



PRIME MINISTER

TRANSCRIPT OF INTERVIEW WITH GARRY WEST AND CRAIG MOORE,
RADIO 3BA, BALLARAT - 8 JUNE 1989

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INTERVIEWER: We have the Prime Minister of Australia, Bob Hawke, in the studio. Good morning, Mr Hawke.

PM: Good morning, Gary, nice to be with you.

INTERVIEWER: Nice to have you in Ballarat I might add too.

PM: Thank you.

INTERVIEWER: It's a day visit today, you're doing a lot of running around, you've got a lot of people to meet I know - it's a meet the people sort of a tour, Craig, which is good.

CRAIG MOORE: It is good. At one o'clock this afternoon at the Central Square Shopping Centre is where you'll be.

INTERVIEWER: That's one of the areas where a lot of Ballarat and District people can meet the Prime Minister if they'd like to. We're running short of time this morning. There's a number of questions we wanted to put to you and we've had a lot of listeners ask us to ask you certain questions -

PM: Sure.

INTERVIEWER: - over the past few weeks, but China has to come up first. The situation is worsening over there, we're aware of that. Can you see it going any further though at this stage.

PM: No-one can say with accuracy, Gary, what's going to happen. The reporting out of there is all qualified and saying well this is what we think may be happening. First thing to say, however, is that our Embassy is still saying that there is no firm evidence at this point to substantiate the stories of massive and serious fighting between different army units of the People's Liberation Army. That's not to

say it won't happen but I'm merely sounding a caution, there's no hard evidence yet. The most tragic thing I think, apart from the obvious tragedy of the deaths of thousands of people which stands out as the worst element of what's happened, but for the future the most disturbing element is the question of the Secretary-General of the Party there, Zhao Ziyang. He's a leader that I've spent a great deal of time with, he's a force for moderation, a magnificent man, I believe, who I think is simply central to the future of China. But they seem to have pushed him aside, there have been some stories that fates worse than that were possibly in store and I really think the critical thing is whether he's going to survive and be able to come back because I can't see anyone else there that's got the capacity to revive China.

INTERVIEWER: Your Department hasn't been able to find out if he is OK or not?

PM: No, it's not only our resources, but no-one is able to say, none of the other countries with whom we share information on these matters, no-one is able to say with certainty what his physical condition is. It's quite clear that he's been shunted aside from his official position but as to what his actual condition is we're not sure.

INTERVIEWER: But Mr Hawke this tragedy seem to have happened so quickly - it just hit the world overnight really, didn't it? I mean, we woke up, read it in the press, saw pictures coming in via satellite and it doesn't look like its going to be over very quickly. As far as Australia is concerned what else can we do at this stage?

PM: There is nothing that Australia can do to alter the course of events. I think the sensible thing to do is precisely what we are doing, and that is that we have taken immediate steps to evacuate Australian citizens there whose interests were at risk, we're keeping, however, a skeleton staff of the Ambassador and about a dozen other people because that's important for two reasons. One, to try and keep a handle on what's happening so we can be properly informed and secondly, to watch our interests there and to continue to say in the strongest possible terms that we deplore what's happened and that the interests of China, the region and the world are going to be best served by an abandonment of force. Because force, killings, the restriction of human rights may provide some perceived temporary solution to the authorities there - it will never provide any final answer. So we've got to keep getting the message through as far as we can with others around the world that their own interests are best served by abandoning this course of action.

INTERVIEWER: Mr Hawke, apart from China being in the headlines, interest rates too, they've been mentioned quite frequently too. They're at record levels, its been disastrous for many Australian homebuyers, I guess people in Ballarat are no exception. Now I know you are aware of these hardships that people are facing, but can you give us any indication today as to how long these high interest rates will last?

PM: Well, they will last not a day longer than is necessary. I mean, I'm sure Craig and Gary that you understand that there is no way I would have interest rates higher for a day longer than is necessary. We haven't got them there for fun, we haven't got them there because we want to hurt people. I mean, I've been in office for six years now trying to improve the lot of the Australian people, to create more jobs, which we have, and to bring the inflation rate down and to look after people who are in hardship. That's what we've been doing for six years and we're not doing this now, as I say, for the fun of it because we want to hurt people. We're doing it because it is what must be done - I don't want to put this in economic jargon terms because I know your listeners won't want that - but the simple fact is that the level of activity in Australia is that high at the moment, it has been for some time, which has had good features associated with it, more jobs and more investment. We need that, but we are now with that level of activity bringing in so many imports that we can't afford to pay for them by our exports, so we've got to lower activity. That's why interest rates are high. As the level of activity comes down, as I believe it will in the months ahead of us, then of course in that condition interest rates will be able to come back. But the worst thing we could do for Australians now would be to say oh it doesn't matter, we'll pull interest rates down, activity go up, more imports and in that situation we'd lose the dollar, the dollar would just go through the floor and interest rates through the roof. So we've got to keep it tight for a while.

INTERVIEWER: Otherwise the situation would get worse?

PM: It would get worse and I know that in a sense it's politically unpopular to have interest rates now, but I'm not going to dodge the hard but right decisions for some perceived temporary political popularity. I mean, we must do the tough things and, look, I want to say to your listeners there's not a day passes in which I don't think about this, try and work out whether there are some sort of things that can be done differently which would make it better for people. Because I can remember when I was a young bloke who went first to the ACTU back in the fifties, I can remember the struggle about meeting repayments on a mortgage. I know the pressures that it creates. So I just say to your listeners, as soon as its humanly possible those rates will be coming down. But in the meantime, as I say, I remind them that within a matter of just a few weeks now from the first of July those very substantial tax cuts will be coming through and they will be substantial and it will be a real help. I hope that those tax cuts will help your listeners who are particularly suffering from higher mortgage repayments that those tax cuts will help them through the toughest period in the period ahead and before the rates come down again.

INTERVIEWER: Well, Mr Hawke, as far as the unions go and the wage-tax deal, you're not tempted to back off there at all?

PM: No, on the contrary, if we were to back off there, if we were to say the tax cuts are not on, then the unions in this situation of high economic activity have the capacity to just take wages through the roof. I mean, in fact, what the trade unions have been doing, to their great credit, is resisting offers that are being made about massive wage increases. They've been taking the responsible course and said alright we'll accept relatively lower wage increases as part of the wage restructuring deal on the basis that we know that we're going to get tax cuts which is a cheaper way for the community, a less inflationary way for the community of maintaining their real income.

INTERVIEWER: Mr Hawke, with an election coming up and possible in the next twelve months or so, do you think the changes taking place as far as the Opposition is concerned with the parties, will that mean that you'll have a real fight on your hands when you go to polls?

PM: Well, I'm not coming up here in Ballarat just to pour a bucket on my opponents. I just make the obvious point that Mr Peacock was Leader before and his own Party regarded him as inadequate, they threw him out. Then they had Mr Howard, they regarded him as inadequate. But then the important point is there was no-one else around, their resources are so poor that they've had to go back to a man about whom they had made their own judgement, about whom the President of the Party, Mr Elliott, has expressed in the past extraordinary observations about his inadequacy. So you have the Liberal Party having no-one else to go back to, putting in a fellow that the Federal President of the Party has spoken most disparagingly about in the past, so is a man who wasn't before able to get their policies together, they still haven't got their policies together, all they're living on at the moment is the understandable concern in the community about high interest rates. Apart from that they've got nothing going for them and we're a Government which has created record employment increases, bringing inflation down, putting more kids into a better education system - these are the fundamentals that will endure in the judgement of the electorate I think.

INTERVIEWER: Well there was a friendship for a time, Mr Hawke, between yourself and Andrew Peacock - is it still there now that he's the Opposition Leader?

PM: Oh, look, I'm not going to create a situation in which I'm in a state of personal enmity with Andrew Peacock. I don't like operating that way. I like, in the whole of my life, including the political aspects of my life, I like to have a decent friendly workable relationship with those on the opposite side of the fence. I think that's the way it ought to be as far as you can. I think the differences ought to be on the basis of policy and perceived positions about the best way you govern the country, and as far as I'm concerned that's the way I try and make it.

INTERVIEWER: Well who would you prefer to see as the Opposition Leader, John Howard or Andrew Peacock?

PM: I really don't think it makes very much difference because you've got to remember that when Andrew was there and had been Leader of the Opposition for some months, his standing with the electorate went down to the sort of level that Mr Howard's has been at. So I think he'll have something of a honeymoon, I think that's always the case, I think he'll have something for a period, but it won't last terribly long. In the end I think people are going to make judgements about records and policies, I don't deny that leaderships have got something to do with it, of course it has, but if we've got a story of good government to tell, as we have, and they've got a story of a bad record and not very relevant policies, I think that's what will determine the election.

INTERVIEWER: Well, if it wasn't Mr Peacock or Mr Howard, is there somebody else you'd like to have a challenge from from the Liberal Party?

PM: Well, its interesting you know Craig, if you look at the way the cycle's gone, who did I come up against first, it was Mr Fraser -

INTERVIEWER: Who may well be listening this morning, of course -

PM: G'day Malcolm. And this is not a plug for you mate. There was Fraser, then Peacock, then Howard, now it's back to Peacock. There's a certain logic about this. The next one ought to be Fraser. Perhaps we'll have Malcolm back.

INTERVIEWER: Or will it be John Elliott?

PM: I know there is a God there and he couldn't be that kind could he?

INTERVIEWER: Mr Hawke, if you are returned to government what do see as honestly the biggest foreseeable challenge in the years ahead?

PM: I think the continuing challenge that we as Australians have got is to be tough enough and intelligent enough to realise that we live in a world of enormous change, that we're a very small nation in numbers of people - we're less than 17 million people in a world of five and a half billion - that we can't live as an island unto ourselves, that we've got to restructure the way we do things so that we can become competitive. The world doesn't owe us a living, we've got to be able to go out there not just as we'll continue to have to do to be the best sellers of wool and wheat and meat, we're going to have to continue to do those things, but we've got to be able to manufacture goods that the world will want at competitive prices, provide services that the world wants at competitive prices. That's going to require toughness on the part of the Government, the trade unions, employers and the community generally. Provided we've got the intelligence and the toughness to do those things, there's nothing that's beyond Australia.

INTERVIEWER: We'd better leave it there I think. we apologise everybody for the news this morning but it's not every day we have the Prime Minister of the country in the studio and it's about the only time that we'd drop the national news. You have a busy schedule today. We would like to mention some of the areas you're going to because I know a lot of people would like either to say hello to you or tell you what they think of you and I really think they should have the opportunity seeing that Bob Hawke is in town. The Prime Minister will be at Grevillea Primary School for a tree planting ceremony.

PM: I'll be at all these places with John Mildren, my friend and colleague, the local Member.

INTERVIEWER: And also at Central Square which I think is a good one at one o'clock today because it's a brand new complex we have in our city and it's proving extremely popular, particularly in our climate because it's all well under cover as you'll no doubt see today - and it's also heated. I guess you're probably used to a few cool mornings in Canberra.

PM: Yes, yes but you've got your own particular brand of cool down here if I may so.

INTERVIEWER: It grows on you, if you come back and spend some more time with us I'm sure you'll get to like it. We hope you can do that and we do appreciate your time this morning.

PM: It's a pleasure being with you Gary and Craig, thank you very much indeed, and to your listeners.

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