



PRIME MINISTER

TRANSCRIPT OF NEWS CONFERENCE, SEAWORLD NARA RESORT HOTEL,
SURFERS PARADISE - 14 JULY 1989

E & OE - PROOF ONLY

JOURNALIST: The eight backbenchers concerned about interest rates in Canberra last night, were they wasting their time?

PM: No, people never waste their time meeting. As I said when I got off the plane yesterday from the South Pacific Forum, I never object to people meeting. But the important thing is that we start in earnest on Monday with the Budget preparation processes. We will do, as we've done over six years of government, to go about the steady business of managing the Australian economy in a way which is going to produce the best results. You heard me talking here today about what those results have been - unsurpassed in the history of this country and better in fundamental respects than is happening elsewhere, with the creation of jobs and the bringing down of inflation, a situation now, admittedly, where in the interest of Australians we have to have temporarily high interest rates. Because the alternative would mean a disaster. We will make the decisions which are necessary to protect the continuing interests of the Australian people. If some of the backbenchers want to meet and have their ideas well that's OK. But we will make the decisions which are necessary to, as I say, protect the interests of the Australian people.

JOURNALIST: Will you take their suggestions on board?

PM: ... We know what they are saying. As I said before, over the last few weeks, when suggestions are made you don't ignore suggestions. You look at them and see if they've got merit and then you make the decisions which on balance are best for the community. But the fact that eight backbenchers have met is not going to change the course of history.

JOURNALIST: Is it becoming more politically attractive to artificially soften the impact of high interest rates?

PM: We won't be doing anything artificial. If we make a decision it will be a considered decision which we think is in the interests of the Australian people, presently and in the longer term.

JOURNALIST: One bank has reduced its interest rate to 15.5% today. Do you think that interest rates have peaked ...?

PM: I'm not making any comment about the timing of interest rate movements because when a Prime Minister does that it can be counterproductive. All I can say is this, it really is two things, as I've said consistently and I repeat them. Interest rates will be kept as high as they need to be for as long as is necessary to protect the interests of the Australian economy. Secondly, we will be making a range of decisions which are consistent with protecting the interests of the Australian people and in a way which will enable, at an appropriate time, a lowering of the interest rate regimen. But that will not be one day before it's responsible and it won't be carried on one day longer than is necessary. It's as simple as that.

JOURNALIST: Are you confident that you'll have the full support of the Caucus?

PM: Yes, yes. You would notice that even amongst people who are having their meetings and getting a reasonable amount of publicity for them, basically they are saying that they support the fundamental thrust of the Government's policy, as well they should. Look at what it's produced. If you produce a policy from '83 onwards which turns around what was the worst recession in 50 years, and your policy turns that round to a point where you have a rate of employment growth four times as fast as what you had before, more than twice as fast as the rest of the world, reduce inflation and have a reduction in the Budget deficit to a point now where it is a record surplus, there can't be much wrong with those policies.

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