



## PRIME MINISTER

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TRANSCRIPT OF INTERVIEW OF PRIME MINISTER ON RAY MARTIN MID-DAY SHOW - FRIDAY 13 FEBRUARY 1987

RM: The Prime minister is with us today so please make him welcome. Mr Bob Hawke. Welcome Mr Hawke and thank you for your time.

PM: Always a pleasure to be with you.

RM: I hope you and Hazel had a nice Christmas.

PM: A beaut Christmas, thank you.

RM: A couple of questions to start. A couple of tough ones. How is your golf going? And we going to have an early election?

PM: They are both easy. 17 is what they have got me on now which is a bit tough I think.

RM: That's your golf game...but are we going to have an early election?

PM: No. I stick to what I said ...despite of all the temptations they are putting in front of me. The parliament will go its full term and the election will be either the end of this year or early in 1988.

RM: So no prospect if the Senate knocks the Aust. card a second time with a double dissolution?

PM: I just hope that this Senate won't do that. It is a v. simple thing...the only people in Aust. who stand to benefit by a refusal by the Libs and the Democrats and the Nationals to pass that legislation - are 2 sets of people-- Tax Cheats on the one hand and the welfare bludgers on the other. They are the only people who stand to gain by that Legislation being knocked back. I hope good sense will prevail.

RM: If they do knock back though...

PM: I don't answer hypothetical questions. But my commitment really...what I want to see happen is, to see this Parliament go its full term. I think most Australians would agree with me that really our parliamentary terms are too short. 3 years

PM: just about the shortest in the world. And I think they would like to see longer and more stable. That is what we are trying to do - provide a stable government - leaving all this nonsense to the others.

RM: Alright. What about this nonsense. Everybody else has had their opinion. What is Joh up to? What do you think he is up to?

PM: Well it may come as no surprise, but Joh does not confide in me....so I have just go to speculate....but seriously, I think that Joh allowed himself to be talked into a position by this group of v. wealthy backers that he has. And I don't knock them because they are wealthy but that's the group of backers. They think that Joh would be helpful to their sort of position. And I think they persuaded him that they had financial resources to push him perhaps right to the Lodge. And he has taken that bait and I think now that Joh has put himself into a position where his own credibility would be absolutely zilch if he doesn't go ahead now and come to the Federal Parliament. But my judgement is that if he comes to the Fed. Parliament he couldn't even get the leadership of the National Party, let alone anything else.

RM: Are you still praying that he will still come?

PM: Yes, I would v. much like him in there. As I put it to you he would such a cohesive force in conservative force in Canberra.

RM: Let me play you what Joh said on Tuesday when I asked him if he could beat you on his own with a Joh Party.or.if it would have to be a coalition effort - both the Nationals and the Liberals. Here is what he said...

"Quite simply...yes I can, he can, he can. With the National Party behind me and supported the policies I had - we could do it ourselves without any problem at all, because the Australian people are fed up to here, with everything that the Labor Party are doing. They are claimed to run a nation on a cracked foundation....you wouldn't build a house on a foundation that they have got...of 20 odd different organisations...the Communists, the Socialists, the international Socialists, the Majority Group, the Right Wingers, the Left, the old guard, the new guard...you mention it - the stack of them... How could you run a government that way? I told them that at the first Summit that Hawke had"

RM: Quick reaction?

PM: Well if you want to talk about factions and groups - its the conservative politics that you have to look at - you just can't keep up with the numbers of groups there. I am just going on with the business which I know this audience and Australia wants me to do. It is to provide solid, cautious government. That is what we are doing and we are doing it with a v. considerable degree of support.

RM: But Joh has proved in the past Mr Hawke that it is foolish, dangerous to dismiss him.

PM: There is one thing that you have got to remember - Australia is not Queensland when it comes to the fairness of electoral laws. Joh cannot get elected PM of Australia with 38% or the vote - or 40% of the vote.

RM: But recent polls has shown that he has got more than that. The polls would indicate that there are an awful lot of ordinary Australians who a) respect him and b) like him.

PM: I am not here to knock Joh. Its not part of my habit historically in politics to get in to the person. If the person says something that is wrong I will go as toughly as I can. But I haven't got a record of attack on the person. I am not here to attack Joh.

RM: Then why do you think Australians like him Mr Hawke?

PM: I just make the point that the polls don't show an overwhelming support for Joh. They simply don't. You just have a look at the polls.

RM: 70 odd percent it was the other day?

PM: You are not serious about telephone polls, are we? I mean I would've thought that a hellava lot of people who rung in in support of Joh, if they had any sense would have been Labor supporters because they would really want to see the push for Joh to Canberra. I mean can you think of anything better, from our point of view, than him coming. Ian Sinclair was horrified. He sees his job on the line....and John Howard is a bit like that, so why wouldn't we want to see him there?

RM: When is Andrew Peacock going to make his move on John Howard?

PM: Well again, Andrew doesn't ring me up every day but Andrew is poised to pounce. I think he conducted himself v. stupidly in the last fortnight - and I say that to my friend Andrew. Things were going v. well for you - and you should've shut up....But he had to come out and say Sir Joh was the greatest thing since sliced bread. Now a lot of people in the Liberal gun have had Joh's gun right at their head - Joh was going to knock, them - them and them off - those people were Peacock supporters. Then Andrew comes out and says Joh is the greatest thing ever. I think that some of those Liberal supporters of Andrew weren't terribly impressed. However, he made a tactical blunder there and he has a lot of support in the Lib. Party. John has v. little. There is not a majority there who thinks he can win....and so Andrew is just waiting. What will happen I just don't know. As I say I am just getting on with the business of running government. Leave all that to them.

RM: I had a telephone call a few minutes ago from Mr Howard...

PM: You mean he had the temerity to ring you up and ask you something? Shocking.....

RM: He says he is looking forward to coming on this show on Monday and he noticed that you were on and he said there is a question for you. This is Mr Howard's question....

PM: He doesn't ask me many in Parliament so I might as well get one this way.

RM: He says that he read in the papers this morning that you are going to reshuffle your cabinet. He says "Given that Mr Keating is so unpopular around the country for not having put his tax returns in and other things, are you thinking of shifting Mr Keating as Treasurer, and if so - please don't?"

PM: Ah, he is displaying something we thought he never had - a sense of humour. Let me say 2 things John, I hope you are watching. Firstly, don't get deluded about Mr Keating's unpopularity - you John made a decision to fight the Bankstown by-election on "Give Keating a Beating" and in what were v. unpropitious circumstances for the Labor Party in the by-election that 3 1/2 % 2-party preferred swing against Labor was the third lowest swing in a by election in this State for 16 years. So don't get carried away with that. And secondly let me say this - Paul Keating - okay he has made some mistakes which as a man he has openly conceded to and expressed his regrets. Good on him. I don't condone the mistakes - neither does he. Test him as a Treasurer. The best Treasurer in the history of this country.

RM: Thank you for that. We we will come back with your questions in a moment.

MARTIN: It's now your chance to ask some questions. Let's start with the blokes down the front in the ties, the farmers.

QUESTION: My question to the Prime Minister is last time I spoke with him in Moree he walked away from me, mainly because he didn't have time to answer the question. The question I pose to the Prime Minister today is - when are we going to have interest rates reduced so everybody can have an even standard of living throughout Australia? And when can Australians expect the Government taxes on all our fuels reduced by 50 per cent, so we all go away for the weekend and have a good time?

PM: Well I wish economics were as easy as your questions imply. Let me make the first point, there is no politician, in his right mind, who likes high interest rates. You don't have interest rates any higher than are necessary. You'd be certifiable if you did. The simple fact is that if we precipitatively and too early reduced interest rates what would happen is that you'd loose the exchange rate, you'd absolutely loose the exchange rate, and then interest rates would spiral in a way over which you had no control. That's the first point. Interest rates will come down in this country as soon as we are responsibly able to bring them down. I want them down just as much as you do. It's not only farmers, everyone in this community wants them as low as possible. That's the first point. The second one, about the reduction of taxes, I'm not in the business of John Howard and Joh Bjelke-Petersen of making irresponsible promises about tax. John Howard and his mob were in government for seven and a half years and he walked out of office leaving a top marginal rate of 60 cents in the dollar. In four years, by the middle of this year, four years from 1983, we will have reduced that top rate from 60 to 49. We will have brought in the fairest tax system that this country has seen. Ours is not rhetoric. We will get taxes down in a way which is responsible, and which is going to keep economic growth going, and keep inflation under control and not have it blowing through the roof in the way it was done before. Let's just look twice at what our opponents did in the area of tax. In 1977 we went to an election. Remember the fistful of dollars they gave you for the big tax cuts. The people trusted them, put them back in and within three months of them being elected they grabbed it all back. Then in 1982 what did they do then? They gave you tax cuts which blew the deficit out to \$9.5 billion in 1983, which we had to deal with. You get tax cuts from us, you get real ones which you keep.

QUESTION: I'm John Williams. Your government has adopted a policy of high inflation rates to support a sinking Australian dollar and to slow the economy. If you look at the BAE statistics last year 1985/86 32 per cent of men on the land had a negative income. I've got it right there if you don't believe me. The fact is that interest rates are our biggest cost. We compete on world markets. We've got to clean up the rest for the grab of the world market. Yet our costs here at home in Australia, our interest rates, our fuel costs are just leaving us uncompetitive.

MARTIN: Haven't we just answered that question?

PM: I'm very glad in your question John you quoted the BAE, because that means you believe the BAE figures.

QUESTION: I believe .....

PM: You're quoting them, do you believe them or don't you?

QUESTION: I believe the figures, the history figures, but not the ones they've forecast.

PM: I see. I don't want to worry about forecasts, we'll give their actual statistics, so I'm glad you rely on them. The BAE statistics show that under this government the increase in farm costs have been more than halved from the rate under the previous government. Now that is the BAE statistics, the source that you quote. With respect to you, it is quite silly, I don't want to be rude, but it is quite silly to say that we've deliberately increased inflation to slow down the economy. What are the facts? When we came to office what was the rate of inflation? 11.2 per cent, that was the rate of inflation that we inherited. By the beginning of 1985 we'd more than halved that. We'd got it down to 5 per cent. The increase that has taken place since then is absolutely the result of the turnaround in the terms of trade and the devaluation that has gone with it. But even with that the rate of inflation hasn't gone back up to that 11.2 per cent of our predecessors. So your facts are wrong and your own source shows that we've more than halved the rate of farm costs. Those are the facts. As to the future let me say this, and even the National Farmers Federation, which give us a bit of a tickle up now and again, have been good enough to say no government could have done more than we have done in tackling what is your real problem. And that is the fact that you people, who are the most efficient farmers in the world, are being kicked to death by the corruption of international trade which is being practised by the Europeans and the Americans and the Japanese. That's what is kicking you to death. And no one could have done more than I and Kerin and Dawkins have done to try and start to get good sense into the international trading system. So we will continue what we've done, to halve the rate of increase in farm cost, that were inflicted upon you by people who kept the exchange rate too high. That was the National Party and the Libs, they kept the exchange rate too high. We've brought it down, so you've benefited from that and we'll continue to fight as hard as we can for you, whether it is in Brussels, Geneva, Washington to do the thing that is really going to do something to give you the returns that your efforts justify.

MARTIN: Let's change it for a moment. Let's go with the two schoolgirls from Bankstown.

QUESTION: Mr Hawke, my name is Julie Dean, I'm from Blacktown Girls High. Recently you spent a lot of money on the drug offensive, how effective do you think that was?

PM: Well we haven't finished spending it. It is a program which was not just the Commonwealth Government, and I give tribute to all the State Premiers, including our political opponents. They came, at my request, to Canberra and it is a combined

Commonwealth and State drug offensive campaign. And the major emphasis that we're trying to give Julie, is in the education area. What I can say is that my own impression, and it is confirmed by what is being put to me by people who are constantly in the area, that with young people there has been, it seems, a significant decline in the tendency that there was on their part just to easily say yes to drugs. There is a greater tendency on young people now to say no. We can't just rely on that and say - well it's worked. We're going to continue that education program. May I take this opportunity, if you don't mind, in terms of talking about education program, I want to give enormous credit to the Reverend Ted Knoffs of the Wayside Chapel and his life education centres. I've just gone in and witnessed that and no one is doing a more effective job in getting to our young people and teaching them about the deadly danger of hard drugs. It's with programs like that, assisted by Commonwealth and state funding, we'll keep up this fight.

MARTIN: Mr Hawke, can I quickly ask you on that point of Ted Knoffs and what Julie's asked? I've found, in the Christmas break as well, ordinary Australians appear to me to be more concerned, with children of Julie's age, more concerned not whether they're going to get a job, not whether someone's going to drop the nuclear bomb, but whether or not they're going to get hit by hard drugs. Do you read that as well?

PM: In all the correspondence I've had and in all the research that we've done, certainly the question of hard drugs loomed as one right up there as one of the major problems. It would be absurd for us, as Australians, I'm not talking about a government, it would be absurd for us to say that we're going to eliminate the problem. And it would be absurd, given our enormous coastline, to say that we're ever going to be able to totally stop hard drugs getting into this country. We've increased resources, we'll increase penalties in the states and so on. The real thing is to stop the demand and that is why education is so important. I believe that with the sort of things that people like Ted Knoffs, in particular, are doing, and with our support, that gradually there is going to become an awareness amongst our young people that it is an insanity to endanger your life, or indeed to debilitate yourself to the point of uselessness by using hard drugs. We haven't won the fight yet, but I think the signs are there that as a community, I'm not talking about the government, together we're going to win it.

QUESTION: My name is Karen. I'd like to talk about the student fees of \$250. Can you tell me to what purpose are these fees. And do you see in future the fees will be increased to make higher education something just for the upper classes?

PM: Let me make these points, a very important question. Firstly, they are not student fees. They are administration charges and they don't cover the whole of the administration charges. The calculation is that the full cost per annum of someone going through university is about \$8,500. That's the cost, so it is not a fee. It just meets some of the administration charges. Secondly, we have, in introducing that administration charge, provided that those who are in receipt of

TEAS, that is the most needy relatively, will not pay the charge. The talk about the question of ensuring that those who are most in need will be helped and not those who don't need it. The fact is that under the previous situation the wealthiest in the community were paying no contribution in any way to the cost of university education directly. Now the \$250, structured as it is, to take it off those with the lowest income is providing a way in which the more affluent are making some contribution. The final part of your question, do I see any way in which this will be increased? The only way in which you're going to get university fees, as the present political parties are stating their position, is under the Liberals who are saying they will introduce university fees. If that were done in the way they'd do it, without any way of looking after the needy, that would ensure that university education did become the preserve of the most affluent. What we've got to do in this country, and it's my goal and always has been, to try and create a situation where there is true equality of opportunity. It doesn't matter if a kid is Bob Hawke's kid, or a multi millionaire's kid, or a kid from the poorest circumstance, if that kid has got the intrinsic ability to go on and be trained in a tertiary institution, that training should be there. That's why we in government have provided an additional 37,000 places in the universities, to create more opportunities. We should put the issue of the education of our kids beyond and above politics, because that is our greatest asset and that's what we're trying to do.

QUESTION: My name is Tim, may I call you Bob?

PM: Yes Tim.

QUESTION: The ludicrous work practices on the wharves are the thing that worries me. People are waiting to get their stuff and there's strikes and practices like if five guys are working together and one goes to the toilet the other four will stop until he comes back. Stuff like that. What do you think should be done? What are you doing about that sort of stuff?

PM: Let me just make these points quickly. In terms of industrial stoppages, which are really the things that do cause the most problem, I'm proud of the fact that under my government the rate of industrial disputes in this country has been more than halved than what was the level in the seven and a half years of the Fraser government. We've more than halved the level of industrial disputes. But I'm not resting on that record. I've convened a meeting last year and I give credit to the employer organisations of this country and to the ACTU. They responded, they came to me. I said look, the sort of thing you're talking about, practices that grew up in easier days, some of them initiated by employers to get labour, others initiated by unions, I said we can't accept that those practices are any longer justified. Will you join with us in examining these and see if we can get rid of those that are not necessary. They said yes. So what is happening now is that at enterprise and industry levels discussions are going on between employers and trade unions to try and work out a way in which not only work practices, but some management practices which can't be justified, should be eliminated. Because what we've simply got



to recognise in this country is that for 30 years or so after the war, due in large part to the efficiency of our farmers and then of our mineral operations, we just got enormously high incomes because people were paying the prices for those things. They're not now and they're not going to pay the same sort of prices. So if we're going to prosper as a country, if our kids are going to have the opportunity of enjoying improving living standards, then we've got to be competitive in a whole range of other areas. And we won't be competitive if we have restrictive work practices and restrictive management practices.

QUESTION: Mr Hawke I was just wondering, I was going to a rehabilitation centre for a car accident that I had and that centre is being closed down. It's one of the major rehabilitation centres in Sydney. That and its sister rehabilitation centre have been closed down and I was just wondering with tax cuts and that, can we expect more closures of centres such as this?

PM: What has happened there is that there's a program being undertaken where we're rationalising the operations between states and the Commonwealth. It's not on our part a cutting down of rehabilitation services. We're handing more responsibility over to the states. There's not going to be a net reduction in the provision of rehabilitation services but a rationalisation of activities so that you don't get a duplication between the Commonwealth and the states. And you'll find as this is worked out, not only in this state and other states, there'll be no reduction in total in the services provided.

QUESTION: I come from a small country town, population 500, called the greatest little town in the west. Mr Hawke, have you got a word of encouragement for country people? Our town is dying. We're losing our railway line. We're threatened with closure of our hospital. Small country towns and close-knit communities such as ours are dying.

PM: Well one of the problems, I've alluded to it a bit in the answers in regard to what the farmers were saying about their situation, is that we've lost an enormous amount of income as a result of the fact that the world is paying very much less for the products that we produce. I don't want to bore you with statistics but the fact is in the last 18 month period we had \$6 billion wiped off our national income. That was because the rest of the world was paying less for our wheat, our dairy products, our meat and so on. They just paid less. There was \$6 billion gone. Now if \$6 billion is taken out of the economy that means there is less demand. The farmers haven't got the money to buy the machinery and buy other things that they were doing. So some of these things are going to happen unfortunately, until, as I said, we can get sense into the international trading community. You've got the absurdity, this is why I went over to Davos to tell world leaders there, you've got the absurdity that the Europeans and the Americans are paying billions of dollars for uneconomic production. They're just building up these great surpluses, paying people to produce and then they dump them on the markets where our people were previously competitively and efficiently selling. What we're trying to do is get sense back.

If we can start to do that and get a more prosperous and profitable rural community then the sorts of things that you're talking about won't happen to the extent that properly concerns you now.

QUESTION: Mr Hawke, I'm just interested with the big takeovers that are going on, worldwide. Does that affect our balance of payments. Is it detrimental to the country, or is it any good to the country?

PM: No. We're appearing in a studio that has been taken over by Mr Bond. The fact of takeovers shouldn't be seen as detrimental. The whole theory of competitive enterprise is that if a particular enterprise is operating in a way where others think they can do it better and operate it more efficiently, then that's what happens. I don't have a problem about takeovers as such. We've watched the situation. If we thought there was going to be some competitive disadvantage created for this country then we'd have to consider taking action. But I think what Australians want to see, generally speaking, they want to see a free enterprise market where the initiative of individuals is available to be used. Where competition can take place and if someone can do something they think better than another, let them do it. We've examined the financial implications as to whether in terms of our external balances there is any adverse impact and all the best analysis that can be done by our treasury and independent officials suggest that there is no adverse impact upon our external position. I can assure the two things we're concerned about is trying to see this economy operate as efficiently as it can and to see that doesn't happen in a way which is going to impose external problems for us.

MARTIN: We are out of time. In a word though Mr Hawke, is 1987 going to be rougher and tougher? Are we going to have to tighten our belts more than last year?

PM: 1987 is going to be a better year. It is certainly going to be a better year than 1986. We're not going to have \$6 billion knocked off our income.

MARTIN: Did you hear that sigh of relief then?

PM: Well sure. I can understand it. If I were a farmer, I can understand their feelings completely.

FARMER: .....(inaudible)

PM: You can say that but you're wrong.

FARMER: Come to Moree again Mr Prime Minister.

PM: Alright I'll come. The situation is what do you feel like if you go and sow your fields and you get a crop and you just have the prices going down.

MARTIN: But it is more than farmers isn't it? It's ordinary people too.

PM: But it is farmers to a very large extent. Farmers and our mineral products. What people tend to say is the farmers are suffering - poor bloody farmers, if you'll excuse the French. But when the farmers are suffering the whole Australia suffers. So what I'm saying is that on all the evidence 1987 will certainly be a better economic year than 1986. We're not going to have the same degree of problems, but we're still, as a community, going to have to adjust to the fact that we've had that loss of income and make the sort of tough decisions that are necessary. We won't get out of problems by pie in the sky nonsenses about 25 per cent flat tax rates. It is nonsense and the people who are saying it know that it's nonsense. We'll make the decisions that are right.

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