



# PRIME MINISTER

TRANSCRIPT OF DOORSTOP, ADELAIDE, 19 MAY 1989

E & O E - PROOF ONLY

**JOURNALIST:** Mr Hawke, are you concerned about your chances in Kingston.

**PM:** No, we'll retain the seat because we've got an excellent Member. He's done a tremendous job and the Government will be returned and he'll be returned with it. You see just because I go into an electorate, it doesn't mean that we're worried about it. I mean, since I've been Prime Minister, which is over 6 years now, I think there's probably no Prime Minister who has travelled around the country more than I have. I mean I go into electorates where we have margins of 30%, I go into electorates where we have margins of 20, 10, 5 and there's about 5% here. The fact that I'm here doesn't mean that we've got any particular worry about this seat.

**JOURNALIST:** Janine Haines seems to be polling quite well. Are you concerned about the threat.

**PM:** Well, I mean she says she is. I would have thought that the evidence of the Democrat's polling in the last two elections that have been on in Queensland and Tasmania would be leading inevitably to the conclusion that we are seeing the end of the Democrats in the Australian Senate and they won't keep themselves alive in the House of Representatives.

**JOURNALIST:** Mr Hawke, what are going to say to the electors here in Kingston about high interest rates and going higher and high bank profits and going higher. What are you going to say in the mortgage belt about that.

**PM:** Well, it's not just what I'll say in the mortgage belt. I don't have one message for the mortgage belt and one for another.

**JOURNALIST:** But they would be ...

PM: Well, now look are we having a debate or you've asked a question and you want the answer, OK? Good. Now, the facts are very simple. We have said that we would keep monetary policy tight for as long as it's necessary to protect the Australian economy from the bringing in of a level of imports that we can't sustain. The simple fact is that the Australian economy is growing too strongly. The - I don't want to burden you with a whole lot of statistics - but there's one simple one which shows what is happening. In the last year our demand grew by 8%, our production by 4%, so we had to bring in half of that increase in demand overseas. We are not earning enough to pay for those imports and so if we are going to protect our future we have to lower the level of demand and the only way to do that at the moment is by having pretty tight monetary policy. The simple fact is that the interest, not only of people in the mortgage belt but all over Australia, would be much more poorly served, their interest would be devastated, if we didn't take steps now to restrain demand because then the Australian dollar would collapse and interest rates would go through the roof and the economy would collapse. And I'm not prepared to do that, even if it would appear at the moment to be the politically popular thing to do. We have never dodged taking the tough economic decisions and we won't now and ultimately we'll be respected by the electors, not only of Kingston, but around the country. Now the other part of your question was about bank profits. Now the question of - what we do is to set general economic policy including monetary policy and the question of banks and their profits and rates that they charge is a matter between banks and their customers.

JOURNALIST: Prime Minister, do you accept that you can't win an election while interest rates remain high.

PM: Well, how do you think we'd go in an election now - we'd increase our majority.

JOURNALIST: That's not what the polls are saying.

PM: On the contrary, you wait and see - on the poll, the latest poll, after the election of Mr Peacock, the latest Morgan poll, we would have been elected on Democrat preferences. And that, may I say, that poll was taken last Friday before the latest gory round of bloodletting.

JOURNALIST: ....

PM: Now why don't you ask your question a little bit less belligerently - I can hear you if you put it softly.

JOURNALIST: I was just trying to get over the top of ...

PM: No, well, you don't need to shout, that's all I'm saying.

**JOURNALIST:** Alright, I'm just going to ask you quietly, when do you think interest rates will come down.

**PM:** I am not predicting the future of interest rates in any immediate sense because the very moment the Prime Minister or the Treasurer makes such a prediction that of itself can have an impact on what happens in the market - I don't do that.

**JOURNALIST:** Prime Minister, what would you say to people who wonder how high interest rates and high mortgage payments are going to stop businesses and big corporations borrowing capital overseas.

**PM:** Well, let me make these points about borrowing. What we've done as a government, and now we've been joined by the State governments following yesterday, is to reduce very substantially the demands by government upon savings. What we did yesterday, in conjunction with a 360 million dollars reduction of our outlays announced in April, is to have a three billion dollar cut in the demand by the public sector upon the community savings. That is, the over one billion dollars off our own authorities - we've cut their borrowing by over a billion and one billion off the State government authorities and the one billion reduction in our own area. Now, with the State government grants and our own cuts, now that's three billion dollars cut in the demand by the public sector. Now that will, in terms of the overall context of monetary policy, mean that there will be more room for a call by the private sector upon the Australian savings. There'll be less need to call upon savings overseas. Now that ....

**JOURNALIST:** ...

**PM:** Now wait a minute - that's what government can do to in fact produce the sort of context in which there is more room for the private sector and for private individuals. And that's what we've got to do - reduce demand. We don't want to create a situation in which there is going to be an explosion of demand, we've got to have demand at a lower level than it is now.

**JOURNALIST:** Will you decide to call an election because of the disarray in the Liberal Party.

**PM:** Not at all. The only talk about an early election, as I said at a press conference yesterday, was by the deposed leader of the Liberal Party. When he saw that we were going to be delivering, on the promise that I'd made twelve months ago, for substantial tax cuts - and that was what I'd promised more than twelve months ago and what I was delivering - he then tried to divert attention from that and say well, all I was doing was having some sort of immediate pre-election gimmick. Well, I was delivering on the promise

PM: (cont'd) that I'd made. I didn't talk about an early election and Mr Howard did. For that reason also to divert attention from the pressures upon his own leadership. So there's never been any talk from me about an early election. So I'm not in a situation where I'm abandoning some plan and as I said yesterday, when you talk about temptation, I now have a long history of resisting temptation, and I'm doing it again.

JOURNALIST: Mr Hawke, Janine Haines' somewhat cheeky billboard up at Reynella - what did you think of that and do you agree with the premise of that, that the only reason you're down here is because you're fearful that you'll lose ...

PM: Well, that means that I've really never been in Kingston before, when there's been no Janine Haines. How many times have I been in this electorate before?

[I think you've been here four times.]

PM: Four times.

JOURNALIST: Have you ever been here for three days before.

PM: Well, I'm not here for three days ...

JOURNALIST: You're in South Australia for three days ... electioneering, is that what ...

PM: Why don't you sort of get your questions a little bit less belligerently and get them based upon fact. I am not here for three days ...

JOURNALIST: It's very hard to get questions with such long answers sometimes.

PM: Well, that's your last one.

JOURNALIST: But what did you think of the billboard - somewhat cheeky?

PM: No, while Janine Haines is putting up billboards we're putting up child care centres and we're raising the employment profile. We're creating 1.4 million new jobs - that's what we're building - that's what we're putting up and that's the contrast between the Labor Government creating a growing economy, growing employment, reducing unemployment. Those are the things we put up and I don't mind, we'll ... she can put up as many billboards as she likes.

JOURNALIST: ... the more attention we draw to Kingston, the better your record will look.

PM: The better - that's right.

**JOURNALIST:** Do you support the uprising in China.

**PM:** Do I support the uprising? Well, I don't know that it's to be called properly an uprising. Let me say that I believe that the authorities in China are to be complimented upon the way they are dealing with what is obviously a massive expression of concern for more political reforms. The students who are being, obviously being supported by a wider cross-section of people, are taking the opportunity of the new developments in China to express, peaceably, their views and quite obviously the authorities are dealing with this in a rational and peaceable manner and it seems to me, from the fairly considerable knowledge I have of China and the leadership and what's happening there, that (a) this is a sensible thing that they are doing and (b) that it's likely to lead to further opportunities for involvement by more people in the political processes.

**JOURNALIST:** But Mr Hawke, could the instability flowing from this effect Australia detrimentally.

**PM:** No, I don't think there's any question of a detrimental effect on Australia and I can only see - as far as the situation in China is concerned - an improvement in the sense that I think ... any sort of movement which is going to open up the political processes to give more opportunity for an expression of view is a good thing and provided that the authorities can continue to cope with this in the peaceful way that they are, I think that must be good for China and ... people should understand the benefit ...

[Tape break]

... Fourthly, we've had a very significant increase in real benefits for those most in need. For example, if you take in the area of children, there will in this coming year be spent over two billion dollars under the Family Assistance and Family Allowance Supplements Scheme to lift the real levels of income of those lower income families in the community most in need. Fourthly, to show the improvement we would refer to what's happened in the area of education. When we came to office only 36% of the kids were staying on in school - now 58%. Going to other end of the age spectrum to the aged. Under our predecessors, in particular under the time of Mr Howard - a 4% reduction in the real value of pensions. Under us - a real increase of over 7%. So these are the sorts of things which show the real improvement in conditions for the Australian people and obviously ... now wait a minute ...

**JOURNALIST:** ... haven't got a grasp of the facts ...

**JOURNALIST:** Mr Hawke, the Liberals are saying that in this imminent major statement you're making on the environment you should really address the issue of the Murray and especially, because of the importance to South Australia, do you think that will be looked at in what you're saying.

**PM:** Yes, the whole question of soil degradation and water conservation is going to be one of the areas that will be involved in the statement and of course we've had very significant co-operation, as you will appreciate, between the Commonwealth, New South Wales and Victoria and South Australia on the question of the River Murray. We've all spent a fair bit of money and there will be reference to these issues in the comprehensive statement that we'll be making.

**JOURNALIST:** Mr Hawke, will you be coming back to Kingston before the next election.

**PM:** I would think that I'll be back before the next election - it's a fair way off and I'll certainly be in South Australia and I can't imagine that Mr Bilney won't grab me for something in that period. It's always good to be back here.

**ENDS**