



PRIME MINISTER

TRANSCRIPT OF UNEDITED INTERVIEW WITH KEVIN HUME, RADIO
6WF, PERTH, 8 FEBRUARY 1990

E & O E - PROOF ONLY

HUME: Prime Minister, seven years in power and certainly very difficult times you've had to face. Why do you think you need more time?

PM: Well, I'm yet to find anyone who believes that the world has stopped after seven years. We live in a rapidly changing world and what we've had to do is to take on an over 30 years of conservative inertia where no attempt was made, Kevin, to change the basic economic structure or attitudes of Australia. There is universal recognition that in the seven years we've done more in the area of macro-economic reform and of micro-economic reform than has ever begun to be attempted before. We are turning this country around, we are making it more competitive. The attitudes of the workforce and of management are changing, but there's still a lot of work to do. We've got it on the right track and I want to be there to ensure that as we go now into this final decade of the 20th century, we do make all those changes of policies and, fundamentally, of attitudes and practices which is going to make Australia competitive.

HUME: The 1990s, a fresh decade - some would say that the Hawke Government, what it promises for a fourth term is more of the same rather than a fresh agenda. Do you think there is sufficient freshness coming through in terms of ideas that Labor has got to promise something different?

PM: Well, let's have a look at what we've achieved and whether people really don't want more of that. Let's look at employment. We've created 1.6 million new jobs and that's a rate of employment creation five times faster than when we came to Office. I would think that people would like that continuation. We've undertaken a truly revolutionary social engineering change as far as education in this country is concerned. When I came to Office the conservatives had been in power for seven years and the retention rate of kids in schools had lifted by a magnificent two percentage points, from 34 to 36 percent. They went out of office leaving Australia with one of the worst retention rates in the world - certainly in the developed world. Only really one in

three of our kids stayed on in school. I said that's going to change. I've got that up to 62 percent. In other words, they shift it from 34 to 36, I've shifted it from 36 to 62 and rising. I would think Australians would want more of that because this is the most fundamental change you can make in this country. I inherited a position where really there was a pattern of privilege on the map, on the educational map of Australia. If your kids came from Dalkeith or Vaucluse or Toorak you could be sure they were going on in school, but not if they came from the poorer or the poorer to middle suburbs. Now the stream of kids from Australia doesn't depend upon the affluence of your parents. Similarly in regard to tertiary education. In seven years they created 27,000 new places. By the end of this triennium, we'll have created almost 150,000 new tertiary places. I would imagine Australians want more of that. I'd imagine Australians want more of a situation where, when I came to Office a Professor of Economics, ANU, said of the taxation system, for the rich in this country it's a matter of choice for them as to whether they pay their taxes. Now it's recognised that we have a fair and efficient taxation system. I guess they want more of that.

HUME: Many people on the Labor heartland though who are wondering whether they should vote Labor and give Labor another go in the 1990s, would argue that the 1980s has been a decade in which Labor has helped the privileged.

PM: Well, they're absolutely wrong and they don't say that. That's a thing that's said by people like yourself to try and stir up a Prime Minister perhaps, but they are not saying that for the simple reason that the facts don't sustain it. In the period since we've been in Office there has been, in real terms, an increased allocation of about \$9 billion in real terms to social justice programs - unparalleled in the history of this country. In the area of kids, for instance, now over \$2 billion per annum going out in family allowances and family allowance supplements payments - never happened before and I've just talked to you about a situation in regard to education where it's the kids of the poor who are now staying on in the education system where they didn't do before. So the facts belie, with respect, that nonsense.

HUME: As far as the West is concerned though, we've certainly seen the 1980s being the decade of the big entrepreneur and we're starting to see those entrepreneurs topple like -

PM: Some of them, Kevin.

HUME: Some of them -

PM: Sure.

HUME: And the Labor Government here has been seen certainly as the friend of big business, WA Inc and all and I wonder whether, in fact, that doesn't provide sufficient disillusionment for the election to be lost here in the West.

PM: No, the election will not be lost here. Won't be lost anywhere. We'll win the election and that's not said with complacency, it's because I believe the people of Western Australia are intelligent - as I had cause to say yesterday. I mean, I am a Western Australian, I grew up here. I know Western Australians and I don't think they're dumb, I don't think they're stupid.

HUME: But they're very disillusioned.

PM: They may be disillusioned with some aspects of Labor's performance in this State, but when it gets down to the line, and Mr and Mrs Western Australia has to go into the ballot box, do you really believe he or she is going to say, 'look Peacock has promised no health policy other than the abolition of Medicare and additional expenditure we can't be quite sure of, but it might be up to \$2.6 billion, I'm going to inflict an absolute mess and chaos of a medical system upon myself by voting in the federal election to put Peacock into Government to give us a mess in health, in education. I'm going to vote for Peacock to give billions of dollars to the, to the rich by abolishing the capital gains tax. I'm going to do that because I want to give Mr Dowding or the West Australian Labor Government a kick in the tail'. I just don't think they're that silly.

HUME: But in Thomastown surely Victorians aren't that different. What we've seen there is a massive swing away from Labor -

PM: But in Thomastown ... who was going to govern Australia federally wasn't on the table.

HUME: But still straws in the wound that indicate there's a great deal of mix in peoples attitude -

PM: There is no doubt -

HUME: ... State and federal issues and disillusionment still?

PM: There was a lot of disillusionment in Thomastown with the Victorian State Government and the Victorian Premier and the Ministers have acknowledged that. Now I'm not saying, it would be stupid for me to say, that people have been entirely happy with the fact that they've had to have high interest rates. But again, I think the Australian electorate is intelligent. They know Bob Hawke. They know that I'm neither, as I've put it, a masochist or a sadist. I don't want to hurt myself. I haven't had high interest rates for fun to

hurt me. I haven't had them to be a sadist to hurt the people of Australia. The fact is that Australians have been consuming more than they are producing and that's flowed over into a level of imports that was unsustainable. So we had to slow things down. It wasn't as though we just relied on tight monetary policy - we had the tightest fiscal policy in the history of the country, we had tight wages policy and we had to have tight monetary policy to go with it. Now, it's working and things are easing off, but still there is a bit of a residual there ... but when the chips are down do you think they are going to say '... we're so unhappy about the fact that Mr Hawke had to do that that we're going to, as I say, vote for Mr Peacock, the abolition of Medicare, the reversion to a pattern of privilege where health policy will be determined by how you put more money into the pockets of the private health funds and the doctors rather than looking after the people and education is going to be a return to a situation where it depends upon the wealth of your parents whether you stay on in school or go to university'. They're not going to do those sorts of things.

HUME: But the cost surely of tightening monetary policy, for example, and the slow down in the economy which the Government obviously wants is going to be, surely, more people out of work for example and less revenue for the Government to provide the sort of services that allow for the social justice agenda that you're talking about.

PM: ... Kevin, with respect my dear friend, that's the most facile exposition of economic analysis I've ever heard in my life because it carries an assumption that there is an alternative that we as a country can say to the rest of the world - thank you world, we know world that you will look at us and say that we're not producing as much as we want to consume and therefore world you are going to continue to supply the balance of what we can't produce ourselves, but we want to consume. And the world is going to say to us that's alright Australia, you're a special case, we love your sun-bronzed country. We love your surfing beaches, we love you Anzac people, so we're going to have different rules for you Aussies, different rules for you. Now don't be silly. That's not the way the world works.

HUME: I'm not suggesting that at all. What I'm suggesting to you is that, as far as local voters are concerned, they think essentially with their hip pockets

PM: Don't you see -

HUME: They look around and see, are there jobs for their kids -

PM: Look, my friend -

HUME: Are interest rates high -

PM: My friend -

HUME: Are the services there?

PM: All I can say, my friend Kevin, is that you regard your fellow Australians and your West Australians with a contempt that I don't. I just think, as distinct from you obviously by your question, unless you're trying to be funny -

HUME: I wouldn't say that at all.

PM: You do because you are saying that they have not got the intelligence or the capacity to understand the necessity of what's happening ... What you're saying, you read your transcript, they're going to punish Bob Hawke and his Government because they've made things at this stage with high interest rates, a bit tough. That they can't have all the things at the relatively cheap price that they could have before and we're going to be punished for that. I simply say to you I have a higher, a much higher assessment of the intelligence of your fellow West Australians and Australians, than you have.

HUME: OK, let's have a look at another matter. That is the revolution that this Government has put forward in the workplace. Award restructuring and all of that -

PM: Yes.

HUME: Again profound changes, changes of attitude that you talked about at the beginning of our discussion. How much patience do you think there is within the workforce to accept that radical change within the constraints of very tight wage limits?

PM: Well you've got to sort of look at, when you're asked that question about what's happened to, not just wages, but to real household disposable income. In other words the welfare of a family is not just determined by the wage they get. Now just let me give you a couple of statistics, just to - without swamping you with them, but which are important to understand that point, Kevin. If you look at the last two completed years and the financial year we're in. That's 87/88, 88/89, 89/90. In 87/88, Kevin, the average weekly earnings went up by 6.6 percent and it's true CPI went up by a bit more - went up by 7.3 percent - so real earnings declined, but real household disposable income went up by 3.6 percent. In other words that reflected the improvements in income which came from a combination of more employment, greater social service payments and ... changes in the tax system. So that was 3.6 increase in real disposable income, household disposable income in that year, despite a slightly lower level of real wages. The next year 88/89, same sort of pattern, earning 7 percent increase,

CPI 7.4, so real earnings down a bit but real household disposable income up by 3.5 percent. Current financial year, 89/90, what looks like being the picture for this financial year is - same sort of thing - earnings up by 7 percent, prices up by 7.5, so real earnings down a bit, but real household disposable income up by 4 percent. Because, if you look at this ... here, what we brought in in June was this massive improvement in disposable income by the very, very significant tax cuts. So if you combine tax cuts and the increase in earnings, you had the income of the family increasing by very, very much more than, than prices. And that's ... what we can offer to the people of Australia. We have got a relatively tight wages policy, but it's because we've had a tight wages policy that we've had employment growth of 1.6 million. You can't have everything. I could have had a wages policy when I came in which is a massive real increase in wages - would have had it for a year or two, but then, collapse. That's what happened in the last years of the other mob. They abolished centralised wage control, you had a massive wage blowout and you had the worst recession you've had for 50 years, unemployment grew by a quarter of a million in their last 12 months. So, sure, if you want to say we'll have massive real increase in wages, beaut -

HUME: So -

PM: Delude yourself that you'll have it for 12 months, but you destroy the system.

HUME: OK, just one indicator then for families themselves.

PM: Yes.

HUME: Need they fear that more of their members will be out of work in a year's time or not?

PM: No, no. We will have, and it's generally accepted that what we are aiming at we're likely to get. That's a soft landing. A soft landing really means that we will retain economic growth and we will retain employment growth, but it won't be as massive a rate of employment growth that we've had before. The average rate of employment growth over the seven year period that we've been in Office is 3.5 percent per annum which is very high. We've had a rate of employment growth which is twice as fast as the rest of the world. We won't keep on doing that in the immediate period ahead, but it will still be growth.

HUME: So another key indicator to many in our community, the question of child poverty which you, an issue you obviously feel very strongly about.

PM: I do indeed.

HUME: The pledge in 1987 that by 1990 no Australian child -

PM: No financial need.

HUME: Yes, ... need not live in poverty.

PM: Yes.

HUME: Same time we've seen yesterday, for example, the Brotherhood of St Laurence and the Councils of Social Service across Australia launch yet another campaign to remind Australians that there are, by their count at least, 450,000 young Australians living in poverty. How do you regard that?

PM: Well, let me first of all give you the quotes of what these organisations have said about the promise I made. Last year Bishop Hollingworth in the George Syme Oration, 7 May, 'In strict income security terms, it's true that the Prime Minister's promise, Prime Ministerial promise that no children shall live in poverty by 1990 ... will be achieved. This represents significant progress'. 4 May, the Brotherhood of St Laurence 'this pledge ... the most significant social commitment of the century has been the subject of an historic package. We congratulate the Federal Government on its work, an historic breakthrough the solid foundation -

HUME: But for -

PM: Now wait a minute. ... I'm not avoiding that. But so you see that everyone that's in this area has said that the promise has been delivered. Australian Institute of Family Studies, May 1989, 'by these means the Government's pledge to meet the benchmarks has been met'. In other words, what we did, and it's important that ... understand and say that we will ensure that there be no financial need and we didn't just pluck these figures out of the air. We sat down and consulted with these people themselves, with the social welfare lobby and we said now, what's the way in which a Government can do what it must do on behalf of the community to meet a pledge that there'll be no financial need for the kids to live in poverty. They said well, we'll have to have these payments as a proportion of the pension. They worked out the proportion that would be necessary so I said, we'll deliver that and delivered it ahead of schedule. We're doing it by, let me say, a financial outlay of over \$2 billion a year. Now, that did not mean that you weren't going to have a situation where there wouldn't be children living in poverty for a whole range of reasons outside the fact that we were delivering on our pledge. And that's why I met with the social welfare people last year. What we've agreed to do is to meet together, with the States now, and with other organisations, and that meeting will be on 15 February. There we are going to see what are the sorts of things

that we need to do in our areas of service delivery, which are partly the Commonwealth, partly the States, and in combination with community organisations to deal with the areas of poverty that exist. Because you're still going to have that despite the fact that we make the money available to the parents. If the kids have left home, run away, well the fact that money is going to the parent in that situation doesn't mean that the kid is not going to be somewhere in poverty. You've got to bring governments of all types together, of all levels together, to deal with this. I really think that the most important comment that's been made about this, and it's an absolute indictment of the Opposition, is again what Hollingworth said on 22 August '89. He said this; 'the Government's made real advances in recent years in building a more secure and adequate system of income support for Australians living close to or below the poverty line.' And this is what he then said, and this should stick in the mind and may I say the crew of Peacock and these people who are trying to make some cheap line out of this situation. He said, this is Hollingworth, 'These reforms are too important to be caught in the crossfire of political conflict. The Opposition ought to openly acknowledge the merit of such reforms and move towards a more bipartisan stance on welfare policies for children.' And that's the truth of it.

HUME: Politics obviously is very much still the art of the ... Governments must move as popular pressure to some extent dictates. The 1980s, as I've indicated earlier, is seen by many as the decade of greed. Some in fact have seen it as the decade of the revenge of the rich on the poor. I wonder whether the 1990s you see is a decade in which Labor's social agenda ... greater priority. There might -

PM: That's not -

HUME: ... for greater regulation what's more of the business sector.

PM: This crap, if I may, to coin a phrase. The revenge of the rich upon the poor. How do you reconcile that with the facts? I mean I know when people use phrases like that facts are a bit of an uncomfortable thing that you don't like to deal with. But just let me put the facts up in terms of what the Government can do in regard to the decade, because it's been our decade. The revenge of the rich upon the poor. How do you reconcile that with the fact that when I came to office and now, comparing that, there's been a move from 50% to 59% in the proportion of Government outlays, excluding payment of interest on debt. From 50% to 59% on social justice programs which involves what I said, in real terms, an increase of over \$9 billion. That's what the pattern of the 80s has been under my Government. That's totally

inconsistent with this nonsense you've just been talking about.

HUME: (inaudible)

PM: Now wait a minute, wait a minute. Wait a minute. You've had your exposition Kevin. You've explained that it's said that this is the decade of the revenge of the rich upon the poor. Now you're going to let me, with respect, answer that nonsense. Because the facts which get in the way of that need to be put out. And I'm just telling you, in the period '83 to the end of the decade, an increase from 50% to 59% in the proportion of total Commonwealth Government outlays to the poor. And how has that happened? It's because in that period I've imposed - in part it's happened because I've made the rich pay their taxes. When I came to office Professor Russell Matthews said, as I put to you, said it was a matter of choice as to whether the rich paid their taxes. That was before Hawke. It is not now a matter of choice. If you want to talk about revenge upon the rich, under this Government, I've taken the revenge in the sense for too long, after 30 years of conservative government, the rich had it as a matter of choice or option whether they paid their tax. Not now, because I've abolished the haven of the rich, the protection of the rich, where they could accumulate income through capital accretion and not pay a cent of tax. Now, through the 80s, by the end of this decade, they will, and into the last decade of the 90s, the rich who had the haven will now pay billions of dollars in tax that they didn't pay before. They accrued benefits before through fringe benefits which they didn't pay any tax upon. I abolished that. So if you're talking about the 80s being the revenge of the rich upon the poor, I mean it's a lovely phrase to roll off the tongue in the ABC studios -

HUME: (inaudible)

PM: So why don't you look at the facts?

HUME: If I may simply just add one comment as a postscript to that point of discussion. A comment by a far more eminent gentleman than myself, John Kennett Galbraith, looking across a whole range of Western economies -

PM: But you didn't -

HUME: - including Australia.

PM: Yes, but the people listening to you when you rolled it off may have been excused that you were talking about Australia. I don't have the responsibility my dear friend Kevin for the rest of the Western world. I have had in the 80s the responsibility for Australia. And if there is one phrase that you couldn't use about Australia in the 80s under Hawke, that it was the revenge of the

rich upon the poor, when I've hit the rich who were protected after 30 years of conservative government. Because you quote your Galbraith about the rest of the world, I'll quote your Matthews. The foremost authority, I repeat what Matthews of Australia said about Australia, not the rest of the Western world. Before Hawke a matter of choice whether the rich paid their taxes. Not after Hawke.

HUME: Ok, let's take up another matter then.

PM: I hope so.

HUME: Of revenge, if we may. And that's revenge close at hand it would seem for the many areas of WA Inc that Peter Dowding is likely to suffer.

PM: Yes.

HUME: It's said that you've endorsed Carmen Lawrence as his successor. Have you?

PM: No Kevin, I haven't. I'd invite you mate to have a look at the whole transcript. Now there was an attempt by the media, and if I'd been sitting where they were and ... looking at Hawke I would've tried to nail him. What I had to do, and I hope I did it successfully, was say look I can't enter into this decision. Nor should I. It's a matter for the State Parliamentary party. And I said really that's where it's got to be. I was asked a question about did I know Carmen Lawrence? I do. What did I know about her? I said from what I know of Carmen she looks a capable no-nonsense sort of person. But really Kevin I can't be coming in and patting either one of them on the back. It's now a declared contest to be settled on Monday. It's a matter for the State Parliamentary party.

HUME: It would certainly help if Peter Dowding went, as far as your own re-election chances were concerned though wouldn't it?

PM: We will win the Australian federal election for some of the reasons Kevin that we've been talking about. We'll win I think. I'm not being cocky or complacent about that. But we deserve to win for a lot of the reasons I've been talking with you about and also the inadequacies of the alternative. I, for the reasons I've put to you, don't think West Australians are essentially going to be different in their approach to who should govern them federally than the rest of Australia.

HUME: You must be concerned though at the prospect, and the very real prospect, whoever leads the Labor Party, the Labor Government here in the West, that the Opposition will combine its numbers in the Upper House and force supply. It always causes a nasty taint in the

mouth, if you like, for Labor people with sort of long memories back to Whitlam.

PM: Yes well it's a very -

HUME: Is that a real prospect? Do you see yourself ... something that you fear?

PM: I don't know. I don't know about the Opposition parties here. What I do know is we probably have the continuing hypocrisy of conservatism which has been their characteristic over the ages. And that is that if you want always to find the mouthing of commitment to propriety, to law and order, to principle, go to the rhetoric of the Liberals and the National Party. That's where the rhetoric will pour out about how we as a society must be committed to principle. But as soon as they see the possibility of breaking every convention and principle about allowing elected governments to govern then the temptation becomes almost overwhelming for them. Although I say to the credit of Hendy Cowan here in Western Australia to this point that he has put principle before opportunism. And I haven't any reason, personally, to believe that he'll change that.

HUME: So is the Labor Government lost here do you think, or not?

PM: No, I certainly don't believe that at all.

HUME: You don't think that Western Australians, notwithstanding your comments about their undoubted intelligence, are so dissatisfied here with Labor here in the West that they may welcome the chance to throw the Labor Government out?

PM: In the State? I think that they would say, no, if the time, in the normal function time when it came for a proper election, if at that time they were dissatisfied with the State Labor Government they may make that decision. But there's quite a long way before that proper effluxion of time. I would believe that the State party Kevin would have the good sense to understand that there's some level of concern about their performance to this date. And after all they've only run just over a year haven't they of this term of office. There's plenty of time I would think for them to improve their performance. Because you see elections are not just about making a judgement about one side. It's obviously true that there's dissatisfaction in this State about the performance of the State Government. They acknowledge that themselves. But when the time comes, the proper time comes at the end of the fourth period of the Parliament, then, as I say, two things will have happened. I think they will have lifted their game and dealt with issues of concern and then people will have to make a judgement about that, whether they've lifted their game. And they'll also have to make a judgement about

the alternative. If you look at the conservative parties in Australia today it's a pretty unattractive prospect.

HUME: You're obviously enjoying the political ...

PM: Love it.

HUME: - Could I put to you the comments of Andrew Peacock that a vote this time at the coming federal election for Bob Hawke is a vote for Paul Keating. To which Mr Keating responded a vote for Andrew Peacock is a vote for Andrew Peacock. Is it as simple as that?

PM: Well these days Andrew unfortunately can very rarely get anything right. His own party is appalled at his performance. The Liberal Party throughout Australia is full of despair about Andrew. It's not surprising. I don't want to add to his problems. But that's a fact. And in that situation he's saying some very silly things. The fact is that I will lead the Labor Party in this election, I hope and believe, to victory. And I will go the full term as I have said for some time. Now Andrew thinks that he perceives that Paul is not as well-liked out there as I am. So he's trying to say - because he can't produce a health policy, he can't produce any policies of his own. So what's he got to do? He's got to fear, scare people. You might like Bob but Bob's not going to be around for three years. It's going to be Paul. Good try Andrew old boy, but like most of the things, you're talking nonsensical hot air boyo. Now try and put your time into getting a health policy together. Something like that.

HUME: So ... at the moment of maximum advantage, is it time now to call a federal election? You -

PM: I've enjoyed the program with you. It's been very good.

HUME: But you're not going to tell me?

PM: I think you should be rewarded in some way. I'll get you a cup of coffee afterwards. But I can't give you the real coup of announcing the election date. No.

HUME: Mr Hawke, thank you for joining us.

PM: It's been a pleasure. Thank you Kevin.

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