



PRIME MINISTER

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E & O E - PROOF ONLY

JOURNALIST: What tactics will you be employing today against -

PM: Well I hope they will be winning tactics. No, we are just going to have a good time and see if we can get the right result, but you people in the Press have a much larger pool upon which to call than I do from my Office so we've really got our backs to the wall.

JOURNALIST: That sounds like an excuse.

PM: No it's an explanation.

JOURNALIST: On the economy Mr Hawke, is that on the rails?

PM: On the rails? Well I don't know what you mean by on the rails.

JOURNALIST: Some commentators are suggesting that the economy, we should be looking at a mini budget or to rethink the economy?

PM: Yes, well we've been in Office for six years now and different sorts of economic circumstances people have been telling us what to do. I mean characteristic of this period is that we've known what to do. We've done what has been necessary to deal with the problems without blowing the economy apart and that's what we are doing now. As I've just said on another program, no politician in his right mind would want to have tight monetary policy for a moment longer than is necessary. No one gets any joy out of higher interest rates, but the fact is that we have an economy which is booming. Just some sort of indication of that is that if you look at new factory approvals, in the first six months of this year 51 percent up on the same period last year. New hotel approvals 57 percent up. Investment higher the proportion of growth domestic product than it has been for 35 years. So we've just got to pull things back because we can't sustain a level of imports associated with that level of activity and so we are bringing things back. Now that means higher interest rates. We will bring inflation

(PM cont): back and we'll do all these things without what our conservative opponents did when they were faced with these circumstances destroying the economy. We've got employment growing very very strongly. 300,000 new jobs in the last 12 months, growing in employment terms more than twice as fast as the rest of the world. Now those are the sorts of things that we can do but it means a bit of toughness in the monetary policy area. Now there's no need for panic and we don't panic but we won't get complacent.

JOURNALIST: Can we afford the ACTU's wage tax claim?

PM: You can't afford not to have a combined tax/wage movement. There must be wage increases and there must be tax cuts and we -

JOURNALIST: The full amount though that the ACTU want?

PM: Well, it's a question of timing. I haven't committed myself to precise amounts, but the concept is right. We will discuss it with the ACTU as we will with employers, just what the right rate of application of these things is.

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