



PRIME MINISTER

TRANSCRIPT OF INTERVIEW WITH JANA WENDT, A CURRENT AFFAIR
27 FEBRUARY 1989

E & O E - PROOF ONLY

WENDT: The figures are not good are they?

PM: No, some of the figures are disappointing but I must take issue Jana with an observation you made that we've heard nothing but bad news. Can I remind you that we've heard further very good news on the employment front which gives us the fact now that we have got over one and a quarter million new jobs, the unemployment rate down very significantly and that's an employment performance which is twice as good as the rest of the world. Now that doesn't take away the bad news. It's not all bad, that's all I'm saying.

WENDT: Alright, it's not all gloomy but it is pretty sad isn't it? Your Government's budget forecast in relation to inflation and trade figures were off course weren't they?

PM: Yes, and certainly on the external account the figure that we were hoping for of \$9.5 billion deficit on the current account will certainly be well beyond that. The only redeeming element, and I think all your viewers would understand that we've got to look at this in the longer term, and that is that we are in the middle of a very big investment boom at the moment and there is no doubt that the Australian economy as a result of the retooling, the capital equipment that's been put in is going to be in a better position in the period ahead.

WENDT: Mr Hawke, I wonder whether most of our viewers would understand that they have to look at it in the longer term. That forecast as you say was way off beam, wasn't it?

PM: Yes, we were under the figure, there's no doubt about that.

WENDT: We've done in seven months what you forecast that we would have done in a year. We've done more in seven months that you forecasted we would have done in a year.

PM: That's right.

WENDT: It's a grave error isn't it?

PM: It is an error, but economic forecasting is not an exact science and what I'm saying is, and I'll be quite happy about saying this when I go to the election Jana which you mentioned, I will ask the Australian people to judge my Government on its overall performance in economic management. It's no accident Jana that the performance of this Government in general economic management, and particularly in terms of job creation, is held up around the world as a model.

WENDT: But Mr Hawke it can hardly be that. 4.5 was your inflation estimate in the budget. We're up to 7.7.

PM: Well as you know if you extract the housing cost element, which is now the subject by the Commonwealth Statistician of a review, the figure would have been 6.8% for the year.

WENDT: But this problem in getting the figures right has never been quoted by you or the Treasurer before. Why call it in now when the figures are going against you?

PM: Simply because on this issue you are assuming on the way it's done now that every Australian household is getting a new house every quarter which doesn't accord with the facts. Now this doesn't mean that there isn't a problem in the housing area. Of course there is and that's why amongst other things we're having this conference with the Premiers later this week. But there's a recognition that it is not necessarily an overall accurate figure and that's why the Statistician, Jana, is reviewing the way he looks at this.

WENDT: But Mr Hawke can you understand why I ask you now why should we believe you or the Treasurer when you have been so wrong in the recent past?

PM: I suggest that you didn't produce this sort of argument when we were so wrong earlier in our employment forecast, the only difference of course being that we were conservatively wrong. When I said in the first part of our Government that we'd get half a million new jobs in three years, people scoffed. We easily exceeded that and at every point from March of '83 right through till now we have been conservative, we have been wrong, below the line in terms of the amount of jobs that we have created in the economy. But we don't get attacked for that.

WENDT: Well we'll pay you your dues for that Prime Minister, but you'd have to admit that this is a tragedy for Australia -

PM: Of course it's a tragedy Jana. I want your viewers to understand that there is no complacency on my part or on Paul's part. We've shown the preparedness over the years to make the adjustments in policy that are necessary to deal with the circumstances that arise.

WENDT: Your Treasurer hasn't until today admitted that there was something a little wrong with his approach.

PM: But what you can always do, it's not only for a Treasurer in this country, you'll find Treasurers in every democratic country, once they've had the benefit of looking at how things have worked out over a period of time they're saying well now we can see what's happened, if we'd now had the benefit of hindsight and known exactly what was happening we would have made that decision.

WENDT: I probably could have done that too Prime Minister, but I'm not the Treasurer.

PM: You're not, but let me just turn that to you. Jana, in your personal life in decisions you take, if 12 months after the event you had known the events of that 12 months, would every decision you'd taken earlier been exactly the same? We all are wiser with the benefit of the experience of the previous 12 months, not just Treasurers and Prime Ministers.

WENDT: But Prime Minister, you run the country.

PM: I do run the country, yes.

WENDT: The Treasurer's responsible for the economic running of the country and basically it's a mess.

PM: No I just absolutely refute the proposition that it's a mess. The problem that we've got in this country now is that we've got an economy which is running very strongly, more strongly than we anticipated it would. Just let me give you a simple statistic. With investment in this country it's now running at a higher level as a proportion of our whole activity higher than it's run for 35 years and that is the problem of a strong economy which has got to be slowed down a little bit.

WENDT: Prime Minister, in all of this Mr Keating has come out and attacked people who own blocks of land and rotary hoists. Do you think that was a mistake in hindsight?

PM: I think that Paul perhaps would've liked to have expressed it differently in thinking about it.

WENDT: Would you have preferred him to have expressed it differently?

PM: It's no good in saying what you would like him to have said, the actual words, but let's make this point, that what Paul was trying to say was that in regard to the housing problem that we have in this country that we ought to be prepared as a community to ask ourselves whether for some people, as a matter of choice that is, not as a matter of imposition, some people may not prefer to have their housing in a medium density type of situation because they prefer to

be closer to their place of employment than further out where they would have their separate blocks. Now it is the case that a lot of people would like to do that. I think what was unfortunate is that an impression is left that it's not legitimate for people who want to have that type of housing that that's still a legitimate aspiration, and indeed that's how most people will have their housing.

WENDT: Mr Hawke, full confidence in Mr Keating?

PM: Full confidence in Mr Keating.

WENDT: Welcome back.

PM: Thank you.

WENDT: You have said you have full confidence in Paul Keating. Have you been entirely satisfied with his performance over the last few weeks?

PM: Well, yes, I mean what you have got to understand is that the job of Treasurer is an enormously difficult one and I look at Paul's performance over six years and I look at my own. I know there are times when I could've said things and done things better than I have. You are not dealing with automatons and perfect human beings. And Paul himself would say that perhaps he could have expressed things better and more clearly, but I make my judgement about Paul Keating and his overall performance and I still believe he is an outstanding Treasurer.

WENDT: But when he does come out and attack ordinary people with rotary hoists and blocks of land, I know we've just spoken about that, don't you think it has the potential to be outright insulting to people who've been tightening their belts for so many years now?

PM: I think that some people would misunderstand it. I accept that, but all I can say to your viewers, I know the man. He is a person who is committed to trying to improve the lot of your ordinary viewer and he is a Treasurer who has, with me and in Government, provided jobs and just let me come back to this, I mean, you think of jobs. He and I have created jobs at a rate four times faster than the conservatives and John Howard did in their seven years. We are creating jobs more than twice as fast as the rest of the world. Now I think common fairness, Jana, demands that that not be forgotten. Now obviously things can be said in a way which may be taken amiss and if your viewers have felt hurt or not understood by some of the phrases that Paul's used, just let me say to you it's not intended. What we want to see is ordinary Australians have gradually improving standards and I give them this commitment. It's unqualified that in this period ahead as a result of what we'll do in the wages area and in the taxes area that their standards will improve. That's what they need, it's what they deserve, it's what we will deliver.

WENDT: Are you saying in the short term or the long term?

PM: I'm saying in this coming financial year there will be an improvement in standards resulting from tax cuts and wage increases and taking that into account with inflation.

WENDT: Well, your Treasurer has said today that it's not going to get any better, the trade figures at least.

PM: No, the trade figures for some months, he said, will continue to be bad.

WENDT: Till the end of the financial year I believe.

PM: Well that's 88/89 in this financial year, we obviously are not going to see the order of improvement that we had hoped, but that is not the sole determinant. That's not the sole determinant of the sorts of issues I have been talking about and I want your viewers to understand that while the jargon may be mystifying at times, and Treasurers often have to talk in the jargon of economics, that what Paul and this Government is about is trying to create an Australia in which under the pressures, the external pressures that exist, we will conduct policy in a way which will keep going the increase in jobs so that they and their kids will not only stay in jobs but there will be more jobs for them and that they will be more rewarding jobs. Now that's what we are about.

WENDT: Mr Hawke, I understand that you want to appeal more to women. Here I am and there are a few million listening to you now. What are you going to say to us?

PM: Well let me give you the background to that. The fact is that if you look at the voting figures there is, what we call, the gender gap that something like three percent or so less women vote for our Party than do men. All I was saying to my people and it's an obligation that we should explain to you, to all the women of Australia, the things that we have done, not just for women as such, but all the general things that we've done which have made for a better Australia. Now obviously there has been some failure of communication. I accept that and I was saying to my colleagues, we've got to remedy that. The sorts of things I would like to say to you, Jana, and to all the women that are listening and I've talked about jobs and I think that should be important. I think the thing I'd like to say mostly to the women of Australia is this, not just the women who are adult and grown up now, but I want to say this to them. As a result of what we've done over six years, their girls, their young girls who are growing up are going to grow up in an Australia in which those girls are going to have a greater range of opportunity of occupation, of training and education than has ever been the case before in this country.

WENDT: Alright Mr Hawke, I hope the message gets through. Thank you very much for your time tonight.

PM: Thank you very much indeed Jana.

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