



PRIME MINISTER

INTERVIEW WITH MARK DAY - 3AW, 4.20PM, THURSDAY 11 OCTOBER 1984

E. & O.E. - PROOF ONLY

MD Before you came on the line I was saying that I thought you probably pinched yourself with disbelief at this morning's headlines; the Hawke Government on the latest Poll results could be returned with a 78 seat majority and on the same Poll results even a chance of grabbing power in the Senate. Do you place much store by those Polls?

PM Oh one takes a lot of account of the polls Mark, but not in a complacent way. There is an identity of polling at the moment between the Bulletin poll and the poll in the Age which has it at 55% and obviously one would prefer to be there than lower. As I say there is no complacency, we have got a campaign to go into now and I will be taking the Australian electorate into my confidence, talking to them about our record of achievement and comparing what we have done with the alternative and seeking to translate the confidence that quite clearly does exist now into the final poll that matters, the ballot box.

MD Would you expect some natural evening up of things as the campaign progresses. If you look at political history, that tends to happen.

PM No what you tend to get in the actual campaign, I think is often a strengthening of government position but I believe....

MD How much more can you strengthen?

MORE.....

CONT....

PM Oh, well in politics if you're dinkum in your approach to the people you go flat out to do the best you can. That's what the electorate expects of you. You would be insulting the electorate Mark if you win in a half-hearted way, and I know the people don't expect that of me. We believe that the Australian electorate has already made a judgement about the Opposition. They have repudiated, I think massively repudiated the tactic of smear and innuendo and baseless allegations which seem to have become an intrinsic part of the approach of this Opposition and its leader. I think that the people don't like that and are not going to like it in the future.

MD I said in my opening preamble before you came on that I think there are a couple of storm clouds, not enough to put you out of government or business, but I detect and leaving aside the rights and wrongs of the assets test debate, I detect that there is a section of the community and possibly a large section of the aged community which does fear or feel fearful that the government is putting their pensions at threat. Now I don't say that that's correct, but would you agree that the fear does exist?

PM In a small section there has been the fear created by the totally untruthful fearmongering of the Opposition who have tried to suggest that there are going to be inspectors coming into the homes of pensioners. They know that that's not true. In fact, 98% of pensioners will not be affected by the assets test. As the month of November goes on and the forms go out, the information goes out the, overwhelmingly, that 98% of pensioners will come to understand that they are not adversely affected. What will also be clear as the campaign goes on is that the Opposition basically supports an assets test. Mr Howard quite clearly supports an assets more.....

cont3

test. All he has said, he doesn't support the particular proposals that have been put forward. But he clearly supports and assets test. As does Mr Elliot the leading figure and another contentent for the leadership of the Opposition, a leading figure in the Liberal Party. They know that as the society develops we have a larger proportion of aged people we've got to make sure, any government has to make sure that the resources it has for payments in the social welfare area are kept as far as possible for those who most need the support of the community and that we shouldn't waste and dissipate those resources on a very, very wealthy asset rich minority.

MD You do you fear any backlash from the passionate stand that the ant-nuclear people have taken on the government's policy on Uranium and the export of uranium.

PM No, there are two things to be said about that. Firstly that I think increasingly, and all the polls show this on the issue, a clear majority of voters support our position on uranium. A very clear majority, but secondly, I would say that more and more people are coming to understand that you must distinguish between the peaceful uses of uranium for the purposes of generating power which is one of the underlying conditions of the non-p^Iroliferation treaty to which Australia is a signatory and the question of nuclear-disarmament. There is no government in the history of this country who has done more to put issues of disarmament at the forefront of their priorities in the conduct of International Affairs. We have done that and people are increasingly understanding this distinction. Then the 3rd point of course is that while some may give their first preferences to the Nuclear-disarmament Party more

cont4

or the Democrats on this issue, they know that as between this Labor Government and the Conservative coalition that the Conservative Coalition position is infinitely more unacceptable than ours.

MD That's the ultimate irony isn't it? Even though they might not like your policy they have got nowhere to go.

PM Well, if they are being objective about it, if they want to take their feelings to the point of registering a first preference vote for the NDP ultimately, between alternative governments. It is the Labor Government which is infinitely more committed to pursuing the path of Nuclear disarmament negotiations than the Conservatives.

MD Could it have a negative affect on you in the Senate voting?

PM Well, no, the - they will not get enough votes to get a representation in their own right and the same argument I've put just applies, I think.

MD Yes. From what you said in Parliament today, about the complete review of taxes and forms of taxation, it would seem that you are not fearful of a 1980 style backlash against Labor on a capital gains tax.

PM No because I have made it quite clear that we have no committment to particular forms of taxation change.

MD But there is difference in, when compared to your 1983 policy speech where you had a very firm committment to no capital gains tax.

PM The position is that there has to be a review of the whole taxation system and in that review groups in the community more.....

cont.....5

the business group, trade unions, welfare organisations, will be wanting to put there proposals in regard to taxation, What I have said on behalf of the government; that we have no pre-committments. You can not pre-judge community consultation and say what is going to happen that is silly. If I were to say, well we won't look at that, we won't look at that, then you are making a mockery of the process of community consultation.

MD The Labor party has been called a high tax party from time-to-time.

PM Well, incorrectly, of course because the highest taxing party in government has been the Liberal National Party coalition. It was in their last two years of government that the tax take was at the highest percentage of all time. Our tax take as a proportion of GDP when you exclude as you must do the medicare levy, because the medicare levy is merely substitution of what people were paying out in private insurance payments for that exclusion our take is less than the last two years of the Liberal National Party Government.

MD Yes, I think it really could be described though as a matter of perception. Public perception that the money has to come from somewhere now this morning Mr Keating is quoted as pledging to reduce the deficit now to my way of thinking that means either a government has to reduce its services or get a greater income. Now doesnt a greater income mean.....

PM With respect Mark, I don't wish to be rude, but you don't understand basic economic analysis. You can achieve a... the position of a lower deficit and no increase in the overall level of taxation provided that your gross in outlays is lower than the more.....

cont6

economic growth in the period in question, and that is exactly the commitment that I have made and the Treasurer has made. In the next budget, we will further reduce the deficit without increasing the overall level of taxes because the gross in outlays will be less than economic growth.

MD So in other words, yes economic growth provides you with a greater income.

PM Yes of course it does.

MD Well, now that was what I was getting to. I was going to say, how are going to get that greater income? Which you have just explained.

PM Well I don't know whether you want to use your program as a sort of means of having an economic dissertation to you, but I just assure you that the facts, basic economic analysis is quite simple. If you have got an existing level of deficit, and outlays and taxes, and you are in a position of economic growth which is what we have produced as distinct from the stagnation of the past then you can have a reduction in the deficit and no increase in the overall level of taxation any further real..... you can do that by ensuring that as you go into the next period the growth in outlays that takes place is at a lower level than the rate of growth because it if you do that it means that you can have, as I say, a reduction of the deficit. We have in fact, in two years, reduced the deficit from the 9.6 Billion that was what we were inheriting and we reduced that in our first year to 8.4 billion, now for this current year we have reduced it to 6.7 billion - down from 9.6 to about 6.7, a reduction in the deficit of 3 billion dollars in 2 years.

more.....

cont....7

MDAs you go into this review of types of taxes what will be the basis of your decision making?

PM Well, it'll be the same basis as we have so spectacularly successfully employed in our period in office. That is that we will have meaningful consultations with representative groups in the community and try and move as far as we can to a consensus of view about what is the most appropriate set of decisions to take. I have already started that process within the Economic Planning Advisory Council where the business community and the trade unions and welfare organisations, State governments and Local governments are represented. So the process of consultation is begun, it will continue both within the Economic Planning Advisory Council and in more broadly based forms and we will listen and analyse what the groups in the community are talking about and suggesting and as a Government will then move to make the decisions which reflect the wishes of the community according to the 2 criteria which are relevant in regard to tax. That is a tax system which is going to satisfy the requirements of economic efficiency and equity.

MD After the first summit, immediately after you were elected you set up EPAC the consultative organisation, do you see any need possibly for a new summit, perhaps early next year?

PM Well no I don't see it at this stage as being necessary, but then I don't preclude it, the Economic Planning Advisory Council is if you like Mark the summit concept in a reduced

MD Mini form

PM Mini form, yes thats right Mark. Its on a statutory basis we've established a very efficient secretariat to service the EPAC, but I don't preclude the idea that as we go on further it may more....

cont 8

be a useful idea to have another summit so the Australian community can review the very significant achievements how we have turned the economy and the society around and on the basis of that to get view about the next stage. That is a possibility, but we have made no specific plans at this point for it.

MD How long do you think the accord can hold up if we continue at the current rate of growth or recovery. Not being an economist I don't know quite which word to use. But if we keep going along well, as we have been, and productivity lifts how long before the unions say hey, we want a share of this action?

PM Well I have every confidence that the accord will hold because you see we are now into the second year of strong economic growth, and in the past what has happened in Australia because we haven't had this consensual approach which I developed, then unions and businesses have broken out and tried to make higher claims, either by way of significant wage increase claims or in the other side by pricing decisions which increase shares. But now there has come the realization on the part of the business community and the trade unions that they are better off and the community is better off if they exercise restraint in the claims they make upon the community's resources. The business community is better off now than it has been for a decade, the levels of profitability are back to what they were at the end of the 60's and 1970's. The trade unions have seen a situation where employment has increased $\frac{1}{2}$ million new jobs, today's employment figures are very, very gratifying, again show significant improvement. The trade unions are better off, the business community is better off, so I have no doubt that the accord is going to hold.

MD But I would have thought that if profitability started booming and getting better than just recovering to late more.....

cont.... 9

60's levels then somewhere along the line Mr Dolan would say, now is the time for us to do away with a degree of wage restraint?

PM No, well, you can say that. All the evidence, factual evidence, is to the contrary. The ACTU has firmly expressed its continuing commitment to the accord. Now I don't think you have any justification for saying that having adhered to their commitment now, right through this period, they are going to break that commitment. You've got no right to question their integrity.

MD No, I don't question their integrity.

PM What I'm saying is that they have specifically made the decision that they remain committed to the accord, I accept their commitment.

MD Okay, Mr Hawke, I know that you are pressed on time,

PM..... Because you were late coming on I must get moving.

MD No, we were here,... One question please if I may. Mr Peacock yesterday put out a list of 120 broken promises, have you had time to go through the 120 and do you agree you've broken any of them?

PM NO The media have dealt with that, they have been extraordinarily dismissive about Mr Peacock's list because it started off with one which by any definition could not be a broken promise. So it is a fact that because of the gross deception that was practised by Mr Peacock's government of which he was a part when we went into the last election campaign, they deceived us and the Australian community to the extent of 3.6 billion dollars and we inherited therefore not a deficit situation of 6 billion that they were telling everyone but 9.6 billion and so that imposed an enormous amount of constraint upon us. I said on the last Wednesday of the election campaign at the National Press Club and it went out to the more

cont.....10

whole of Australia that if, in fact, we found that we had been deceived then we would have to review the program that we promised, and that's what we have responsibly done. The basic promise that I made, that is to turn the economy around from stagnation to growth, has been achieved and in part has been achieved because we had to shape our program to the situation we inherited and that basic promise has been magnificently achieved. When we inherited office with economic stagnation, rocketing unemployment, I turned that around instead of now being a stagnant economy we have the fastest growing economy in the world. Instead of a growth of unemployment of 4 million in the year before we came to office we have increased the number of jobs by a 1/4 of a million. Instead of 11.2% inflation that we inherited we have halved inflation. We have brought interest rates down, These are the basic commitments I made to the community overall and underlying all those magnificent economic achievements has been the basic achievement. I said we would bring Australia together. We would end the confrontation and the divisiveness of the past. We have achieved that, we have delivered that promise, and on the basis of the delivery of that promise all other, all the other results have flowed.

MD Mr Hawke, I think you just made a campaign speech. On that note, I would say thank you very much for coming on the program and I hope we will be talking more during the campaign.

PM Always good to talk to you Mark.

ENDS