage increases it obviously makes it easier to sell other people's goods and harder to sell ours.

CARLTON: Right. Now you obviously put that to the unions yesterday and employers would have agreed. Did you get any result from that?

PM: Oh I think, you know, I do not want to attribute to people more than might be appropriate, but I think there is a general recognition that wages amongst other things do have a significant impact upon the competitive position of Australian industry and if you wanted to bundle a number of things in together - wages, world trading position, the fall in commodity prices, in fact, in markets overseas, I think there would be agreement that all these things combined have made the position of Australian industry very difficult indeed.

CARLTON: Right. At those talks yesterday did you secure any agreement from the unions or even a hint from the unions that they might lessen the push for higher wages and shorter hours.

PM: Well that is what a lot of it was all about. I think there is an implicit understanding that the pressure in these areas has done a good deal of damage in the past. That is my interpretation. I said it was implicit. I am

not saying it was said openly. Because we were really approaching the problem. Here we are now in July 1982. It was not a question of trying to cast blame by any of us on what had happened in the past. There was no point in fighting over old battles. If the wage increases, as we believe, were too high over the last twelve months, the question is how best can that be absorbed - how best can you, you know, go through the period ahead of us without making the position of Australian industry and consequently the employment of Australians even more difficult than it now is.

CARLTON: Yes. Well one way of doing that would be tax cuts wouldn't it and possibly in the next Budget?

PM: Yes but one of the things we did point out is that at a period of falling activity, falling growth, a government's revenue was also falling and there might be a very real question at the time of our own Budget deliberations. This question was put to the people at the meeting yesterday. Should we give priority to helping people who are at work, who are paying taxes, who did get reasonable wage increases through the last twelve months or should we try and give priority to helping people who are not employed or who may lose their jobs?

CARLTON: So in no sense was there a deal struck; that the unions would ease off on wage demands if you come up with a package of tax cuts?

PM: There was not a deal struck in that sense and it was not a meeting designed to achieve deals at all. It was exploratory. The meeting demonstrated the good faith by the three parties and it demonstrated the common commitment to do what they can to work together. Now there is a Tripartite Working Party which is going to be examining a number of issues. The Treasurer will be discussing in more detail, I think, today or tomorrow, taxation issues. Senator Chaney or Senator Chaney's Departmental people will be discussing in detail elements of the social welfare/social security system and, in addition to that, the Tripartite Working Party is going to continue work in an effort to put together a common statement on the economy. It might be put to the Moore Conference on Wages. Now I am not saying that can be achieved. There is a commitment to try and achieve it.

CARLTON: You sound quite hopeful of that.

PM: Well I believe the Conference was a positive step forward and to get people from different constituencies sitting down together and being determined to try and work together I think represents a quite significant step. I do not want to overstate it but I also believe that Australians are often fed up with what appears to be divisiveness between different groups or different people in different positions when they really believe that Australians should be sitting down and working together to try and solve some of the problems we have as a nation and as a people.

CARLTON: Alright but agreement aside, there must still be enormous political pressure from the voters, quite simply, for tax cuts. It has been talked about. It has been headlines for a while, hasn't it? Can you grant them?

PM: Well you will have to read John Howard's Budget speech to learn the answer to that.

CARLTON: You must be anxious to do it, with that political pressure mounting.

PM: I think everyone is always anxious to have tax cuts. I am sure you hate paying taxes and I do. We all do. But at the same time we all ask for government services of a great variety of kinds.

CARLTON: You are sounding perhaps less optimistic now about tax cuts than you were and the Treasurer was about a month ago.

PM: Well, you know, let me come back to the question that I put to the meeting yesterday: should we give priority to people who are in work who are paying taxes who ~~are~~ to pay tax or should we try and give priority to people who are out of work or who may become out of work as a result of the situation Australia now finds itself. There are some policy implications in that question.

CARLTON: Yes, so with unemployment rising, for instance, more people out of work, you may have to devote more money to social services and obviously less to the possibility of tax cuts.

PM: Well if there are more people on unemployment benefits there is an immediate and automatic requirement but, you know, what I was really asking the meeting was should we be examining other things which might ease the impact of world recession on important sections of the Australian community.



CARLTON: Allright, Prime Minister, the whole thrust of your economic policies since 1975 has been to screw down on the Budget Deficit hasn't it? Does that continue now unabated?

PM: Well look we are in difficult and different circumstances. We had to screw down on the Budget Deficit which had got to about five percent of gross domestic product, and that was very high, and at the same time we had to make way for private industry investment and a year ago private investment was running at a thirty year record. It had grown enormously. It continues at a high rate. But people are not going to be making major new investment decisions in the current climate because they will want to see an upturn in trade, they will opportunity to get better markets or get greater access to markets before they make those decisions. So private investment is likely to start running down once the current investment plans have been completed.

CARLTON: Does that make a case for loosening the screws on the Deficit?

PM: Well, let me only say it is one of the considerations that we will need to have in our mind during our Budget deliberations and discussions next week and the week after.

CARLTON: Mr. So in simple layman's terms there may be a case for the government pumping a little more money into the economy than it has been that practice in past Budgets?

PM: Well you put it in very blunt terms and I would not want to use those terms at the moment but I do want to make the point, circumstances have changed and we have got to examine the implications of those changed circumstances for our own Budget policy.

CARLTON: Prime Minister, I am about out of time but I would just like to put to you what I see as a summary of what you have been saying. The economy is in for a rough time for whatever reason but you see some hope in the fact that employers, the unions and the Government are at least getting together on it. Would that be fair?

PM: Yes it is, it is. I think you have summed it up and if there is going to be a rough time for the Australian economy and for a large number of Australians we owe it to everyone to do what we can to work together.

CARLTON: But that rough time is ahead?

PM: Yes I think it is. We are a great trading nation. Thirty percent of our national income is dependent upon trade. You have only got to look at the dramatic falls in commodity prices, the very real difficulties that the miners are in, the fall in the price of rural exports, the difficulties our manufacturers are in selling in the export markets they have gained.

CARLTON: And the dollar down and the share market down.

PM: And well, you know, the share market down, that is a consequence really of all these other things and world trade is shrinking. It has not been growing. In all these circumstances a difficult time ahead is unavoidable.

CARLTON: Prime Minister, I know you will not tell me when you are going to call a Federal election. I will not even bother to ask you but thanks very much indeed for being with us this morning.

PM: Well thank you very much, 'bye 'bye.

CARLTON: Prime Minister Malcolm Fraser on the line there from Canberra. It is pointless to ask him when and if he plans to call a Federal election because he has not even told Doug Anthony yet, if indeed he knows himself, so I do not go in for those hypothetical questions. And to sum it up as we did with that last question, there is a rough time ahead for the Australian economy for whatever reason. Whether you agree with Mr. Fraser's reasoning behind it or not he has at least come out and said two things: bad time for the economy, bad time obviously therefore for our trade overseas, the mining boom down and, as he said there, unemployment up. The hope, perhaps, is in those meetings he had yesterday with trade union leaders, with business leaders, and there does seem from those meetings to be some common cause or at least common agreement that something somewhere has got to be done. That is perhaps the only optimistic sign going at the moment. The unemployment figures will be out today. The latest figures, and they are expected to show something of a rise to put it mildly, they could be very, very bad news indeed. There you have it, straight on the line, the Prime Minister from Canberra.

ATTENTION: JIM BONNER  
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