



PRIME MINISTER

TRANSCRIPT OF INTERVIEW WITH JOHN HAMILTON, ABC RADIO, PERTH
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HAMILTON: Today on Hamilton's People my guest is Prime Minister Bob Hawke. Welcome to the program Prime Minister.

PM: Thank you John.

HAMILTON: You've been Prime Minister now for over six years, you've won three elections. How do you keep up your enthusiasm? What makes Hawkey run?

PM: It's a very complex question. No-one, I think, is capable of analysing themselves completely. But elements are, one, I made a very brilliant decision as soon as I could in my life. I got born to parents with strong constitutions and I seem to have inherited that. I have the capacity to keep going fairly easily. Secondly, I eat well, I keep fit. For that I thank Hazel very substantially. She's got me onto the health kick. I exercise. So physically and constitutionally I'm very very fortunate. But then in terms of what drives me and enables me to keep going, I've just, from a very early age, when I started to hear really my political consciousness in Perth, I've had a commitment to trying to make a better Australia, a different Australia. Some people say doesn't the edge go off after six years? In a sense the opposite is true. Because you're able to see the results of many things that were just ideas before and that's very stimulating.

HAMILTON: Have you changed yourself do you think? Have you become a more patient person, a more tolerant person?

PM: I think so, yes I think I have. At times you get a bit frustrated that there are so many road blocks in mind and in practical affairs. But I think you learn as you go on that you've got to be accommodating and find your way through these things rather than a tendency I might have had earlier in my life to do a bit more and to crash through.

HAMILTON: Let's turn to the domestic scene. What do you think about the recent public opinion poll which says for the first time that more Australians were pessimistic about the country's future than optimistic. In other words really I think what we're saying is when will we see a change, a light at the end of the economic tunnel as it were?

PM: I'm not surprised. It tends to be the case that if we get into a situation, and particularly where we've got very high interest rates at the moment which are necessary, that people get depressed. I'm not surprised by that. As to that part of your question John which talks about the light, you've got to remember there's a hell of a light there now. You look at the employment figures that have just come out in this last week. We've created one and a half million new jobs. We've got a situation in Australia now where people who want jobs can get them. We've got the unemployment rate down to six per cent. If you had the same participation rate now as when we came to office the unemployment rate would be about two per cent. So that's a hell of a lot of light. We've created jobs twice as fast as the rest of the world. Inflation is down from the double digit figures that we had before and will come down further after this blitz that will be associated with the increased food prices from the floods. But certainly it is that some people are hurting because of the high interest rates. Now that hurts me, but it's necessary. If we didn't have the high interest rates now it would be very very much worse for very very many more people. But in that climate, sure, people express a certain amount of pessimism. I believe those interest rates are going to come down but not a day before it is economically responsible to bring them down.

HAMILTON: Prime Minister Thatcher had a famous ... response that there is no alternative. Is that really your response too to the present situation?

PM: I'm saying there is no economically responsible alternative. The Opposition floats around, makes noises, but in the end can't promise anything constructively different. You've got three arms of policy. You've got your fiscal policy, that's tight. We've reduced the deficit, created surplus ... significant. You've got a tight as possible wages policy. That leaves your monetary policy. You've got to keep that tight for some time. But we do that in a way which is going to keep the economy going but at a less high level of activity because we can't pay for the level of imports that that measure of activity brings.

HAMILTON: It's just a hard-selling job though isn't it?

PM: Yes you're right John. People don't like tough times, they don't like to scrape. You've got the job and I've got the job, Paul Keating and others have got the job to explain that there is no alternative in these circumstances. Unless you want to be totally irresponsible and say alright we'll ease off monetary policy. What would happen then? The international money markets would do the job for you. The dollar would dive, interest rates would go through the roof and you'd have a massive recession. No-one wants that alternative.

HAMILTON: So what's your message of hope for the people who are really hurting out there. The people out in the northern suburbs here are really hurting at the moment.

PM: Yes, there are people with high interest rates. My message is this. If you haven't got jobs you won't have mortgages. That was the situation we inherited in '83 when this other mob had control of the economy. They brought the worse recession for 50 years. At the same time we had double digit unemployment and double digit inflation and interest rates under them reached 22%. That's the alternative. With us you've got a situation where with restraint on wages and very tough budgetary policy we've created jobs more than twice as fast as the rest of the world, four times faster than the other mob when they were in office. So people are in work but at a level of activity now which is bringing in too many imports. We've got to lower the level of activity and high interest rates for the time being are necessary to do that. In the absence of having those high interest rates then as I say international monetary markets would drive the Australian dollar down, drive interest rates to levels infinitely beyond what they are now and throw millions out of work. That's the alternative. I don't make up the economic world and the rules of it and Australia is part of a world economic system. That's what the truth is. We have to have a level of activity that is sustainable in terms of our capacity to pay for our imports.

HAMILTON: What do you say to the people who say why don't we bite the bullet straight away and strike a consumption tax?

PM: The points to make about that are these. We had that on the agenda and the Australian people said no they didn't want it, quite clearly. So we had a massive restructuring of the Australian tax base in the absence of a consumption tax and in a way in which I might tell you converted a \$9.6 billion deficit that we inherited from the Libs into now a massive surplus. In other words we've been totally fiscally responsible in terms of increasing the revenue to Government by doing what they would never do. And that's making the rich and the powerful pay where before that was a matter of choice for them. We've increased the Government revenue in this way, put ourselves into surplus and to then suggest another change in the tax system would be disruptive of a pattern which people have now come to understand - point one. Point two - it would very very significantly increase inflation in a one-off but nevertheless hurtful way. That's precisely what we don't need at this time. Thirdly of course if you're going to have a consumption tax you would have, as we said at the time, a very very significant safety net arrangement in place which would add to the welfare provisions. ... it's appropriate in the circumstances that I'm talking about to be going down this path. We have dealt with Australia's fiscal problems, its budgetary problems and we don't want at this time to be

PM (cont): inflicting upon the Australian consumers a massive dose of further inflation. Let me say that as far as savings are concerned, essentially savings of the Australian community have been on the increase in the last year or so.

HAMILTON: Each program we're going to be asking our guests to select a piece of music. I asked the Prime Minister today and he said Lonesome Loser by the Little River Band. Is there any particular significance ...?

PM: There are two. My tastes, basically my preferences in music are classical. But that would take rather too long to play. I'm currently into Brahms Number One Symphony but I think it might take a bit too long. So I then thought well I'm Catholic in my tastes and I thought of the Little River Band for this reason - I like their music and they were amongst the leaders of the Australian music industry in being exporters, helping us in our export drive, particularly to the United States. So I thought they deserved recognition. And then I thought, because as you know I am a soft and charitable ... I thought of poor old Andrew -

HAMILTON: Who just happens to be in Perth at the same time.

PM: Yes, yes he shadows me ... That's until after the next election. Then they'll dump him and there'll be a fight between John Elliott and McLachlan and Fred Chaney. That's the scenario. So he's going to be a pretty lonesome loser isn't he.

HAMILTON: So this is a political message as well as a personal selection?

PM: Yes.

HAMILTON: Let's turn to foreign affairs. You've just come back from an exhaustive and probably exhausting trip abroad. Let's turn particularly to Eastern Europe. Is there really a new era emerging for the world do you think? Somebody asked me the other day "do you reckon Gorbachev is dinkum?" I think that's a good question. Do you think he's dinkum?

PM: I know that he's dinkum. I've had the opportunity of spending three and a half hours with the man. I was very fortunate when we were in Moscow at the end of '87 and it was suggested we might have 20 minutes. We finished up having three and a half hours. There is no question at all that he is dinkum. Are we at an important point in history? The fact is that we are at a turning point. We're privileged to be alive at the most significant point in the nuclear age. For the first time, as I said to a group of people last night, we're able to look our children in the eye and without any suggestion of untruth say to them that there is now a real chance of them growing up in a world free of the threat of a nuclear holocaust. Because Gorbachev, and pay Reagan his tribute too, President Reagan

PM (cont): and Gorbachev have started us off on the path of eliminating particular classes of nuclear weapons, working for massive reductions of the strategic weapons, working on the reduction of conventional forces. That job has been taken up by my friend George Bush. So at that level of the super powers those things are happening. Of course, within the Iron Curtain countries, unbelievable changes. I was there in Hungary just a couple of weeks ago. Unbelievable. I was sitting down with the four leaders with a sense of excitement that they had about the fact that they were preparing for free democratic parliamentary elections. I got the story from them and then on the Saturday morning sat down in the Australian Embassy with about 25 representatives of the Opposition, all of whom accepted without question the integrity and the commitment of the Communist Party leadership to bring about this change. These leaders said to me in answer to a series of probing questions that I put to them, yes we accept that as a result of this process we could finish up in Opposition. That's exciting.

HAMILTON: But are you frightened that there could be any setbacks? Look at what happened in China. We were all optimistic about what was happening in China and all of a sudden the incredible events unfolded in Beijing.

PM: You've got to understand that what's happening in Hungary and what's happening in Poland is happening with the blessing and endorsement of Mr Gorbachev. So you've really got to ask yourself the question can anything happen in the Soviet Union? Because there is nothing going to happen within Hungary and Poland itself to reverse these processes.

HAMILTON: Could anything happen to Gorbachev?

PM: There is some degree of, well, not overwhelming, but there's some degree of pessimism that I found in talking to some of the leaders in Europe about his chances and one has to be honest and say there is no guarantee of his survival. But I think the realities on which he's operating, that is that the system is buggered, to coin a phrase. The system is buggered. In Gorbachev's words the Soviet Union is in a pre-crisis condition. It can't feed its people, it can't provide the goods that consumers need. The days of the command economy were never with us and they certainly are not now. In a world in which the freedom of movement of ideas, communication of information and ideas, is the quintessential element of growth and progress. The command economy is the antithesis of that. Gorbachev understands that. All the thinkers in the Soviet Union understand it. So the system was always ideologically absurd. It remains ideologically absurd and practically irrelevant. So if there's change it may be, and this a pessimistic case, that they can't stand Gorbachev's ruthless directness of mind and action and that they will want to ameliorate that. But I don't think that they can reverse the reality.

HAMILTON: Was the system bugged in China?

PM: The system was. ... Marxist/Leninist system. The ideology was always absurd and in an increasingly sophisticated world, irrelevant and counterproductive. So that proof remains. That is why even now Deng Xiaoping is saying we want the economic reform to continue, we want the opening to the world to continue. But they're frightened of the political change. The great proof of course is, and I discussed it at length with my friend Zhao Ziyang who's had the courage to stand up and keep saying these things. The great truth that he realised is that inevitably with economic reform comes political reform. He recognised that truth. The old and tragic men of China either don't understand or won't accept that. But that's temporary.

HAMILTON: If the worst comes to the worst in the China situation would we accept people from Hong Kong? There's a lot of people asking this at the moment -

PM: I refuse to answer that hypothetical question. I say that we've got nearly a decade, the best part of a decade before the handover. I am optimistic that the fundamental realities to which I've referred will mean that the good sense will come to prevail in China. It's our responsibility in conjunction with our friends in the rest of the world to try and ensure that we create the maximum conditions for that happening. If that does then the truth will be that China will need a free and entrepreneurial Hong Kong as much as Hong Kong will need their relationship with China. That's what we've got to try and work for.

HAMILTON: Just a little closer to home, Papua New Guinea. Are you concerned by the breakdown in law and order there? I know we've sent some helicopter supplies there. Will this escalate and if so do we respond -

PM: We are ... as a nation to be worried about developments in Papua New Guinea of which the developments in Bougainville are in a sense the most dramatic illustration. What we've got to remember is that Papua New Guinea is, more than almost any other pre-colonial situation, aligned, drawn on a map around a group of heterogeneous tribal groups, some 760 different tribal groups, who historically had no connection -

HAMILTON: Cohesion.

PM: - and so the great challenge for Papua New Guinea is that the processes of cohesion, those things which unite, have to be given a maximum opportunity of flowering and developing against those forces which are for dissipation. This is something, as I say, which concerns us all. As a government we're doing everything we can to assist them positively and economically. In regard to Bougainville and the helicopters, I had long and serious discussions with Rabbie Namilau, the Prime Minister, to ensure that the

PM (cont): circumstances in which those helicopters could be used, not with Australian Defence Force people I might say, they had to organise the crew themselves. But I have the undertaking in writing that they ... circumstances not to be used against civilian people. That they'll be used purely for the movement of troops and for the evacuation of civilians and troops. They will not be armed, they will not be gun ships. So we have tried to do everything we can to ensure that while they are given the requirements, which as a sovereign independent nation they are entitled to, insofar as our equipment is concerned it will be used in a way which is totally justifiable.

HAMILTON: Have you heard of any particular concern from Indonesia?

PM: The Indonesians have a continuing concern about what happens in Papua New Guinea. But let me say these two things. One, I think that the Indonesians have been and will be responsible in terms of their reaction. Secondly, I think that the relations between Papua New Guinea at the official level are on a sound and constructive basis. They both mutually recognise that it is in their interests that the difficulties on the board will be resolved peacefully and that they live together amicably and constructively.

HAMILTON: Moving very very close to home. You were at Balcatta last night mastering a quiz night. I understand one of the questions was on what part of the body is the skin the thickest? What's your advice? Which is the thickest part of the hide for the politician?

PM: Yes, you do have to have a thick hide because it is the case, and I suppose to a large extent those who have preceded me in this generation of politicians have perhaps brought this about. But politicians aren't the most popular breed of people. You have a situation, particularly when you're a politician in Government, you often have to do things that are a bit tough, that people don't like. I think that the best defence for yourself as you think about your position and your niche in life is what do you believe. Can you look yourself in the mirror at night and in the morning and look yourself straight in the eye and say I'm doing the best I can. If you can say that, that's the best defence.

HAMILTON: Actually, my six year old said to me as I left this morning "what are you going to do today dad?" I said I'm going to meet the Prime Minister. I said do you know who he is? He said "he's the boss". I said would you want to be that boss? He said "I don't know". So what's your advice to the six year olds of Australia? Should they aspire to be politicians?

PM: I don't necessarily say aspire to be politicians but I do plead with them all to think and learn about politics. Because despite what your dad might say as part of this funny sort of crazy media we've got - what's his name?

HAMILTON: Matthew. Have a word to Matthew.

PM: Matthew, let me say this. Despite this crazy media we've got of which dad's part, who have got an enormous responsibility to play and a lot to answer for in terms of people's priorities and perceptions, I wish they'd analyse themselves as much as they are so ... prepared to examine others, including politicians. And if they did they might find at times a rather ugly mess. However, having said that and given that nice gratuitous swipe at the media Matthew, let me say this to you and all the other six year olds. In the end politics is not only the most noble, but it's also the most important part of life. Because politics in the end is about how we as human beings organise our relationships to maximise our best opportunities in life, and particularly not just for the older people but for the younger people Matthew. There's nothing more important and more noble than that. How do we best organise our relationships to give all of ourselves the best opportunities in life. That's in the end what politics is about and nothing can be more important than that.

HAMILTON: Prime Minister, thank you very much.

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