

Sunday  
(pre-recorded 24/1/1987)  
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P.M. cont...  
bipartisanship about the questions of immigration, and I see no reason why we can't resume that position.

JOURNALIST: Why don't you, Prime Minister, then just simply instruct the members of your parliamentary party anyway, not to raise the issue and not to debate it at all.

P.M.: Well, I think, Trevor you will see that from our side of politics we won't be injecting this into the political and electoral situation.

JOURNALIST: How would you achieve that?

P.M.: Well leave that to me.

JOURNALIST: Were you impressed with John Howard's speech?

P.M.: Yes.

JOURNALIST: Mr Hawke, you said earlier in the week that you and Bill Hayden were in total accord on the issue specifically of U.S. bases in Australia following his comments in Geneva.

P.M.: Yes.

JOURNALIST: Are you in total accord generally on ALP policy?

P.M.: I would think an examination of the record, George, over a long period - including when Bill was Leader of the Opposition - would show that there have been very, very few issues of domestic or international politics on which there has been a divergence between Bill and myself. And indeed that has been a matter of comment by many people that there really hasn't been ideological arguments between Bill and myself. There was the question of leadership, but I have received from Bill Hayden since he has become Minister - total support. In the development of initiatives in the foreign policy area, there has been full co-operation between Bill and myself. For instance very soon after we came into office, I told him when he was going on his first visit to Indonesia and the question of Indo-China was to come up - that I had the view that because we in Australia had a unique position of relationships not only with the ASEAN countries, but with China and a capacity to talk to Vietnam, and good relations with the United States, that I thought we could play some sort of role - not overstating it - through this range of contacts and good relations, to try and develop some initiative there of moving towards a resolution of this tragic situation. And Bill accepted that and he has, I think, excellently pursued that course. So it will be a pretty barren exercise for you, George, if you try and look for significant areas of difference between Bill and myself.

JOURNALIST: If, as you say, there are no significant ideological differences between you and Bill Hayden, why did the Centre Left come into existence and why is Bill Hayden regarded as the titular head of that group. It's because they disagree with you basically.

P.M.No, well the facts, as usual, dispute your assumptions and it's a good idea to look at the facts rather than develop your assumptions - well at least to check your assumptions against the facts. The statements of the Centre Left, which have been made from the beginning, have been in terms of support for me, my positions and my leadership. Now statements may not be enough, so we have to check statements against facts. And it is the fact that at the ALP National Conference, that on every issue which I had been developing over the months they supported me. For instance uranium, the entry of foreign banks, basic economic policy. On all of those issues the Centre Left supported me. Now again thirdly, let's check the statement and the facts against the reactions of others. What did others, the Left say? The Left attacked the Centre Left because they had been, it was said, tame supporters of the Prime Minister. So, you have their statements, you have their actions and you have the assessments of the other factions.

JOURNALIST: I have to repeat, if they don't disagree with you, if they don't regard themselves as being to your left - that's why they called themselves the Centre Left, why did they come into existence?

P.M.: Oh well, that's another question and the answer I think is fairly straight forward. If you look at the history of the Labor Party, in particular in a National Conference context (over the past, what you had is, if you like, the NSW Right. I use the descriptions that are easily applied, I don't accept the accuracy of labels, but people know what we are talking about - the NSW Right, and you've had the Victorian non-socialist Left. And they have tended to adopt their positions as against the Left and the people in the other states. South Australia, Western Australia, Queensland, Tasmania have tended not to be organised and have come along with the non-Left generally in support of the more organised grouping in NSW and Victoria. And they have regarded, in my judgement understandably, that they have had a lack of identity and have been residuals in the process. And that's been true not only at the National Conference, but to some extent in the Caucus. And I can understand an attempt to get some sort of cohesiveness amongst that group. From the very beginning you will know that publicly and privately I have not condemned its formation, I have not seen it as a threat and I think they have been useful. Indeed at the National Conference, while we would have won on uranium even if the Centre Left hadn't been formed, the fact that they were formed enabled a certain amount of cohesiveness and discipline amongst their group to produce the slightly larger majority than perhaps we otherwise would have had.

JOURNALIST: Prime Minister, if we look at the history of the Labor Party one thing that concerns every Labor leader is divisiveness and factional disputation. Now you're getting signs of that being a problem with the pre-selections for the new seats. Is that concerning you?

P.M.: I would, and any Labor Leader would always, I guess, particularly in a per-election period have no bubbles(?), and it would be quite dishonest to say other wise. But I accept the fact that now we have in Australia a Federal Labor Government and four State Labor Governments and they have come to office in the historical situation of factions within the Party. But, importantly, in addition to what we have delivered federally, the state Governments have delivered the goods. And the people<sup>2</sup> made the judgements about alternative Governments on the basis of performance and if you want to again take the question of comparison - if you look at the coalition parties. - the real deep differences of ideologies are not confined to the Labor Party, they are becoming increasingly apparent on the side of the conservative coalition. Now...

JOURNALIST: I'm sorry, do you think the pre-selections are going well. In NSW, in particular, it seems that the candidates coming through are to the left of the position that you would like to see.

P.M.: Well, I don't accept that Robert. We've got not merely the existing seats, but the new seats. And it would be my judgement that in total, as far as NSW is concerned, when the preselections are finished that, if you like as between the Left and the more central position that I occupy, the balance would be from NSW after the election more my way.

JOURNALIST: Do you see problems for yourself in being perceived as a Government that's a Labor Government that's cuddling up too close to business, that you're seen as the friends of business and that the Left will sell that as you having sold out to business.

P.M. Well, I think that it's perhaps summed up in an article in yesterday's Sydney Morning Herald by Ross Gittins. I'm sorry about mentioning the opposition but the heading was good - Paul does care but the trendies are last to know. I'll just quickly read two paragraphs of it which make the point. "Paul Keating may not look like a bleeding heart, but his Budget confounds middle income-earners at the expense of the poor, thereby abandoning traditional Labor values in the interests of their base political ambition. The new conventional wisdom that Bob and Paul have got into bed with big business and big unions and are screwing down on the very people Labor is supposed to protect contains a large deposit of codswallop." This mistaken view is being vigorously propogated. It's said by Labor's own left wing, "although I don't think it is true - "small-L Liberals in the Melbourne press and the trendy lefties who have overrun that formerly sensible organisation, the Australian Council of Social Service." And Gittins, as do others, goes ahead and analyses what in fact has happened under 18 months of my Labor Government, which has seen a significant improvement in the welfare conditions of those most in need in the country.

JOURNALIST: The businessmen also seem to think that you are friend of theirs though, have they been duped?

P.M.: And you see, you have put your finger on the great truth of the success of this Government. What I have tried to convey to the people of Australia and to the trade unions and to business and to those who depend upon social welfare - is that they should not see themselves as competing interests. The fundamental truth which I have tried to get the Australian people to grasp and which I think they overwhelmingly do, is that the interest of business and unions and the social welfare group are not to be seen as contradictory. What is most likely to happen is that they are all going to benefit; - business, workers and social beneficiaries - if we co-operate together - increase economic growth, increase employment. Now the facts are there. We have achieved the highest rate of economic growth in the western world. We have achieved the highest increase in employment, it will be 400,000 new jobs by June of next year. And we have produced falling inflation and falling interest rates. Now, in the result, business profitability is up back to the highest levels, as a proportion, for the decade. The trade union movement has got secured real levels of disposable income, they have increased. And the beneficiaries have got the situation where they had real reductions in their benefits under 7 years of conservative rule & very substantial increases in their real benefits under us. So the truth is that business benefits from us, workers benefit from us and social beneficiaries benefit from us. We have put behind us fighting one another, we're getting the truth understood that if we co-operate together each group will benefit.

JOURNALIST: You seem quite convinced that the traditional Labor supporter understands that... are you still with him?

P.M.: Well, all I can say, all I can say. George, as distinct from conjuring up assumptions in the back of my mind as you appear to do, I prefer to look at the evidence. It is always the sensible thing to do. All I can say is that in the admirable publication over which Trevor Kennedy presides, the Bulletin which puts a regular testing apparatus out on the views of people - consistently I have the support of over 90% of Labor voters.

JOURNALIST: Do you think you are a bit sensitive to the reaction of this Budget?

P.M.: No. I don't. I believe that my job as Prime Minister is to explain the Budget and if mistaken criticism is made, and there has been very little of it - overwhelmingly it has been a positive response to this Budget, but where some commentators have misunderstood the facts about the increase and the level of tax receipts, then I have had to explain that. And I must say to the credit of those involved, and I won't name names, that when I have pointed the mistake of their analysis and that in fact the increase in tax receipts is fundamentally a reflection of the enormous growth in the economy - they have understood that and accepted it.

JOURNALIST: Well as a commentator we appreciate the help that you give us, but you bit a journalists head off in Melbourne the other day and then had to back-track and concede that his figures were right and you were wrong.

P.M.: Don't let's be elliptical about this. You are referring to Max Walsh, and I didn't bite his head off. What in fact happened is that Max on Budget night referred to the 23% increase in income tax receipts and I pointed out that in fact the figure that you had to look at was the 10.7% in PAYE earnings. And that when you looked at that, that was explained precisely by the two factors - of the 7½% increase in average weekly earnings, a 3½% increase in employment - and that in fact if we hadn't made the tax cuts that we did that increase would not have been 10.7%, but 15.8%. And Max to his credit accepted that analysis.

JOURNALIST: Mr Prime Minister isn't there some justification for criticism of the tax cuts given that statistics have shown that about one million Australians will move into a higher tax bracket next year.

P.M.: No, there's not. The facts of course are on that, that with growth in incomes it is inevitable that you have moves in brackets. The thing to understand that is that an enormous number of people, more than a million, will be in a lower tax bracket with the introduction of the 25 cent step. And on balance the great majority of taxpayers are going to be better off.

JOURNALIST: But, the way the Budget is currently being sold surely is that this is of long standing benefit for Australians at large - which it isn't!

P.M.: On the contrary, it is. I mean just let's look at some of the facts which we can put to refute the sort of attitude of the opposition who are trying to put this proposition.

If you look at PAYE tax collections as a percentage of GDP - and that's what you've got to do whether you are getting the economy growing or not - are there more people in jobs and therefore paying tax what's the relationship of the tax take to what's happening in the economy. In the last two years of our opponents Trevor, the proportion that net PAYE was of gross domestic product, was 11.7% in 81/82, 11.5% in 82/83 and in our two years 83/84 it has come down to 10.6 and 10.9%. Now we are not able to be criticised for the fact that we have got the economy growing. The function of growth is that the Government receives more revenue, because by the end of next year, next financial year Trevor, by June '85 there will be 400,000 more Australians in work than we came to office. So that instead of outlays on unemployment benefits for a growing army of unemployed we have now transformed the economy where many many more people are in work and they are making contributions. Now that is the factual situation and it is the case that the tax cuts that we have given represent much more than full indexation.

JOURNALIST: So are you saying then that there are not people out there who are going to gain by the tax cuts and then lose next year when they move into the higher bracket?

P.M.: As people move into higher brackets always it means that the marginal dollar will be more under the higher bracket than it was before. But it is a function of growth in income. It's the same way that we are receiving much more in company tax - very very much more in company tax than before. The reason why we are doing that is that company income has grown dramatically. And if you ask the businessman what does he prefer as a position - one where he is paying less tax because he has got less income or because his business is growing he pays more tax - he'll tell you what the answer is. Now we don't pretend George that the present tax scales are perfect because if I wanted to say to you that that was the case - it would be dishonest. But what we have done is to try and introduce elements into the tax scale now which ensure greater equity. You see if we had followed the system of our predecessors when they talked about tax benefits - what they did meant that you three people and me - people on higher incomes - we got far and away the biggest benefit. While those at the lower and middle level of income got less. Now we happen to think that in this society that we are trying to build - where we are working together - we are trying to have growth and equity, it was sensible to introduce the two new steps into the tax scale which meant that in terms of the \$1.3 billion that we had judged we had available for tax cuts, that it meant that those at the lower and middle level got a greater benefit. And I happen to have that faith in our fellow Australians that they approve of that arrangement.

JOURNALIST: The end result Prime Minister of everything that we are trying to do with economic policy - with the accord and growth and business investment is to get unemployment really down?

P.M.: Yes. Yes.

JOURNALIST: Now Ralph Willis seems to be talking about us accommodating ourselves and becoming used to a long-term unemployment rate of around about 9%, now isn't that the fundamental problem that you have that you can't get the unemployment down.

P.M.: No, Ralph is not talking about that as a long-term level. We have been able to get the unemployment down - as you know by about 1½ percentage points - approximately 10.3% to 8.8% in a relatively short. And the Budget assumes a further slight reduction in unemployment in 84/85.

JOURNALIST: Some people would say that these are very modest...

P.M.: Well some people would also say that it is an unbelievable improvement on seven years of conservatism. In the last..

JOURNALIST: Wasn't it only a slight reduction though.

P.M.: Well, in 84/85 we are talking about a reduction which, well let me put it the other way - through the year we are looking at a 3½% roughly increase in employment. Now if you assume that the labour force grows and the figure is about 1.7/1.8% growth in the labour force - you are looking at the possibility of a further reduction of the order of 1% plus. Now what we are saying is that the essential thing was what we have done already - that is to stop the explosion of unemployment. The explosion of one quarter of a million in unemployment that took place in the last twelve months before we came into office, we've stopped that

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we've delivered our promise. I said that we would stop the explosion of unemployment, we'd create jobs and over three years we'd create half a million new jobs.

JOURNALIST:.....

P.M.: Now, just a minute I just want to make it clear that your first steps have got to be the turn around - we've done that and we are ahead of that target that we promised the people of half a million new jobs in our first three years. Now the important thing Robert and you correctly put your finger on how we've got to be looking in the longer-term, you've got to make the right basic decisions about the structure of the Australian economy, your education system and your trading relationships which will give you confidence through the longer period through a coherent and cohesive combination of proper macroeconomic policies and education policies and restructuring and trading relationships that you are going to offer the opportunity of a gradual reduction through time. And that's all I am promising, I have delivered every promise I have made about employment and unemployment and that is directed in the longer stage to gradually bringing down those levels and we will do it.

JOURNALIST: Is this country going to see full employment again in our lives?

P.M.: I don't think, Robert, that we will ever see a restoration of what characterised that first generation after the war which was that in this country you had more jobs available than people to fill them. That's not going to come back. So what as a society we've got - and this is where the emphasis upon education is so important - and why we've had the participation and equity program and the continuation of that, the creation of another 30,000 new places in the tertiary sector in the next few years, we've got to make our education system relevant to the nature of the economy that is developing, so that the people who are coming through into the workforce are going to have the best possible chance of being equipped to fill the sorts of jobs that a changing economy is going to provide. And it will be an inevitable feature of our life into the future that working time will decrease. That has been the characteristic of history and with the rapid improvements in technology it will become more so. So what as a society we have got to do is to have our education system making our people best equipped to be able to fill the increasing number of jobs that will be available, but also that they are going to be able, all of us, to accommodate ourselves to less time involved in the work-place.

JOURNALIST: Have you any figure in mind, say 5% by 1990 or something that you can offer us?

P.M.: I don't think it's useful to put a figure on it now. I think what I ought to do is what I have done. In February/March of '83 I made specific promises. I said I'll stop the explosion of unemployment, we've done that. I said we will create more jobs, get employment growing, and I took a three year period then and I thought it reasonable then to say that I could promise a half million jobs in three years. You will recall Trevor that when I made those promises people pooh-poohed me. Now we are ahead of target - so what I am saying now and I will be more specific in the election campaign when it arises. I will carefully say to the

P.M. cont.:

Australian people - look I have delivered these promises, these are the sorts of things that I think I can promise in the near future. But importantly what I am able to say to the Australian people is that we are directing ourselves to those sorts of considerations that Robert Haupt referred to, and that is we have got to make these fundamental changes about the structure of our industry to develop those things which we are best able to do, to develop our trading relationships with this fastest growing area of the world - in South-East and North-East Asia - so that we can get the benefit of their growth and make a contribution to it and importantly make our education system relevant. It is no good just increasing funds for education. It is necessary and we have done it. But that's why I have appointed the Karmel Review into the quality of education, because I want to ensure that the money which Australian people through their taxes pay on the education system in both the public and the private sector is most likely to ensure that our young people are going to have the best opportunity of taking advantages of growth.

JOURNALIST: You talked in the last election campaign about a new class in this country and you were referring to the unemployed, could you see political danger for you in youth unemployment - that young people could become disillusioned by a Hawke Government because jobs are not being created for them.

P.M.: No, because I have a higher judgement about the perspicacity of those people than you seem to have because there are two things which are true and indisputable. First, that we have created thousands of more jobs for these young people. Before they were facing increasing levels of unemployment - under this Government there are more jobs. And secondly whereas they were treated with contempt by the Liberal National Party coalition their benefits were frozen and therefore reduced in real terms. We've increased the benefits in a short time for adult and junior unemployed by over 25%. So they see a Government which is not just words but it has produced the right policies to produce more jobs and in respect of those who are still unfortunately unemployed we have with compassion moved in real terms, not just money terms, to improve their position.

JOURNALIST: Prime Minister turning to foreign affairs issues and your about to take off for Tuvalu for the South Pacific Forum - at that Forum there will be a proposal for a nuclear free zone in the South Pacific. Is such a proposal feasible or is it just a pie-in-the-sky.

P.M.: Yes, it is feasible Robert. You will appreciate that I advanced that proposal here in Canberra at the meeting of the Forum last year, and got a very substantial favourable response. We will continue those discussions in Tuvalu and there were the indications of Port Moresby of even stronger support. Now, what has to be understood about that is that in the proposal that I put last year and will develop again this year - that includes the right of passage of nuclear-powered or nuclear-armed vessels through the region and the right to individual countries to accept those vessels in their ports. We had to put it in that way because



P.M. cont.

of our alliance relationship with the United States. Now I think, therefore, that for instance the United States understands the commitment that we have to this policy and it is after all a very sensible thing. What we are about it to try and ensure that there be no testing of nuclear weapons in our region, that there be no dumping of nuclear waste in our region, and that the countries of the region undertake themselves not to manufacture or store nuclear weapons in their areas. Now these are legitimate aspirations of sovereign nations and should not be seen as anything other than likely to lead to an improvement in our part of the world and making a contribution to our part of the world to the search which, I believe, is deeply felt by the overwhelming majority of men and women-kind, and that is that we want to see a reduction of the level of nuclear armaments in this world. We cannot contemplate the holocaust of a nuclear disaster.

JOURNALIST: Mr Hawke, given what you have said about the passage of ships and nuclear-powered nuclear-armed vessels and the United States.. You could never see yourself in a position such as that that David Lange is in at the moment, your Labor counterpart in New Zealand, could imagine yourself saying to the Americans - we are not going to take those ships and if you don't like that that means ANZUS has had it.

P.M.: No, we have been through that in our party. and our position is clear, and it is historically well based. It was the Labor Government of John Curtin which forged the relationship with the United States. We are not an unaligned country. We are an aligned country through our alliance. Now our judgement is, and the party has endorsed this, that that alliance involves obligations and those obligations we will adhere to.

JOURNALIST: Prime Minister on another subject, just for the moment, you did say the other day that your Ministry was the best since the war..

P.M.: Yes

JOURNALIST:..and that your trust and confidence in the Ministers had been repaid. Does that mean that after the election we won't have a re shuffle?

P.M.: Well, what you have got to understand under the constitution of the Labor Party, Trevor, is that I don't elect those who are in the Ministry.

JOURNALIST: You allocate the portfolios.

P.M.: I'll allocate, but you see that's relevant to your question. I mean if, in the election by the Caucus, there are changes of people there.

JOURNALIST: Well perhaps I should have said are there likely to be any reshuffle of portfolios?

P.M.: There may be some reshuffling but I would say at this time that my thinking that it would be minor, because I believe that the Ministers in their portfolios have done excellent jobs. May I say, Trevor on that, that perhaps some people to some extent may discount the pride of a Prime Minister in his term when he says it is the best since the war. I would remind you and viewers of the statement by Mr John Reid, and I believe his assessment has a particular

P.M. cont.

significance because you will recall the contretemps that occurred in the latter days of our opposition. Now Mr Reid who is a man who at first hand has had the opportunity of witnessing and working with a large number of Governments since the war, himself it was reported recently as saying of this Ministry that it is the best collection of talent assembled in Canberra since the war. I think the the proof is there.

JOURNALIST: Mr Hawke you said earlier in the week that you would tell the Australian people in a reasonably short period of time - I think was the phrase - whether or not we are going to have an election this year.

P.M. Yes.

JOURNALIST: Aren't you, like so many of your predecessors, merely fuelling speculation about an election, with that sort of a comment. What the heck is a reasonably short period of time.

P.M.: No, George of course again, you are wrong. It's the opposite of my predecessors. From quite early in my Government I said that because of the actions of my predecessors who had completely broken the electoral rhythm by calling an unnecessarily early double dissolution; the Australian people were faced with the fact that under the Constitution by April of next year there has to be a half Senate election. So I said to the people very early that I think the best interests of everybody is served by not having another election because if we had the half Senate election by April of next year, then we'd have to have the House of Representatives. So I said to them early, we will have the two together, which has been the normal practice over the history of Australia, to have the House of Representatives and half Senate. Now I have said that that's what would happen and I have, from the very early piece, said that that will mean that the election will be in the period December to March. Now that has been made quite clear it has become accepted that that's what will happen, now obviously as Prime Minister I am entitled to look at the whole complex of situation and make the judgement as to that time as what would be best, not only in the Government's point of view, but in the country's point of view. I will be - now wait a minute George - I will be making that decision within a matter of weeks and then having made that decision, I won't keep it in my mind and play around with the people and not tell them. As soon as I have made up my mind, which will be in a very short period, as I have made up my mind, I will tell the Australian people. Now every part of that is in distinct contrast to our conservative predecessors.

JOURNALIST: Prime Minister, thank you for joining us.

P.M.: Thank you very much Robert, and Trevor and George.

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