



PRIME MINISTER

TRANSCRIPT OF NEWS CONFERENCE, PADDLES SHOE FACTORY,
SEBASTOPOL, BALLARAT - 8 JUNE 1989

E & OE- PROOF ONLY

JOURNALIST: 58,000 more people in jobs. That's good news obviously for those people out there, but is the economy going too fast still Prime Minister?

PM: It's one of the indications of an economy going very strongly. That brings it up now to the best part of a million and a half new jobs in this period and a participation rate also at the highest level ever recorded. So there are signs of an economy which is still operating strongly. There are some other indications of course in the housing area and so on which suggest that we are beginning to see the signs of a slow-down which has got to come.

JOURNALIST: Prime Minister, if the economy is still running strongly, does that mean interest rates have peaked?

PM: As I've said, I don't see any need for them to go higher and I certainly hope that that's the case because I've had the opportunity as I go around now of actually listening to the stories of people who have been affected. I took the opportunity at lunchtime today of just going to a private home, a very modest home. The people there, it wasn't only the one family but friends of theirs and I just sat down and had lunch with them and listened to them. There's no doubt that the interest rates are hurting and I don't like seeing that. But as I explained to them, and I think they understand, that we've just got to hold on for a while until we get this level of activity down. I just hope that we're going to see that before too long.

JOURNALIST: Prime Minister, do you think it would be a bit of a shame if the money markets simply see good employment figures as an indicator on interest rates or other elements of the economy without seeing it as the social victory that it is?

PM: I do hope that not only the commentators but the community generally will understand the evidence that this is of providing the best possible means of protecting people. I mean the best protection for people in an economy is that they have a job. It truly is remarkable the rate of job creation that has taken place. As I say, it's now one and a half million jobs rounded off in this period of six years and it means that that's one and a half million of our fellow Australians who are in work that weren't there before, it gives them the capacity to earn an income to look after themselves so that they are not dependent upon the community. But unfortunately, as in economics generally, there's usually a down side. The down side is that, as far as it is an indication, it means that the economy is operating that strongly that it's going to be continuing on that indicator to bring in imports at an unsustainable level. But as I say, it's one of a number of indicators, and I think if you take them all together I think we are starting to see the signs of a levelling off. I certainly hope so.

JOURNALIST: Prime Minister, Senators Ray and Richardson say that privatisation will not get through either the NSW branch of the Labor Party or the Victorian branch. Where does that leave the issue?

PM: It wasn't suggested that at this coming conference it was going to get through. It wasn't on the agenda to get through. That's an irrelevance.

JOURNALIST: But they're also suggesting that it won't be possible they think to change policy before the election.

PM: That's a report I saw, it said it in there. They thought it wouldn't be possible in the next few months. There's really no story to be beat up here very much. The processes in the Party will go on and they're not processes which involve state conferences, they are processes which involve the committee which is established by the national conference. I think fairly sensible discussions will go on in the weeks and months ahead.

JOURNALIST: Do you still hope the processes will be finalised before the election?

PM: I'd like to see that happen, I'd like to see that happen.

JOURNALIST: Mr Hawke, isn't there a risk involved in you saying that you don't think interest rates will go up any higher?

PM: I said, if you listened to what I said, I said I don't think there's any need for that to happen and I say that in light of the situation that's confronting us. But I'm not saying anything more than that because you've got to see the way in which the economy develops. You would think and hope, as I say, that the level of interest rates that exist now, together with the other tight arms of policy of wages and budgetary policy, one would hope that in combination that will be enough to bring the economy back.

JOURNALIST: Do you think it's possible for the Government to keep employment growing at some sort of reasonable rate and still get cutbacks in the areas that you want so that there is not that kind of consumption? Is that the juggling act do you think that you can perform?

PM: It's not a juggling act. What I've said before is that you've got to bring back the level of activity in a way which doesn't put the economy into recession, keeps enough growth to keep employment growing but not at the rate at which it is growing. See, as I say, you've got the participation rate at the highest level ever. If you had a participation rate now that existed when we came to office you'd have the unemployment rate in the order of two to three per cent and that's the measure of how we're going back towards a full employment economy. You don't need the rate of growth and employment growth that we've got now to be able to take up some of the people that are coming onto the market. I think, as I say, we can handle things in a way which will give us a soft landing. That is, a dropping back in activity but still at a level which involves growth, economic growth and employment growth. I think we can do that.

JOURNALIST: Have you had an update of the situation in China?

PM: I've been speaking during the day to the office, I haven't spoken in the last two or three hours, but when I last spoke there wasn't anything new to report. They were still in that state of uncertainty. They are not prepared, our Embassy there is not prepared to say at this stage - this is a few hours ago - they're not prepared to say that they have firm evidence which would sustain the proposition that there was serious, substantial fighting between different

units of the army there. There's been some skirmishing but not yet enough to say that you've got that type of civil war situation on your hands. So it's still gravely disturbing and we will keep our people there so that we can be reported to about what's happening. I keep expressing the hope that there will not be the insanity on the part of those who seem to be in power at the moment of getting rid of those in whose persons lies the future hope for China.

ends