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## PRIME MINISTER

TRANSCRIPT OF INTERVIEW WITH DAN WEBB, DAY BY DAY, CHANNEL 7,  
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JOURNALIST: ... today in McEwan, tomorrow in Isaacs. These are two of Labor's most marginal seats. Now in these areas, as in many other areas across the state, people are still trying to come to terms with Australia's economic crisis. They don't understand it. They know it's getting harder to live. Housing interest rates are still high, things cost more, living standards are falling. There's talk of selling off airport terminals and embassies to reduce the national debt. And yet almost every day we read of some new multi-million dollar take-over. The share market is booming. The rich seem to be getting richer, but there's little cheer for the average family. I'm delighted the Prime Minister has agreed to talk to us about what's happening to Australia and the likely prospects for the future. Prime Minister, thanks for coming in.

PM: Pleasure to be here Dan.

JOURNALIST: What has caused this latest economic downturn?

PM: It is very simple. Basically, Dan, Australia, as you'd appreciate, historically has sold very much of what it grows, digs out of the ground, overseas. Our wheat, our wool, our dairy products, our iron ore, our coal, those sorts of products. The standard of living Australia has been able to enjoy in the past depends upon the prices that the people overseas will pay us for those things that we grow and dig up out of the ground and send over there. In the last couple of years there has been a very drastic decline in the prices that they have been prepared to pay us for those things. It hasn't involved any decision on the part of Australian workers or Australian farmers or Australian miners to work less hard. It's simply that the world is paying us less. Let me give you an idea of what that's meant. It's meant the best part of \$9 billion has been wiped off our national income. That's nine thousand million dollars less that Australia has. If I can put that in terms of Australian families, it means per family on average of the whole of Australia, we've lost something like \$2,000 per family. And so the Government, responsibly, has had to take account of

that. We've had to have policies which reduce the amount of activity in Australia, which reduce the demand in Australia for imports because we can no longer afford to pay for those imports by our export earnings. There's a gap, a very, very big gap and we just simply cannot go on borrowing from overseas. The world is not going to say to Australia will you keep on having the same standards by just not earning the money but borrowing it from us. So we've had to go about the task of reducing demand and you mentioned interest rates, we've had to have a tight monetary policy with higher interest rates as part of the policy for reducing the level of demand. No Prime Minister in his right mind wants to do that. You wouldn't live with a higher interest rate for a day longer than you had to. But that's what's been necessary to adjust ourselves to the fact that the world is not paying us as much as they used to.

**JOURNALIST:** You mentioned that we've had to reduce activity in Australia. Is that development activity?

**PM:** It's just the level of actual activity which is reflected in the demand for goods from overseas. We've had to bring about a situation where we buy less from overseas because we're not earning as much to buy from overseas. And the only way, if you've got that gap between that amount that you earn and that level that your buying from overseas, that gap, you have to borrow. And you just can't keep on borrowing. So we've had to reduce the level of activity so that we're not demanding from overseas as many goods and services.

**JOURNALIST:** Now this economic statement that we can expect next month. Is that going to hit people's hip pockets? Or is it just curtailing of government spending in Australia?

**PM:** A curtailing of Government expenditure means an impact upon people. For instance, last year when we were being hit by this phenomenon that I refer to, for instance, we had to ask the pensioners of Australia to forego for six weeks the increase in pensions that they were expecting to get. So that's a government decision about what you do in regard to paying pensions. And that of course hit them in the hip pocket. And I just want to take this opportunity, as I have around Australia, of just saying how magnificent the pensioners in Australia were. I've now talked to tens of thousands of them, I've had letters from them and they say Mr Hawke, we understand that if the country is poorer, we have to play a part in that and I must say that the magnificent response of our elderly citizens has been a marked contrast

to some of the greediness of some other sections of the community.

JOURNALIST: You're referring to the unions?

PM: No, I'm not referring to the unions. Let's make it quite clear that the unions generally have been magnificent. It's the first time in Australian history, Dan, where we've had economic growth as we've had in the period 83-84-85, very substantial growth and a reduction in real wages. It's the first time it's ever happened because the unions have played their part. There have been one or two dishonourable

exceptions, but overwhelmingly because of the co-operation of the trade UNIONS - they've lowered their demands had for the first time in history a reduction in real wages when there's been economic growth and that has been very much responsible for the fact that we've had record employment growth. If we hadn't had that restraint by the unions, we wouldn't have been able to create the 3/4 million new jobs that we have in Australia. That is a record employment growth in the whole of the post-war period.

JOURNALIST: ... on to reducing the deficit. Now if governments, and that is your Government, and all State Governments, as I understand will have to reduce their borrowings. If they all have to reduce their borrowings, how can private people borrow those enormous sums of money overseas to perpetrate the take-overs that are going on.

PM: What you've got to understand is that where you do have a deficit on your current account that I was talking about before, then there has to be borrowing overseas to finance that. And some of the borrowing that goes on in the private sector brings money in to balance that deficit in the current account. But you go now to another area of change in the structure of Australian industry. There should be no assumption, whether it's in the television industry, I might say, or in the manufacturing industry or in the service industry there should be no assumption that the present ownership is sacrosanct. None at all. The community has got no vested interest in saying that there is a perfect concrete-set, sort of ownership of the resources in Australia. The very essence of change and responding to challenge is that existing ownership can change. That you can get new management, new ownership and that's what happens all the time in television. In the media industry of which you've been part.

JOURNALIST: Yes, I want to come back to that in a moment.

PM: Just let me not go away from that because the Herald and Weekly Times Group. They were the masters of take-overs. They bought up little papers here, little papers there. Why, they said it was much better that you have the dynamism of change, that a little show that is operating there can't operate as well as if the great Herald and Weekly Times conglomerate were to take it over. That was the very essence of the Herald and Weekly Times. It was good for the Herald and Weekly Times when they were the ones who were taking over

something here, there, everywhere. It was marvellous. It was the very essence of the free enterprise, capitalist system. But when it happened to them suddenly this dynamic free enterprise system, which means that everyone is opened to purchased, to be grabbed for change of ownership. Suddenly, it was different. Why? Had the principle changed? No, instead of being the taker-over, they were taken over.

JOURNALIST: Had you envisaged for a moment what has happened to the media industry?

PM: I said when we started these discussions a couple of years ago in the Cabinet - and it started really on the basis

of regional television because when I came to government I was convinced that we had to end the situation where non-metropolitan viewers in this country didn't have the same choice as their city cousins. In the city we had the choice of a whole range of stations, but out there in non-metropolitan Australia they had this monopoly situation where one monopoly owner just provided the one ... and I said we have got to change that. We have got to change the system so that, in fact, we can get the position for the whole of Australia that everyone, wherever they are, will have that same element of choice. And I said that what we have got to do to do that is to get a change, we have got to get rid of the two station limitation rule which stopped, which was a bar. And I said then, in those discussions, and my colleagues, particularly the ones most immediately concerned, will remember it, I said once you unleash the forces of competition you will just be amazed how quickly it will move.

JOURNALIST: Can you just explain, before we have to end this -

PM: Yes.

JOURNALIST: Fairfax are in breach of the law by buying Channel 7 - the existing law. They appear to be in breach of the foreshadowed law with their ownership of -

PM: But you see the way that the law is operated and the Broadcasting Tribunal is operated, there has always been this period of grace where there has been a transaction, that the effect of that transaction would, for the time, put them in breach of the law. That has been understood. But what has got to happen, clearly, is that the legislation which we bring in has got to be passed by the Parliament. I have heard noises from some of the Liberals, some of the National Party and of course always from some of the Democrats that they will frustrate us. That they won't allow the law to be passed. I think that is very unwise to assume that that will happen. It would certainly be extremely unwise for those political parties to stop this law because it is that law which is going to mean the extension of competition throughout the whole of Australia. And I believe that all your viewers, particularly those in non-metropolitan Australia, are going to say 'we want competition'. And they are certainly going to say, I think, that they want that part of the law which is going to stop cross-media monopolisation

because it was a part of the law that we are going to be bringing in in the various regions. You are not going to be able to have the situation where one person can dominate the television, the radio and the print media. And that is something that ought to have been brought into this country a long time ago.

JOURNALIST: But as you read the proposed law, Fairfax will have to sell off some of its ownership of Channel 7?

PM: You seem to be saying that with great hope. Do you want to get rid of this mob? Not very good employers?

JOURNALIST: No, but I want to know what moral right they

have to be moving people around and threatening their jobs when they are in breach of the law?

PM: As I say, the way that the Broadcasting Tribunal has operated, Dan, is that there has been this period of grace where an actual transaction takes place in regard to the previous law. There has been a period of time within which the purchasers and vendors have had the opportunity of bringing themselves within the law. That same period of grace has been operating and now, of course, the whole of the industry is waiting to see what the Parliament will do in respect of our legislation. When that is passed then everyone will have to be within that legal situation. And within that position which would give a 75% spread, as you know, of reach then, obviously, John Fairfax would be within the law. I can understand your views about John Fairfax, Dan. I don't think that you unwise to be sceptical about -

JOURNALIST: I have no particular brief for him or for the Herald for that matter but there are a lot of people in the television industry and in the radio industry, as you know, as a result of the change of media ownership who are worried about their jobs and the future?

PM: But you know Dan, the television industry, the media industry is no different. Do you know there are a hell of a lot of people out there, your viewers - who work in the motor vehicle industry, they work in the textile, clothing and footwear industry - they work in a whole range of industry and every day of their life, Dan, they have been subject to the dynamism of the change, of people taking over other enterprises. That has been happening to them for years and years and years. What is happening to you people in the industry is what has been happening to your viewers for a very, very long time. There is no reason why you should be in a different position.

JOURNALIST: No, but one of the reasons we asked you in here was to see if you could give an assurance to all those people out there that Australia will be a better place to live in 1990.

PM: Obviously it will be because this restructuring of industry is absolutely fundamental. Let me remind you. In the election campaign '82-'83, at that stage BHP was

considering closing down the steel industry. I said 'no, we won't have an Australia without a steel industry'. And I said we will bring in a plan for the restructuring of the industry which will involve the co-operation of the unions and BHP and the State Governments. And now, instead of having a steel industry which is going to disappear we have got one of the most competitive steel industries in the world. We are restructuring the motor vehicle production industry. We are restructuring the textile, clothing and footwear industry; the heavy engineering industry; the shipbuilding industry; the chemical industry. And we have got to do all of that for the reasons that I said at the beginning of this program - Australia can no longer be a country which depends, for its standard of living, on our wheat, our wool and our dairy products, our iron ore and our

coal. The farms will remain important. The mines will remain important but we have got to restructure our industry so that we are more competitive in manufacturing industry, more competitive in service industry. So that Australian industries can provide more of the things that previously we are buying from overseas. And so that we can compete in manufacturing industries and service industries overseas - new markets. That is what has got to happen. And none of us - governments, oppositions, trade unions, employers - can say we are going to shelter in the past and say we had that there before and that is sacred. If we have got any commitment at all to our children then we have got to say that nothing is sacrosanct in terms of previous structures in industry. We have got to make the industry more competitive so that we can sell things that we haven't sold before. So that we can provide goods in Australia that we haven't provided before. Until we do that we will not have a secure, sustainable basis for improving living standards.

JOURNALIST: Prime Minister, thank you very much indeed.

PM: My pleasure, Dan, to be with you.

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