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PRIME MINISTER

TRANSCRIPT OF DOORSTOP, WESTMEAD HOSPITAL, 20 APRIL 1989

E & O E - PROOF ONLY

JOURNALIST: Mr Hawke, did it take much, I mean you've had two Cabinet Ministers now talking about resignation from the Cabinet -

PM: Now, don't let's blow up this latest one. There was all the, Barry was a little bit concerned that, you know, perhaps not enough was going to be done in the science area. He had a talk to me about it and everything's happy, no problems at all. So you're really battling to make much out of that one. I mean, as I keep saying, if you want to look for problems go to the other side of politics.

JOURNALIST: Mr Keating has threatened to cut off money to New South Wales at the next Premiers Conference if the Greiner Government endorses petrol tax. Have you endorsed Mr Keating's -

PM: Well, obviously he said we'll have to look at it at the Premiers Conference when we take into account what happens with the disbursement of funds and we will have to look at it. Simple as that.

JOURNALIST: Is New South Wales doing the right thing by trying to reduce

PM: What we've got to do in this country at the moment, as you know, and what was central to the Statement that we brought down, is to reduce the level of activity in this country somewhat. It's too high because we've been sucking in too many imports and this idea of just thinking that you can spend more and more by raising taxes a bit to undertake more activity is not consistent with the sort of approach that is necessary to get the economy off the boil a bit. So, that's what our concern is.

JOURNALIST: What did you think about what's happening to Mr Macphee?

PM: Well, I've expressed my concern about that. I don't always agree with Mr Macphee but I think he does, as I've said, represent decent small 'l' Liberal strands within that Party and I think what you're seeing there is part of a move to the extreme Right within the conservative parties. Now that's their business. I mean I don't want to get involved in it any more than to say that. I think it would be unfortunate if Mr Macphee were to be dumped, but that's their business. We'll go on with the business of running the country.

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