



## PRIME MINISTER

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JOURNALIST: Prime Minister, can you tell us, in your considerations yesterday what were the main factors that led you to opt for March 24 ... later, was there a main factor and can you quickly sketch in the decision-making timetable you went through yesterday and last night?

PM: That's a comprehensive question. I can't, Peter, give you a weighting of the factors. It is being suggested, I see, that the troubles within the Liberal Party and the conservative parties has been a dominant factor. But just let me say this is fascinating as the continuing trauma and bitterness of the Liberal Party at the leadership and the rank and file level is. As fascinating as that is, Peter, we really couldn't be expected to sit down and wait and see that played out to its conclusion. I mean, there is a limit to one's patience in these matters. The basic fact is the one I've referred to that, of course, the Parliament has essentially run its full term. By any judgement the country has got itself, with all our assistance - politicians and the media - its got itself into an election mode. I don't know about you but speaking for myself I couldn't have really stood three months campaigning, mate.

JOURNALIST: (inaudible)

PM: Good. So I'm glad you endorse that. We would've gone collectively bonkers, so I think that was more important than anything.

JOURNALIST: (inaudible)

PM: Sorry Peter, there was another part of your question - the process of decision-making.

JOURNALIST: Could you just quickly sketch in yesterday's decision-making timetable?

PM: Well, we had the - our group of Ministers were meeting to go on with consideration of a number of issues that we will want to be addressing during the campaign. I did receive some reports from people who've been doing

some research on our behalf and got that later on in the day. But let me say this, that as distinct from some interpretations of the media, that I had a horde of minders there saying 'c'mon Hawkey, you've got to go, you've got to go'. Very unreal. I mean I really run the ship in this area. I'm indebted to all those people around me who I love and respect and admire but I'd been firming up towards this view for some time. But I do want to say, Peter, that overwhelmingly I couldn't stand the thought, and most importantly I don't think my friends out there in the Australian electorate could've stood the thought of what would've been about a three month campaign.

JOURNALIST: ... mood of the community, do you concede that this election result is likely to be a very, very tight one or alternatively do you believe, and are you prepared to predict that you can come back ... with an increased majority?

PM: Paul, I think it is possible, I think it is possible to come back with an increased majority. But let me say this. I'm not in any sense complacent or cocky about this campaign. I believe, for the reasons that I have outlined, that the electorate is going to, as it comes up to election day, realise that this is an extremely important election. I've expressed the view Paul before that in my judgement it's the most important election since 1949. Because I deeply believe that the decision in this election will essentially determine the sort of character of the nation that we're going to go into the 21st Century with. Therefore I think that as we come up to the point where people have to cast their vote, they will for the reasons that I've gone to and that I don't repeat, see that the only option is a Hawke Labor Government. But I realise, as I say, that it's going to be a tight campaign. We're going to have to fight hard, work hard. And I give the commitment we'll do that. So I think we'll win. I think the conditions are possibly there for an improvement in our majority. But my overwhelming point is that I have no complacency.

JOURNALIST: Mr Hawke, there was another reduction in interest rates yesterday.

PM: Yes.

JOURNALIST: When do you expect this will filter through to home loans and do you think the banks will be damned if they do and damned if they don't, during the election campaign, move on rates?

PM: Yes, well, the second point is a very good question. As to the first Niki, you know I make a point that I'm not going to attempt to say at what point the easing in monetary policy are reflected in the further move downwards in the cash rates and which has now been reflected in the banks' decision about reduction in the

prime rates. I'm not going to say when that will be reflected into mortgage rates. But quite clearly, and it's much more important in this sense Niki, and what I say and what's now being said again by the banks. The banks are saying that the conditions are there for a reduction in mortgage rates in the near and foreseeable future. That's the statement, the attitude, the position of the banks themselves. And that's relevant. Now your second point is a very good one. In a sense they are damned if they do, damned if they don't. I mean if they were to move now I guess there would be some who were saying well there they are saying that they are indicating that they want the Hawke Government returned. If they don't do it I guess a lot of people will be saying well come on, you are paid less for your money now, you're getting better margin, why isn't that passed on now. That's a decision that the banks will have to make.

JOURNALIST: Two questions if I might Mr Hawke. The first one is, is this final term - do we see at the end of this, does Bob Hawke disappear off the political landscape? Second one is you said earlier on that next week Mr Keating would announce any tax cuts that might have been negotiated. Well, I wonder if we could come clean on that. Are we going to get a tax cut?

PM: Let me - two good questions. The first, of course, we've been through before, Dennis. There I repeat what I've said. I will lead the Party in this election I believe, and I certainly hope to victory, and I will lead the Government through the whole of the next term and into the next election. I would expect that at some time during that next period I would retire. That's my anticipation at this stage. Now as to the second question. The language was deliberate in the sense that nothing has been finalised. The negotiations are still taking place. Quite clearly, as Paul and I have openly said, the question of tax cuts is there on the table. It is being negotiated. Let me make the point very briefly, as you know and appreciate. Here is the distinction between ourselves and our political opponents in terms of economic management. Because we have been able to demonstrate in seven years that it doesn't make any damn sense at all if you're trying to run an economy to look at the remuneration, the real income standards of wage and salary earners simply in terms of their wage and salary packet. In other words you, sensibly, if you're going to get a degree of equilibrium in the economy and allow growth both in terms of output and employment, that you don't load all the cost on the employer, that the community through the social wage, through tax adjustment and other things, picks up some of that remuneration to wage and salary earners. Now the question of relevant tax adjustments is part of that concept. That's why - I mean it's not an accident - I mean, you're going to hear a lot of these statistics through the campaign. You've heard them before but you'll hear more of them through

the campaign. It is simply no accident, Dennis, that we in seven years have had a rate of economic growth twice that of the previous seven years. It is no accident that we've had a rate of employment growth five times what was there under the conservatives. The question that you've asked me is absolutely central to that achievement. You have to make sure that in looking at the real disposable income of wage and salary earners, which is critically important, which determines their standards, how far you're able to offload what would otherwise be inflationary, super-inflationary costs arising from excessive money wage increases, how far you can reduce that by the things that you do in regard to tax cuts and other things. I'll come to the other things just briefly. But on the tax cuts therefore it's obviously on the table. The language was not devious, it was simply yes it's on the table, it's being negotiated and whatever will be negotiated through there will be revealed by Mr Keating this week. Of course within this framework the other elements of the social wage are foundational and this is why the fiasco, the absolute fiasco of the conservatives on health is so important. I mean, the community is upset and disappointed by the irresponsibility of an Opposition which, after seven years, can't produce a health policy but their concern goes beyond just the fact of their incapacity to produce a health policy because it goes right to the very heart of economic management. Right to the heart of economic management. It's what signals the certainty of a return to the economic chaos of pre-'83 because if wage and salary earners have the certainty of Medicare taken away from them and a position where they're going to have a very considerable outlay, net outlay, through the abolition of Medicare, then in those circumstances you go for greater money wage increases. So, here is the very heart of the difference between the conservatives and ourselves. It is no wonder that in the last year before we came to office, unemployment increased by a quarter of a million, that unemployment went through the roof and inflation went through the roof. It happened because they had no wages and no sensible relationship between what you do in the tax area, what you do in the social wage area and it is all revealed now that what they are promising to the Australia of 1990 is a replay of the economic and social disaster of the early '80s.

JOURNALIST: On the social wage, Mr Hawke -

PM: Yes.

JOURNALIST: Leaked Finance documents suggest the Government is going to spend up to a \$1 billion on outlays over the next three years if it's re-elected. How will the Government fund those commitments, and secondly, you've said that the Government has completed a wide ranging micro economic reform agenda.

PM: When I said - complete is not the right word. I mean -

JOURNALIST: Do you foresee further micro economic -

PM: Yes, indeed. I'm glad for that question, the two parts of it. Firstly, you refer to this document. I mean, just let me say about that it's a working document. It's one of those things that obviously prefer hadn't leaked, but its, on its face it's a working document, an incomplete document and it doesn't meet obviously what I have said and I'll repeat it here. And it's the heart of your question. Whatever proposals I and Paul Keating and my Ministers unveil as we go through the election, the complete range of proposals that we unveil, we will at the same time as we do that through the campaign, by the time the people go into the polling booths they will see the complete funding, the complete funding of our proposals - which that document didn't have on it. It's clear, it didn't, it was obviously an incomplete working document. I repeat that whatever we propose, whatever initiatives will be fully funded.

JOURNALIST: Is the principle to do it from reduced surplus or -

PM: You will see, you will see that the way in which it will be done will be acceptable to you, it will be acceptable to all commentators. It will be a full funding and not only that, but very, very important indeed - let me make the point right at the start of the campaign - it will be in stark contrast, may I say, to that yawning, enormous credibility gap that the Opposition's already got: A \$6 billion credibility gap as to where the money's coming from and you know what we're talking about there, the elements of it. Their tax proposal, the two tier proposal which is about \$3 billion, take your choice \$2.6 billion plus in regard to health, \$.5 billion in regard to roads \$400 million in regard to education. It's of the order of \$6 billion. Now any proposals that I and my Ministers make during this campaign, you'll see where the money's coming from. They've got to explain where \$6 billion is -

JOURNALIST: The party research is showing overwhelming cynicism amongst voters. Don't both sides of politics have to take some responsibility for that and how will you be seeking to address it during the campaign?

PM: Well, it's a good question. There is evidence that there is a greater degree of support, or certainly prima facie support, for the non mainstream, neither Labor nor the conservative parties and that's explained, I suppose, in a number of ways and it's certainly part of the explanation, not totally, is that not only in this country but, you know, right around the world, environmental questions have assumed, you know, some overwhelming ... for more people. That's part of the

explanation. Now as far as I'm concerned, speaking for my side of politics, you will find me during this campaign continuously, and I suppose if you've got to hear it as you travel around with me it might get tedious for you - it might even get tedious for me having to say it again and again - but what I will responsibly try and do is to explain the facts of achievement during this period, contrast them with the others, but also indicate our capacity to continue to meet what after all are the fundamental requirements of the people in this community. What are they? I mean, it's not rhetoric, I mean, and they'll get plenty of that including from me there'll be rhetoric, but in the end Australian families, I think, don't want to hear a politician getting up and saying 'I've got concern for families, I love families' I mean who doesn't? I suppose there are some who don't, but I don't have to, sort of, put my credibility about love of family on the line. But they want to hear more than the fact that you love families. I mean, the welfare of families is not, families don't live on Mars. Families in fact have their welfare determined by whether they can get a job, whether in fact their kids are going to be educated, whether they are going to have a secure and equitable health policy so that if they get sick they can be sure they are going to be looked after. Now these are fundamentals and I am going to, for my side of politics, if there is a degree of cynicism out there, I'm going to be showing that in seven years, on these tests that matter - jobs, economic growth, health, education and, importantly, on the environment. On all these things, Glenn, that matter, I'm going to show that we have delivered and have got the capacity to continue to deliver and improve our delivery. I believe that by addressing those things because in a campaign, I mean, the minds get much more wonderfully concentrated and they do start to say 'well, look it's not rhetoric, but which of these two on the record, and on their policies that they are putting before us are more likely to deliver on jobs and on health and on education, on the environment?' And I just have the feeling that by the time we get to 24 March as those issues are there, and it's not just a question of achievements, but it's also a question of comparison, that whatever degree of cynicism there may be there will, to a considerable extent, be dissipated and they'll say 'well, we mightn't like everything that Hawke and his Government have done, but on these issues that matter there is just no choice but to vote Labor'.

JOURNALIST: Mr Hawke, to go back to the earlier question on micro reform -

PM: Yes.

JOURNALIST: Will that be included in the statements which you flagged, how vital do you see it on your next term's agenda and if it's not top, what do you see as the theme of your next term's agenda?

PM: Well, just let me pick up the micro reform part of the question first. We will be, I'll be making a statement during the campaign in regard to it and I don't want to pre-empt what I'll be saying there. As to rankings of issues, Michelle, I think it's a bit unreal to rank issues. I mean, if I were to say look that issue is most important, I think, you know, that's politically unwise. I think there are a range of issues which are important, of great importance, for some a particular issue is more important than others. I think what the electorate is going to want is to see from me and from Mr Peacock our elaboration of our policy positions and our ability to talk about achievements in regard to a range of issues which I will do, but if, and I come to the guts of your question, what's the sort of theme, I would put it in this way, that and it really, this is something I have said to you at the ... I think it was in the Press Club at the end of the year so I'm not manufacturing something new. I don't think that any intelligent politician and any intelligent Prime Minister will go in a election, say 'ladies and gentlemen, I've just discovered some new goals and just woke up with a new vision'. I mean, I had a vision about this country when I became Prime Minister and, as I said in an interview I've just done recently, I was in the singularly fortunate position when I became Prime Minister that, having had the trust of the two succeeding Governments, that is of the Whitlam Government and the Fraser Government, I'd been on two committees of inquiry, the Jackson Committee under the Whitlam Government and the Crawford Committee under the Fraser Government. They, both Prime Ministers appointed me to that. Now I had the opportunity when I became Prime Minister, as a result of that experience, of understanding the Australian economy and the challenges in the international environment with which we were operating. So I had a vision then that what this country had to do were these things, and what I'll be saying in the election is how we've tried to achieve them and the ways in which we'll do it more. Basic thing, Michelle, that I'll be promising to the Australian people is a commitment through macro economic and micro economic policies to the creation of a more efficient and competitive Australian economy. The future of our kids more than anything else depends upon this economy being efficient, being able to compete. And I will point to the fact that, as a result of the basically important decisions we've made, we have effected the most dramatic change ever. You don't, in seven years, double the rate of economic growth over the previous seven years without having relevant policies to produce it. So we must have an efficient, competitive economy, and, Michelle, as you know, to get to that position some hard decisions have had to be taken. I mean, you can't transform or begin the transformation of an economy to one which doubles its rate of growth and has a rate of employment growth five times faster than it had before. You can't do those things without tough decisions. I mean, let me put it this way, the \$1.6 million new jobs

that we've created reflect the fact that some people in employment who could have exercised their power and got higher real wage increases, haven't got it. I mean, there are sacrifices that the community as a whole together has been prepared to make under Labor to become a more competitive economy to grow stronger. So that's the first thing, the economy must be made more competitive, more able to grow, more able to produce jobs. But, as I said, secondly, and associated with that, we have to be an Australia now - I believe it should be more evidently true than when I said it in March of 1983 - I said then if the economy, the Australian economy, is going to grow and seize its opportunities, it has to become more and more enmeshed with the region. You will recall my phrase of 1983, Australia has to become more enmeshed with the region, the most dynamically growing region of the world. So that is the second thing. We have to, by the range of decisions that we make, effectively become more enmeshed in the region. Thirdly, I'll be saying that my theme through this period has been and will continue to be that we cannot just judge the achievement of this society in straight economic output terms. They remain foundational, but that is not the only criterion. We have to create a society which is fairer, in which those who depend for their well-being, not simply upon their own involvement in the productive processes because there are many who can't be - the aged, the young - we have to be a society which is more compassionate towards them and the proof of that over the period of my Government has been, that compared with when we came to office, the outlays as a proportion of total outlays excluding public debt interest which goes on social justice programs has increased from 50 percent to 59 percent which is an increase of \$9 billion in real terms. So you have to be a fairer society and you have to be a society which is concerned with the quality of the environment in which you live and which you are going to hand on. So that is the next element and, finally, you have to be, I believe, a society which is respected internationally. Not one which simply tags along in some irrelevant way in a world which you may wish was something like it was 30, 40, 50, 60, 100 years ago, but to understand that you live in a world which is changing more dynamically and rapidly than in any other point in history. If Australia is going to be respected and if you are going to do the right things by the children of today, then you have to be a country which is part of shaping those processes of change and, as I have done in the area of micro economic reform, Michelle, I issue the challenge to my conservative opponents. You show any period, any period when you had the governance of this country which can begin to come within a bull's roar of the international achievements of the Hawke Labor Government. Australia now stands higher in the international councils of the world than it ever has before. So these are the themes - I repeat them. A competitive, more efficient Australian economy, one which is more enmeshed in the region, but still recognising the



opportunities that exist in other parts of the world, a fairer society in terms of discharging our obligations to those really in need and within that framework of the quality of society, one which is environmentally responsible and, fourthly, a country which acknowledges is part of shaping the processes of international change. Those are the themes, those issues create, provide the framework if you like within which our decisions have been made and in which we will continue to make the decisions which are necessary to meet the welfare of the Australian people.

JOURNALIST: (inaudible)

PM: I've got to go to Queensland -

JOURNALIST: One more question?

PM: Two.

JOURNALIST: On the environment -

PM: Sure.

JOURNALIST: ... are you planning any big, major environmental package during the campaign? And secondly, did the Governor General wish you luck?

PM: We will be certainly concerned with the environment. I'm not nominating any great new packages in the environment, but we will be certainly talking about it and indicating the things that we have done and the directions that we're taking. As to the second part of your question, let me say that, as you would expect, the Governor General behaved himself, conducted himself with total propriety.

And may I say I hope to be seeing you all regularly during the campaign at conferences like this. I'm looking forward to them, I hope you will be. Whether it will be a feature of the campaign as a whole, I don't know.

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