



PRIME MINISTER

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PM Hawke on Diana Warnock - 6WF

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DW: The coming State election is an important one. It's the first of several this year and commentators are seeing it as a barometer for the fortunes of both the ALP and the Conservative Parties federally. The short campaign has been distinguished by the visit of numerous political illuminaries from the east. This morning we welcome to the studio Australia's Prime Minister, Bob Hawke. Welcome to the studio.

PM: Thank you very much Diana.

DW: Well now you will have obviously heard that polls are predicting a very close result indeed in the WA election and it is known too that the preferences of the minor parties and independents will be vital this time. How important is this State election to Federal Labor's fortunes do you think?

PM: Well I don't say it is vital, but every State election has its significance. We would obviously rather win, and I believe we will. It will increase our confidence correspondingly if the Opposition didn't win here having set such high store on it will effect their moral and standing. So it would be very dishonest politician to say that it's not significant. But it is not crucial in the sense of what happens here will determine the federal outcome.

DW: It can't be long of course until the next federal election and you don't feel at all that the result here is likely to influence that. I am thinking of the domino effect that some people...

PM: Oh no the next Federal election is in the order of a year away and I repeat for the benefit of your listeners what I have said publicly now the sort of period within which the election will come will be some latter part of this year to May of 1990. So it is in the order of 12 months away.

DW: Prime Minister the minor parties are very much a feature of this campaign suggesting perhaps disillusionment with the major parties. Does that confirm that Labor has lost touch with the ordinary person as some people have been suggesting for about a year or two now?

PM: No I don't think so. I think it is true to say though Diana that about a year ago it could be said there was evidence of that sort of feeling and I suppose the most dramatic illustration of that was in the results of the NSW State election. I am very confident that in regard to our base of ordinary working people, and when I say ordinary working people that's not just at the lower income level, I mean we have got a lot of support now right up the salary scale. And I think in there that support has come back during 1988.

DW: Prime Minister people appear to be hurting financially. How firm a commitment can you give that low and middle income earners the people you were talking about will get tax cuts?

PM: I can give an absolute commitment. I have done it already within the last few weeks, I take this opportunity Diana on your programme to say to the people of Western Australia that those tax cuts will come in July 1st. They will as I have said be targeted towards the lower and the middle income groups. People who may I say take this opportunity of again saying directly to them, have paid an enormous role in the great economic progress of this country by exercising restraint and the time has come where with responsible economic management we believe that we can assist them to improve their living standards, their living standards will go up during this year as a combination in this state of the tax cuts that we will bring in, the lowered inflation rate which is coming through in 1989 and may I also say that in regard to the wage movements the position of my Govt and my party reflected by Mr Dowding is that people should get legitimate wage increases as against the Conservatives who have opposed every wage increase in the last 6 years. So the combination of tax cuts, lowered inflation and wage increases, with the additional element in Western Australia of the performance of the Dowding Govt in keeping State taxes and charges to zero in this last year, all those things together in Western Australia will mean as a combination of the Dowding and Hawke Labor Govt's improved living standards.

DW: But you do admit a moment ago you said that people had had to be restrained for some time. Do you think any anti-Labor backlash during this campaign might be the result of delays in relief for the average tax payer?

PM: No I don't think so, because I had to face up to this issue in 1987 Diana, of whether you were taking unacceptable political risks in being absolutely frank with the Australian electorate. I was told by a lot of people in the Labor Party that I was risking electoral suicide in 1987 going in and telling them it was tough and they had to have their belts pulled in and that's what we had done and will continue to do while it was necessary. And I think what happened turned traditional political wisdom on its head. In other words I believe and I have for a long time that the Australian electorate is more mature and more intelligent, more adult than most political commentators and politicians give them credit for. I mean we lost \$11 billion of our national income there in 1985/1986 as a result of no fault of your listeners, the workers of this country it was just wiped off Australia's national income by the decline of the terms of trade. Now that meant standards had to come down and we did it in the most equitable way possible.

DW: The cost of building and buying a house of course is a big issue in the State election campaign and that is what we are right in the middle of now. You've deliberately tightened monetary policies sending up interest rates. Have these policies damaged the local State Govt's chances?

PM: Well let me say this. It is true that for any politician, any political party, govt or opposition interest rates are always significant and I would rather have interest rates lower than higher. There is no politician alive who wouldn't rather be operating with them down rather than up. But at the same time you have got to understand that monetary policy is part of the overall policy and for the Australian people, people of Western Australia included, we have still a problem on the external account where we cannot keep on sucking in imports in an unlimited way. We have got to temper the level of economic activity in Australia so that our import bill is manageable and therefore the problem I have got as Prime Minister in managing the Australian economy is not a weak economy, but one in a sense which is growing too strong, so we have got to keep the level of activity down a bit so that we will be able to accommodate the other areas of policy including the reductions in taxation this year. But interest rates will stay high for no longer than is necessary to deal with the overall management of policy and containing the level of growth. And may I just make this point in regard to housing and interest rates, in all those difficult circumstances interest rates under my Govt have not reached anywhere near the peak they did under the Howard/Fraser Govt.

DW: Prime Minister I want to move on to another subject. Labor in this State like Federal Labor has been criticised for its close links with big business. Do you believe that Labor is simply changing with the times and doing what any political party in the 1980s and approaching the '90s must do to govern today, or do you think that that is a liability for Federal and State Labor, the perceived links with business?

PM: I think that those links were in the case of Federal Govt grossly overstated and I think here as well. I came to Govt, in the election of 1983, you will recall I said this is going to be a Govt which is going to have close co-operation with the trade union movement and with business. I called the summit, had the representatives of big business, small business and the unions that's been the characteristic of this Govt.

DW: So it is a necessary part of Govt in the '80s?

PM: It is a necessary part of Govt to be able to have communication with close dialogue with and consultation with the business community. But you've got to be in a position where in the end you make the decisions that are in the interests of the community. That no-one can say that the decision you take is a dictate of business. Now it cannot be said in this State and it certainly can't be said Federally and I guess in the end the best test of the outcome of this consultation Diana is what's happened in the area of jobs and could I just remind you that under this Govt Federally and under this Govt here in this State, we have had the highest rates of job growth in our history and twice and fast as the rest of the world and you only get that because you have co-operation with both the trade union movement and the business community. You get common goals and understanding.

DW: Well the Opposition don't necessarily feel that links with business for this Govt certainly in Western Australia have been fortunate. Your Federal colleague Liberal, John Moore, was here this week and he said a Fitzgerald type enquiry should be held here to look into Govt business ties, Rothwells and so on, what would you say?

PM: It is very easy for John Moore, a singly indistinguished Federal politician if I might say so, to come here a man who was head of the Stock Exchange in his home state of Qld a man who has the most intimate historical ties with business to be talking on this sort of plane. The fact is that the people of Western Australia will be making their decisions on the issues of cost of living, the care for the elderly, jobs, education where our record is impeccable and leaves their record for dead and if the John Moore's ex-President's of the Stock Exchange is now in the political world, if they want to talk about the question of relations between political parties and business let them look at the only parts of Australia where any suggestion of corruption between a political party and business exists and that is in Qld and now in NSW.

DW: Prime Minister thanks very much for your time today that's all we have time for. I know that you are very busy, thank you for joining us.

PM: It has been my pleasure Diana.

DW: And just before you leave us just let me quickly give you the cricket score. The first wicket has fallen in the cricket, with Marsh out for 4, Taylor is on 7 and Boon still to score.

PM: Oh well it's not a bad target they have got though is it, great performance by Border.

DW: Thank you.

ENDS.