



PRIME MINISTER

TRANSCRIPT OF INTERVIEW WITH QUENTIN DEMPSTER, 7.30 REPORT, 16 MARCH 1989

E & O E - PROOF ONLY

DEMPSTER: Prime Minister, a slight improvement on the current account deficit. Your reaction please.

PM: I'm pleased that it has come in the lower end of the range of expectations Quentin. Imports are down which we want to see. But there's no room for complacency.

DEMPSTER: Do you stand by your prediction in the Western Australian election that interest rates will come down?

PM: Yes I was asked a question to which the answer was obvious. I was asked "would interest rates come down before the end of the year?". The answer was yes and it's still the answer.

DEMPSTER: Well you can guarantee they'll be down by the time your colleague, Wayne Goss, faces the people of Queensland in November?

PM: Well what will happen to interest rates will be a function of the success of our policy in lowering off the level of demand to reduce the demand for imports but at a level which will still keep economic activity going and employment. If it works out - as I expect it will - I think by that stage they'll be coming down but I don't make immediate projections about it. It's not helpful to anyone.

DEMPSTER: Airight. Are the tax cuts still right for July?

PM: Yes.

DEMPSTER: Is Australia facing a recession?

PM: No.

DEMPSTER: A recent survey by Blue Chip Economic Indicators in the United States shows that 65% of leading US economists believe a US recession to be imminent but most forecasts targetting the last quarter of 1989 and the first quarter of 1990. If that is so Australia won't be able to avoid recession will we?

PM: I don't accept the accuracy of those assessments and indeed Quentin if you and I would sit here now and review the forecasts of economists, both international and Australia as to what was going to happen in the future you would show a picture of chaos. They very rarely get it right, and are well paid for not getting it right I might say. I have a reasonable degree of confidence the United States economy is going to keep going in 1989 at a reasonable head of steam and into 1990. What we've got to remember is that the world has a vested interest in the United States economy going well and the rest of the world has shown a preparedness to co-operate with the United States. I think the critical issue Quentin in regard to the United States economy, is President Bush going to be prepared to take the sorts of decisions - not fundamentally drastic decisions - but get the debt position going the right way. I think the evidence is that he's prepared to do that.

DEMPSTER: Why are you dithering on privatisation?

PM: I'm not dithering on privatisation. The processes are under way in the Party to look at this. I've given a gentle indication I think it's a pretty important issue.

DEMPSTER: Well it was on the agenda last year and off the agenda and now it's on again.

PM: It hasn't been off the agenda. As a result of the initiatives that I took last year I think we got a decision by the Conference to establish these committees. I just wanted to let them know I think it's a pretty important issue they're dealing with.

DEMPSTER: Well we're used to action in Queensland - not just namby pamby - ... if it's in the national interest now, why not do it now?

PM: Well I'm glad you make the point. The difference between my Government and what's happening in Queensland - I operate in a democracy.

DEMPSTER: Well that may be so but why not do it now if it's in the national interest?

PM: I haven't got the power just to say, "bang" like that, as to what will happen. I'm serious in making a point about it. It's a democracy.

DEMPSTER: I thought you were a statesman. You lead, the others will follow?

PM: Yes but we do have a democracy. I cannot just say, "this is what will happen". I mean that's what characterised Queensland for a long time and look at the price you pay.

DEMPSTER: Couldn't you use the prestige of the Prime Ministership, get the nervous nellys into the Lodge, give them tea and scones and twist their little arms?

PM: I don't operate like that. I mean there might be some tea and for those who want something stronger, they might have some of that, but I'm quite happy with the way the processes are going.

DEMPSTER: Will you be helping Wayne Goss by campaigning in Queensland in the forthcoming State election?

PM: Well he's been kind enough to indicate that he regards me as an asset and I'd like to be up here. Let me say this, as you know - because we've known one another a long time - I've got a longstanding love affair with Queensland. And probably I've spent more time in Queensland, relatively speaking, than just about any other State. And I'll be here if he wants me and I'd certainly like to be here.

DEMPSTER: Can you give Mr Goss an assurance that you won't call an election before the scheduled November State election?

PM: That's very unlikely, very unlikely, very unlikely.

DEMPSTER: Prime Minister, how much more of our prime coastal and rural land must we sell off to overseas?

PM: Well of course the question of how much land within a State is sold off to overseas interests is a matter essentially for the States. But let me make this point - and I say it directly to all my friends here in Queensland - which I hope really is everyone because they mightn't all agree with me but I hope they regard me as a friend, I regard them as friends - but let me say this to the people of Queensland. The worst thing - that we as the current generation of Australians with a responsibility for the future - the worst thing we can do is to become nationalistic, xenophobic people who say we don't want foreign investment, particularly if we direct it at any one country. This country needs foreign investment, because we need it to develop the country and, most particularly we need it to increase those areas of strength, the manufacturing industry and in tourism ...

DEMPSTER: But it's ... into the property, it's beach front real estate and prime rural land.

PM: But let me say this in regard to tourism. That's our biggest growing industry and the future of this country depends upon development which is going to provide jobs and income. Now that doesn't mean ...

DEMPSTER: But they buy the - the Japanese particularly - are buying the resorts, say, and they're repatriating the profit. They're one off sales and they're repatriating the profits to back home.

PM: If you want to get me into an anti-Japanese campaign you've got the wrong bloke. Let me say this quite clearly. As far as Japan is concerned, it's our most important trading partner and that trade - that very substantial trade, the two-way trade that we have with Japan - is fundamentally important to the strength of this economy. And so both on economic grounds and moral grounds you are not going to find this Prime Minister discriminating against one nation ...

DEMPSTER: So ... on foreign investment, in short, you won't stop.

PM: No, I was just going to make the point if you would've allowed me, you've got to make the political distinction. We do have a Foreign Investment Review Board and we will invoke the national interest. Look at the other day, for instance. Keating stopped a two hundred million dollar foreign investment application, it happened to be from the Japanese, it wasn't because it was from the Japanese, in regard to a development in Sydney, because he said that was environmentally unacceptable. The difference between us and the Tories is this - that we favour having a Foreign Investment Review Board which will invoke the national interest. We've done it. Howard and the National Party say no Foreign Investment Review Board, "we'll abolish it - just free for all". Now that's the distinction. We will protect the national interests by having the appropriate institution. We've demonstrated that. Our opponents won't.

DEMPSTER: Prime Minister, thank you.

PM: Thanks very much.
