



PRIME MINISTER

TRANSCRIPT OF INTERVIEW WITH BRIAN WHITE, RADIO 3AK,
MELBOURNE, 12 MAY 1989

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WHITE: Sitting in front of me here in Melbourne is the Prime Minister, Bob Hawke. Good afternoon to you Sir. It was very kind of you to make that generous announcement that you made today.

PM: Well it was a pleasure Brian. What you say about the contemporary music industry is absolutely right. I mean people tend to think of it just as entertainment - and it's certainly that - but it is a big industry in employment terms and it's growing in importance as an export earner. So we've been very pleased to put \$600,000 in earlier to create a permanent source of revenue through that percentage of the royalties on the blanks and also to indicate to that we'll probably be doing a little bit more.

WHITE: Alright. Now let's get down to business. The business of the day still appears to be the Liberal Party and it's frontbench. Are you surprised that John Howard has knocked back Andrew Peacock?

PM: Well it's obviously the end result of the stupidity where they clearly haven't got their best talent and it's not as though they've got a great deal of talent to play around with. But they haven't got their best talent when they don't have Howard in the Ministry and to say that Jim Carlton will be better Shadow Minister for Defence than John Howard would've been, is just an absurdity. What it reveals is that the bitternesses and divisions within the Liberal Party are as deep as they ever were.

WHITE: Would you see it as an insult to Howard to offer him Education?

PM: Yes. I think that's a fair way of describing it. It's your description and I can't bring myself to disagree with it. I mean he is clearly in a position where he's entitled to expect higher - not that Education is not amongst the most important issue in this country - I mean don't let me get that wrong - but in terms of the ranking that it has within their portfolio structure, it was obviously knocked back. The two that Howard apparently wanted - Foreign Affairs and Defence - and what Peacock has done is very interesting. He said, "No John Howard. Ian Macphee is better in Foreign Affairs than you are." Most interesting. As you know John Howard in Defence, Jim Carlton, the bloke

(PM cont) that you through out of the Shadow Ministry all together and who is regarded within in his own Party and around Australia as a laughing stock after his performance as Shadow Treasurer, "I'm telling you John Howard that Jim Carlton's better in Defence than you are". Now it's pretty hard to get a more calculated insult than that I reckon.

WHITE: Yes. Those none the less. All of this sort of thing is I guess usually expected when a new leadership takes over any political party that there's at least the week of people settling old scores and bodies falling around all over the place. Once all that's settled down, one it's over, once there is that new frontbench in place, what's it mean insofar as options for you as Prime Minister?

PM: It doesn't affect - it doesn't go to my options at all. You see people tend to be asking this Brian, look I don't know whether you're asking in that sense about elections.

WHITE: I didn't even mention -

PM: No, no. But that's the context in which it usually comes up. Now what you've got to remember is this. The bloke, the one bloke who raised the question of there being an early election was who? John Winston Howard. Why? Mr John Howard threw this scare thing into the ring because he had some idea there might be some sort of challenge going on against him, although it didn't seem to be too much on the boil about it. And so he was saying to those around him, "well look you can't go rocking the boat because Hawke's going to call an election". Now Hawke wasn't going to call an election. It was never in my mind to call an election in the middle of the year. He tried to line it up with the tax cuts. As I've said, the tax cuts were a delivery of a promise I made twelve months ago - that I would give the people of Australia significant tax cuts from July 1. Now that's what it was about. Little Johnny Howard said, "oh no this means an election". Now the fact that he couldn't save himself and that he's gone and Andrew Peacock's in there doesn't do anything about my ... I didn't intend to have an election now and I'm not going to.

WHITE: Well I didn't bring up elections, you did.

PM: And I thought that was the context that -

WHITE: Yes. Well I'm actually looking at it in the context of whether a populist leader of the Opposition against somebody such as yourself, a populist Prime Minister, whether that changes the way in which you will approach the problems that you have before you as Prime Minister?

PM: No. I mean why would you? I mean what we've been about is the process of making a range of tough decisions that have been necessary to handle the economic problems of this country, and that means essentially to get us back towards the full employment economy in which we've been spectacularly successful. I mean the important thing that I ask your listeners to remember is that when we came to Office unemployment was over 10%. In their last 12 months there's been another quarter of a million thrown on to the unemployment scrap heap, and what I've said we've got to do is to make decisions between getting people back into work. We've been spectacularly successful, created jobs 4 times faster than under Fraser/Howard/Peacock, and we're doing it 2 times faster than the rest of the world now. In that situation we've also got to take some tough decisions to keep the economy not exploding you know in a way which would just send us right back into recession. That means high interest rates at the moment. Now I want people to understand that I don't lightly make these decisions about having high interest rates, it's absolutely necessary now because if we didn't try to slow the economy down a bit we'd just be sucking in that much imports that we couldn't pay for and sustain. I think about this you know just about every day. I say to myself, you know I try to put myself in the minds of ordinary people out there and say, "well now I know that times have been a bit tough for them, I know that high interest rates are hurting a bit. But is there any other way to protect the economy, not having a go but is there any other way?" You know I think about it every day. The answer is Brian that there isn't any other way. We've got fiscal policy as tight as we can. We've got wages policy tight. So we've just got to have monetary policy tight for some time. I just say to you all your listeners that I'm concerned about them and I won't have interest rates higher for one day longer than is necessary. But that also means that I'm not going to take high interest rates off a day before they should be.

WHITE: But of course your opponents - and that includes an increasing number of financial commentators it seems to me - are saying that interest rates are going to be the death-knell for the Hawke Government. You also have people saying that there are ways of cutting a lot of money out of the fiscal side by reducing Government expenditure.

PM: It's very interesting that people who say it - particularly our opponents. They never say where and no-one acknowledges what we've done. Remember this, that when we came to Office Commonwealth outlays as a proportion of the gross domestic product were 29.1%. Now we've gradually, gradually cut away until the outlays now are not 29.1% but 25.6% of gross domestic product. We've reduced a deficit that we inherited of the best part of \$10B to a surplus of \$5.5B and we have a situation where the public sector borrowing ... is zero. The overseas debt is not a Commonwealth Government debt, it's in the private sector or

in the states. So we are acutally paying off debt. So we have done that by very, very severe cutting of expenditure. For 3 years in a row now there has been a real reduction in Governemnt outlays. So these people who just blindly say, "Oh well we'll cut another couple of billion off", let them be specific. I noticed just reading through some stuff during this week, Andrew Peacock said back in '87 in an article in the Bulletin that the Opposition must be absolutely specific and it must be soon about where we would cut, and he's right. Now where is he going to cut? Is he going to cut in Defence? I don't think so. Is he going to cut in pensions? I'd be surprised. Is he going to cut in other areas of social welfare, education, roads? Come on Mr Peacock, tell us where you're going to cut.

WHITE: Well the Business Council of Australia - what ten days ago - did present an argument where it believes cuts could be made. Did you look at that?

PM: Sure, sure. And yes there were some areas that they - I know what their submission was, it added up to over a billion dollars - it included some areas of assistance to industry but it's all very well for those people sitting in the Business Council of Australia - I don't question their integrity at all. But they've got to understand that in these areas that they are making suggestions about - it is not just a question of political difficulty - but they've got to put it against the background of the massive cuts that we've already taken and we just believe that there is virtually no room left for perhaps one thing that they did say in their submission - the one your talking about. They talked about cuts of about \$500M from the states. Now we've made it clear that there's going to be at least \$360M. We said that in the April Statement. There's at least \$360M coming off the states. So there's some areas of agreement between us.

WHITE: Of course, I haven't heard the term used for while but economists used to like talking about circuit breakers and one of the circuit breakers that I suppose might be around the place is if you were able to persuade your own Party that selling off places like Qantas and the Commonwealth Bank would be a circuit breaker, it would help.

PM: They are one off things. I mean you can theoretically argue cases for and against the sale of the ... but you've got to understand that that's a one off thing, that doesn't do anything in a continuing sense to meet these sorts of problems of balancing between revenue and outlays. You know it's in a different area. I mean we are different from the conservatives in that respect. I mean the Howard ... at any rate, you don't know what the Howard Opposition - as distinct from the Peacock Opposition - was one which just had an ideological obsession against the public ownership of

(PM cont) any enterprise. Now this crowd, I think, is on a different - certainly Macphee who has now been reserrected - is out passionately against the Howard public asset sales situation. So one doesn't know what they are about. But the important economic point is that they are one off considerations which don't meet the situation permanently.

WHITE: Let me come back to the matter of elections which you raised, not me. Robert Ray went on record the other day after the elevation of Andrew Peacock as saying that it did mean that there wouldn't be any reason for an early election. But Janine Haines - who is not exactly regarded as a political heavy weight, but none the less is a very skilled operator as a politician - Janine Haines reckons you ought to run right away.

PM: Well when I get to the stage when I need to rely on Janine Haines for political advice in general or election timing in particular, I think I'd be in a bad state. That's all I need to say about Janine I think.

WHITE: So what are we talking about with an election? Have you got any thoughts that you can offer that's new?

PM: Nothing new. I mean I repeat, it's John Howard that precipitated all the talk, not Bob Hawke. I've said no early election.

WHITE: There was no consideration being given at that time that Howard floated it?

PM: No. I mean you see I was the one who knew what was happening about him. I was the one - against all the political journalists - none of them were on to it - I said in the Parliament that it was on. I gave the numbers, I gave the timetable, I knew what was on. In those circumstances he didn't sort of know the actual details, he didn't know it the way I did. But he did have a vague idea that there was something happening. So what he wanted to do was to try and write down the impact of the announced July tax cuts to try and say, "Hawke was just doing this because he was going to have an early election," get people to think that this was a cynical exercise rather than simply what it was. That's how rough the Tory's are. You make a promise back there 12 months ago saying you'll deliver tax cuts from July 1 if there's a proper wages outcome, there is a proper wages outcome, you deliver it. But their standards are so abysmally low that they try and say, "Oh no, no he's not just delivering on a promise, he's trying to create an election". Now they got it wrong. They got it wrong.

WHITE: I was in the Parliament the day that you threw that number at John Howard - the number being 34.

PM: Yes. Did you see Andrew blush?

WHITE: Well indeed what I did notice about Andrew was that he didn't smile. I did watch him.

PM: Well he was there wispering in the Leader's ear, "No, no I mean I wouldn't be doing this".

WHITE: What did you mean by 34?

PM: Well that's about where they were then - 34. They needed 37 but Andrew's position was he wasn't going to run unless he had 40 or 41 because he took the view - as he was putting it - that you can't trust them. At the end when they go up to vote it might 2 or 3 back-sliders. They had 34, 37 was enough, he wanted 40. Now he didn't have them then. But the events in regard to the Goldstein preselection and their perception of Howard's handling of that enabled him to tip the numbers. So I was right about the timetable, I was right about the numbers.

WHITE: Rupert Murdoch's two newspapers in Melbourne - the Melbourne Sun this morning - suggested that you got, shall I say, a baking yesterday in your clash with Andrew Peacock. The Melbourne Herald this afternoon is running a poll, an opinion poll, which shows that Andrew Peacock would win an election if it were held right away by quite a substantial margin. How do you feel about that?

PM: Well as for a baking, it was certainly not a baking. What happened is that I miss-heard a question that Andrew Peacock put to me at the beginning and it was quite clear that I'd made a slip in the Parliament earlier in the week. I'd said there'd been a increase in living standards of 8% per annum. It obviously ... hadn't been it and never said that anywhere but apparently I ... in the Parliament and he's able to catch me out on that. It's not earth shattering. If that's the sort of question on which he's going to go as his first question, that suits me fine. I'm not worried about that at all. Later on I was misinformed about whether training funds for the Trade Union Training Authority was an amount that had been asked by a question and we had to correct that. No, no, no problems there. One of the problems we've got in the Parliament though - which is obviously going to be increased under the tactics of Mr Wilson Tuckey - is this constant noise from the Opposition, I mean they're just shouting, shouting, shouting, and that is somewhat disconcerting, I mean we're gong to have to deal with that. But as to the poll, I've said before there was a change in leadership, I said that if there is a change then there'll be a honeymoon period. I said it earlier this week when the thing was announced I said to everyone, "Well you've got to expect a honeymoon period". It usually happens when you get a change of leader and they get a run, that won't last.

WHITE: You don't have any concerns that why the 2 Melbourne papers are doing that - which the Sydney papers didn't today - that this might signal Rupert Murdoch deciding that Andrew is the next leader of the country?

PM: I don't think that, you know, obviously I've had no discussions with him. I'd be very surprised if that were the attitude of Mr Murdoch. After all, Mr Murdoch has had the opportunity over many years now of seeing Mr Peacock and I'd be surprised if the assessment of Mr Murdoch on what he's seen and the comparison he's able to make, that he would come to that conclusion.

WHITE: The other question that is uppermost in my mind today is one to do with Tom Uren -

PM: Yes.

WHITE: Your old colleague. Now our Melbourne listeners would not have heard a long interview that I had with him yesterday, but just as a brief background, Mr Uren spoke, I must say move movingly than I've ever heard him speak before, on a subject which he's often talked about, which is the plight of former prisoners of war, Australian prisoners of war, of the Japanese. Yesterday was the first time that I've ever heard Tom talk about the diseases that afflicted these men on the Burma Thailand railway and all the various Japanese prisoner of war camps. He's appealed directly, through that program yesterday, for people to write to you to ask for more to be done to help them. What's going to be the answer?

PM: Yes well, let me first of all say how totally I respect my friend Tom Uren on this issue. He's a man generally of enormous compassion, as you know, but this is an issue which is very close to him because he was a prisoner of war up there and on the railway and he saw so many of his mates die and he saw the rest of them come back, many of them with considerable problems. He's talked about this with great compassion in many places, including in the House recently. So what I've asked is that when we have a look at this, further at this situation and we will, you know, be taking into account what he's had to say and the very persuasive representations that he's made and we of that in the context of going up to the next Budget.

WHITE: There are, as he says, fewer than 6,000 living former POWs of the Japanese, 70 percent of whom will die before their time because of the illnesses they contracted.

PM: One can't argue about the very touching and real nature of the problem and I don't argue it. Simply one has to look at it in relation to the range of demands from a number of legitimate sources in the veterans community. I think it's true to say that this Government has an enormously positive relationship with the veterans community and their major

(PM cont) organisation, the RSL. I was just meeting with them, for instance, Brigadier Garland and Ian Gollings, their National Secretary yesterday ... of matters. We have a very, very good relationship with them and we've got to look at this particular claim and issue that Tom is pressing so urgently in the framework of other demands, but we'll be looking at it sympathetically.

WHITE: Now he has made the point, both in his speech this week and the one he made in October, that it was with some considerable dismay that he realised that it was the Hawke Government which did in fact cut back on some of the benefits that POWs were getting.

PM: Well, if you look at the total range of what we've done for veterans generally, then we've spent more in increases in this area, in relative terms, the increase in expenditures on veterans has been greater than just about any other area of administration. Very, very substantial hundreds of millions of dollars of increase in outlays generally. One area in particular which the veterans community is particularly, you know, been responsive to us and grateful is the upgrading of the repatriation hospitals. So in all areas of Government there's hardly been one which has had a greater increase in outlays than veterans. You had to sort of balance within that massive increase in outlays the various issues that they put before you, the veterans and the representatives of the veterans community, the things which are their number one priorities and so. I can't say any more Brian, other than that I recognise and appreciate completely the integrity and total commitment with which Tom Uren puts these issues. I repeat, we'll look at what he's got to say.

WHITE: I understand - you just mentioned the fact that you had discussions only yesterday with the RSL - I understand that this may have had to do with this new campaign which Legacy is also involved with, about getting into schools with the message about the Spirit of Australia. Is that right?

PM: Well, that wasn't the particular issue yesterday. Really what we were talking about yesterday was that next year is the 75th anniversary of Gallipoli.

WHITE: Yes.

PM: And I announced recently that I would make available a 707 aircraft to take Gallipoli veterans back there. So we were talking about that and starting to work out how together we would work out the details because there's a lot of logistics in that. These men are going to be chaps in their nineties and that's going to require a lot of medical and support back-up to go with them. So we've got to talk about that and also talk about what else we may be doing together to try and have an appropriate celebration for that 75th anniversary because, of course, the reason for picking

(PM cont) up that 75th anniversary is that by the time we get to the 100th, all those veterans will be gone. We want, therefore, to make the 75th anniversary one that will be vividly remembered.

WHITE: Just on that subject, I am one of those Australians who grew up with a father who was overseas during World War II, he was a Rat of Tobruk, and I guess I've always grown up with the belief or a view that no Australian Government ever does as much as those men and the women really deserve. Do you think that your Government's approached the right level?

PM: I think we've approached the right level. All I can say is that the retiring head of the RSL, Bill Keys, has on the public record been extraordinarily fullsome about the attitude of my Government and so I, in a sense, rest upon his judgement as head of longstanding of the RSL, about what we've done. But I think, having said that, I mean it's not a question of patting yourself on the back and saying 'well you've done better than anyone else has ever done enormous increase'. I guess it's an area in, one way you can never do too much because it's not an exaggeration of language or an exercise in rhetoric to say that we owe everything to these people. I mean these are the people who were prepared to lay down their lives for the future of their country and in that war, you referred to, the Second World War that your father was involved, the very future of this country The fact that we've got a free and democratic and prosperous country with all that it has to offer, we've got that and got it to pass on to our children in a very real sense, is because of the sacrifices those people made and were prepared to make. So how do you ever put an adequate measure on that?

WHITE: Just one other side issue to this all again. The Japanese, there's Tom Uren who has got, I think, a very magnanimous attitude towards modern day Japan. But the issue of Japanese ownership of Australia or that part of it that they are buying up remains a sore, I would suggest, with a whole lot of people. Do you think it is?

PM: Yes it does with some people and I'm glad you asked me the question. What I appeal to your listeners to think about Brian is this, these are facts that I'm putting not opinions. The fact is that Japan is our major trading partner. It buys more of our exports than anyone else and we get more of our imports from them than from anyone else. We are not an exclusive monopoly source of supply for them. If they wanted to decide to get their coal, their iron ore for instance, from other countries, they could. And their meat, they could. Now Australia can't have it both ways. We're either going to understand and accept the fact that this is our major trading partner and that our actual standard of living is determined in part by the fact that they are such a substantial buyer of our products and therefore carry the implication from that that they have rights in regard to this country. Well, we don't. You

(PM cont) can't say to the Japanese 'we want you to buy as much of our coal, our iron ore, some of our uranium, our wheat, our wool - buy, buy, buy that Japanese friends so that you help to increase our standard of living, but we're then going to say to you that you're second class citizens. We'll discriminate against you, as against the world, and you will have differential and discriminatory investment rules against you'. Now what the Japanese will say? Say 'OK, you think we're second class, you want to discriminate against us, that's alright, off we go, we'll do our buying elsewhere'. Now, who suffers? It's not just us today, but more importantly it's our children and their children. You can't live and operate in a world like that. But let me make the bottom line. It is legitimate for Australians, for your listeners, to be worried about levels of investment in certain areas, whether too much of a real estate is being bought up or so on. That's why we have a Foreign Investment Review Board so that we look at major investment decisions to take into account the Australian national interest. Now that's our position. In the Liberal Party, under the document that John Howard laid down and which Mr Peacock says he embraces, they would abolish the Foreign Investment Review Board so that you wouldn't have any mechanism there, no substantial separate mechanism to look at levels of foreign investment. But I'm pleased to say, and I say this in fairness to my political opponents, that while they differ from us on the question of a regulatory mechanism, therefore I think they are in an inferior position, as I understand Mr Howard's position, as he was then Leader and as I would understand it to be Mr Peacock's position, they would not differ from me at all in the exposition that I have just put. In other words, as I understand it, there is a bipartisan position and I congratulate them on that in terms of the view I just put. They would, I think, identify themselves with that.

WHITE: I guess though that, I mean, in a sense I wasn't even really raising the question in the racist way that has been raised so often in Australia, but it's only 20 years that we had talking about buying back the farm and here we are selling it again.

PM: Well, well, you either are part of one world which is interconnected in trade and commerce and economically or you're not and you can't say 'world, hiho world, we're part of you. We want to buy and sell with you, but world sorry, having done that little bit of the exercise, we're off'. Now every country is entitled, in my judgement, to have a national interest concept. I mean, in other words, take for instance if you got a national -

WHITE: Well the Japanese certainly do don't they?

PM: Yes, although they are gradually opening up. They're gradually opening up. There's been a deliberate decision by the Japanese to open up and this is recognised internationally now that they are. They're still not as open as other countries in many respects but they are moving in the right direction. Now it is right for a country, including Australia, to say we are going to watch whether the level of investment and purchase of our assets is such that either in a strategic area or in quantities, too much, that we don't want it because it could put the control of our destiny, in certain respects, into the hands of others. Now, I will bow my knee to no-one in being totally committed, Brian, to protecting the integrity of this country, not putting our future in other peoples hands. But you take investment, what we need in Australia is to diversify upon so that we don't depend just so much on wheat and wool and iron ore and coal. We've got to get a stronger manufacturing sector. And if we are going to get a stronger manufacturing sector we need investment and we need it particularly I may say from Japan who've got, in many areas of hi-tech industries, the most advanced technology. So we want their investment, so they come in here and we can establish here in this country, sophisticated hi-tech industries which are able to boost the exports and the living standards of this country, but all the time watching that we don't allow a situation where the strategic sovereign control of our future passes to someone else.

WHITE: Yes. Mr Hawke, thank you for that. Well, I've kept you well past the time that you had, but thank you for being here. It's good to see you.

PM: Brian it's always a pleasure to talk with you. Thanks very much.

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