



PRIME MINISTER

TRANSCRIPT OF PANEL INTERVIEW WITH STEWART CRANNEY, RADIO
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E & O E - PROOF ONLY

CRANNEY: This morning, in the run up to the election, we're joined by a panel of experts in their field - Greg Sheridan from the Australian, Peter Garrett, President of the ACF, Dr Kate Short from the Total Environment Centre, Financial Correspondent Peter Switzer, from Rolling Stone and The Age newspaper Sean Carney, our Canberra Bureau Political Chief John Hewitt and MMM's News Director David White. And of course, Bob Hawke.

Now down to business. Prime Minister, thank you for joining us this morning.

PM: My pleasure, Stewart.

CRANNEY: I'll go straight to Greg Sheridan of the Australian for our first question.

QUESTION: Prime Minister, I've never seen an election in which the people are so uninterested, so disillusioned, so cynical. You've acknowledged that cynicism. Do you accept any responsibility for the degree of cynicism in this election and what do you think has caused this cynicism?

PM: Well I think the cynicism and lack of interest is somewhat overstated though, but I do accept, as I've said quite clearly from some months back that in Australia, as in the rest of the world, there are non traditional political issues which have arisen which have become much more the preserve of parties outside the mainstream. And I, of course, refer basically to environmental issues and that's not something that I worry about. I think it's something which should be welcomed. I mean, the fact that people, particularly young people here and around the world see this as an issue which is, in a sense, their preserve and as much theirs as that of the politicians is something that we should welcome.

QUESTION: Prime Minister, one of the things that can make people cynical is when a political leader squibs a hard choice. You and your Government have championed a non discriminatory immigration policy, you've also championed a large immigration program - 140,000 this year. Increasingly

the environmentalist movement opposes a big population for Australia and that means opposing a big immigration program. Do you commit your Government to maintaining the 140,000 immigration intake or will you give in to the green movement and lower the immigration intake?

PM: Yes, I do commit to that. Now I think the relationship between myself and my Government and the environmental movement is an interesting one and certainly neither they nor we would say it is one of total identity, nor should it be. They wouldn't want it that way and I certainly wouldn't want it that way. And on this area let me say I don't think the environment movement is monolithic - I'm sure it's not because I've spoken to people within it who don't share that view. Now, let me make what I think are the two basic points. Firstly, there is no doubt that if you look at this issue globally the population explosion is an environmental problem. No doubt about that. We, the world's population is just going up and up and up at a rate which is going to pose for the globe horrendous sorts of problems. I mean, I just was in India last year and the population increase each year is the same as Australia's total population - about 17 million. Now that's one thing and I think as a world we should be concerned about it, but that doesn't mean that we here with 17 million people have got to be totally worried about increasing ours. I think that Australia would be better off with a larger population and you've got to balance your economic capacity to absorb with a desirable ... to your population. So my answer to your question is, globally I think population explosion is a problem, as far as Australia is concerned I think the 140,000 target we've got is about right.

QUESTION: Prime Minister, on another topic, yesterday I had the joy of reading through the policies of the Australian Democrats in detail and they're a remarkably extravagant and uncostered collection of policies. Does your dependence on Democrat preferences and the same for the Liberal Party mean that perhaps you've been a bit soft on the Democrats in taking them to task on their, on their actual policies?

PM: Well, I think if you test us in the period when we're actually in Government rather than at election time and how we deal with them and we put it right up to the Democrats where our legislation is there, and it's legislation which always is framed in terms of a compatibility of what's desirable and economically achievable. I mean, if their particular lines and attitudes initially are shaped by what is ... cuckooland approach on some issues, we tell them so and we organise that they should in the end support us. Now we don't always get their support, but we have proved in a period of seven years that where it basically matters we can get them.

QUESTION: Would you agree with Senator Walsh's description of the Democrats as the fairies at the bottom of the garden?

PM: That's Peter Walsh's explanation and it may be valid for some of them but I don't think it's, as a generic term, it's totally fair in that I think that there are some Democrats who are genuine about wanting to see another way. The thing which is frustrating about the Democrats - and let me be quite straightforward - is that having no responsibility in the end, not being governments or potential governments, they are able to cap the sail of the wind as it were and say, yes, that looks as though it's the most acceptable position, let's embrace it. Now that's OK if you're not having to form the hard decisions in Government, but it's not a luxury which is open to Government.

QUESTION: Prime Minister, a foreign policy question.

PM: Yes.

QUESTION: You placed a good deal of emphasis on our relationship with China. What did the events of Tienanmen mean for Australia's emerging relationship with this region of the world and with China?

PM: Good question, Greg. Let me say this by way of preface. I never, in developing the relations with China which I was very much involved in myself, did so at the expense of the rest of the region and that's quite evident by the success of the APEC - Asia Pacific Economic Cooperation - Conference that I hosted here at the end of last year. What do they mean? They mean this, that the twin reforms that were being pushed basically by my close friend Zhao Ziyang under the patronage of Deng have been stemmed. He understood, and may I say by way of background that I speak from probably 20 to 30 hours of private conversation over the years with Zhao Ziyang. Zhao Ziyang understood that political reform was the inevitable concomitant of successful economic reform. He knew that if you were going to get growth in China you were going to be able to lift the standards of people and deal with a whole range of issues, not only economic, environmental and so on, but you had to have the country growing and that required a release from the stultifications of the command economy of the Marxist Leninist model. He knew that if you were going to do those things you had to have political liberation as well. He came up in the end against the stumbling block of top price reform because he'd gone a long way in economic reform, but once you've got price reform that means you had to cut out subsidies, and when you cut out subsidies that meant increases in prices and that meant political upheaval. ... wouldn't allow him to go ahead. So it means that the thrust to economic reform has been stopped and there's been an imposition of this, of this dictatorship by a group of frightened old men. That is bad for the people of China and it is potentially destabilising to the region. I believe we haven't had the degree of full support from China in regard to resolving the Cambodian question that we might have had if those events hadn't occurred.

CRANNEY: On the subject of Peter Garrett, whereas he's not able to be in the studio this morning, we have taped a couple of questions from him as President of the ACF. We'll have the first of those now.

QUESTION: Prime Minister, ... you repeal the Coastal Waters Act 1980 and the Coastal Waters State Powers Act 1988 in order to provide the Commonwealth with powers to develop a national coastal management strategy and protect our coastline?

PM: Peter I'll give you a clear answer to that. What you know, I think, that I have referred the question of coastal development to the Resource Assessment Commission. What I will do is to wait to get the report from the Resource Assessment Commission. I'll discuss that report with the States because, as you know, I always try, if it's possible, to act cooperatively with the States. And if out of the report from the Resource Assessment Commission and discussion with the States I can get an acceptable outcome in terms of ensuring the protection of our coastal environment, that will be it. If out of the discussion with the States we couldn't get the powers and the authority to do what may be recommended to protect the coastal environment, I would be prepared to act unilaterally.

QUESTION: Will you instruct your Government to move towards phasing out uranium mining during the next term of the Parliament?

PM: I can't give you that promise Peter. It would be easy to say yes, but I wouldn't give you the answer I'll instruct them to phase it out. What I have said Peter is that we've referred the question of mining to the ... committee. ... receive their report. You will notice that I indicated the other day that it would be my clear disposition that there wouldn't be any extension beyond the ...

CRANNEY: This morning we have a question from a Melbourne listener, somebody who was tuned to 3MMM when we invited them to pose a question to you.

QUESTION: I'm Edith from Frankston and I was wondering if Mr Hawke is going to do something definite about Japanese buying up Australia. Because I'm a grandmother of ten and I'm quite concerned, and especially as Australians aren't allowed to buy anything, land, in Japan. Nobody's mentioning it in all these speeches. I'd like to have something definite on that.

PM: Yes Edith I suppose the easy thing for me to say is yes we'll stop the Japanese buying. I'm not going to give you that answer, although it sounds as though it's the one you'd like. I'm giving you the one I think is the answer that's right for Australia. We need in this country investment from overseas, not unlimited investment Edith. We need to be a country which is not just dependent upon what we dig up out of the ground and what we grow, which has tended to be

the picture of Australia in the past. We need to develop our manufacturing industry. Certainly we need to develop our service industry so that we can export a wider range of goods. And to do these things well there are other countries in the world, including Japan who's got know-how and so on, that we ought to have in here. Now that doesn't mean unlimited buying up and investment. That's why we've got a thing called the Foreign Investment Review Board Edith. That is at arms length from the Government. It gives us advice and it says whether a particular proposal to purchase something in Australia is consistent with Australia's national interest. I will keep the Foreign Investment Review Board so that we can have that advice as to whether any particular investment is consistent with the Australian national interest. I would point out to you Edith that the Liberals and National Party propose to abolish the Foreign Investment Review Board.

CRANNEY: Prime Minister, a question from a Sydney listener from Cronulla.

QUESTION: My name is Linda Johnson, I'm from Cronulla. I'd just like to say Mr Hawke that it's my first time voting this year and I'd just like to ask why you honestly think I should vote for you. Thank you. Bye.

PM: Thanks Linda. Well you couldn't give me a more direct question than that. I'll try and make the answer as brief as I can Linda. Firstly I think you should vote for me because I have revolutionised the educational opportunity pattern in Australia. I would hope that you're one of the beneficiaries. In the seven years before I came to office in '83, in those seven years the conservatives who had the responsibility for governing this country had not lifted the level of kids staying on in school at all. It had gone from 34% to 36%. In other words they went out of office having done nothing to increase the equality of opportunity in education. Only one in three of our kids were staying on in school. I've dramatically changed that. It's now two in three and I've lifted it to 62%. Two in three instead of one in three. That means Linda that the kids are staying on in school not just from the wealthy suburbs but wherever you go kids now, because I've more than doubled the secondary education allowances to kids from low to low to middle income families, trebled the Austudy allowances, kids are now able to stay on in school whatever the income level of their parents. I think it's hard to imagine anything more important than that and a more criminal neglect of the responsibility of government that the conservatives followed. Their education policies are still based upon the concept of privilege. So that's one fundamental thing. The second fundamental thing is the question of employment opportunities. We've together created 1.6 million new jobs Linda in the last seven years. That's five times faster than the mob that were in before me. It's more than twice as fast as the rest of the world. So your chances of being educated and trained and getting employment are infinitely greater under my policies. I'll just go to some of the

other things but let me go also to the question of the environment which I imagine Linda must be important for you. Very simple and indisputable facts that I put in the debate the other day. The Franklin would not be running free if I were not Prime Minister. If the conservatives had been in office the Franklin would be dammed. It's only because I'm Prime Minister of a Labor Government that the Daintree is not being logged. They opposed that decision to stop logging. It's only because I am Prime Minister of a Labor Government that Kakadu is not being mined. They opposed the decisions there. It's only because I am Prime Minister of a Labor Government that the tall forests of Tasmania have been saved. They opposed it. So if you want environmental responsibility you vote for Bob Hawke and Labor.

CRANNEY: That says that. I think we'll go to questions from our economic analyst Peter Switzer. Good morning Peter.

QUESTION: ... as the station's interpreter of gobbledygook, which economics often is, I am regularly asked by listeners why is there a privileged group who only pay 13.5% on home loans? Young people on 17-18% think you're afraid of losing votes. What would you tell them?

PM: Well it was a decision that was taken for the time. We ... that people that were there had taken their loans at that rate and we made the decision that they should be kept there, knowing that over a period of time that would wash out, as it is Peter. So there was no other reason than that. The basic issue I think, as you'll appreciate Peter, for the future is under which side of politics are interest rates likely to come down. The banking system is saying now, as you know, that under our policies - and they were saying it as recently as yesterday - interest rates will fall. They cannot possibly fall under our opponents because of two reasons. There'd be a wages explosion under our opponents and they would blow the budget surplus by their \$6 billion unfunded promises. So they'll fall under us. They can't under our opponents.

QUESTION: But one thing I'm sure you've discovered, that charisma can't take on interest rates very easily -

PM: ...

QUESTION: - but certainly interest rates are the one thing that I've noticed people who were great supporters of you in the past are now saying that they're crippled by interest rates. And they were particularly incensed when banks were saying that if you deregulated these 13.5% loans, normal rates, the floating rates would come down by one to one and a half percent. Now when you look at the period of time people have been paying high interest rates it adds up quite a lot of money, a year for some people.

PM: I know the banks are saying that to some extent. I've explained why it was done, that there was an existing

situation and obligation we thought should not be interfered with. Let me make the point however about the level of interest rates. I've said on a number of occasions that we haven't had interest rates high for fun. I mean I'm an intelligent guy, I understand politics, I understand economics, and I know that people don't like high interest rates. The simple facts were - and I don't want to blind your listeners with a lot of statistics - the simple facts were that last year, last financial year, we had a situation where consumption increased, as you know Peter, by eight percent and our production by four percent. The gap of four percent dragging in imports. We simply had to soften demand. We couldn't tighten our budget policy any more and we certainly couldn't tighten wages policy. So it had to be monetary policy. Now the fact is that that is working and it's working in a way where we've still got growth, we've still got employment, but we are going to be able to moderate that demand for imports. And the banking industry is saying that it's working and under my policies interest rates are going to come down. That's the picture for the future.

QUESTION: Right. But as you know you could've say raised taxes. Of course it's a political loser but at least the ... of restraining demand would've fallen right across the entire community rather than this narrow group, not a narrow group, but a broad group of young people who are kicking off their lives under a lot of strain. Now a lot of people on 13.5% have also received two rounds of tax cuts. These people should vote for you and Paul Keating five times over because you've been very good to them. But young people I think, particularly in marginal seats, you're going to find they won't forgive you on this particular point.

PM: You've just got to make a judgement. You've made a judgement about the intelligence of those people. You say they're going to have a punishment vote, they're going to say I'm going to vote against Bob because he put interest rates up. I'd just make a different judgement about their intelligence. I think that they understand that Bob Hawke, after 30 years in public life working for ordinary people, that's what I've been about. I mean for 20 years working in the trade union movement for ordinary people I've devoted my whole life to that and then ten years of political life for the same thing. I think they're going to say well Bob Hawke, he hasn't given 30 years of his life to go and do something nasty to me for the fun of it. I think they're going to much more intelligently say, than your analysis Peter, if I can say so with respect, they're going to say the 24th of March is going to determine who is going to be running the country for the next three years. Now Hawkey's done some things done some things that were a bit tough, we don't like them, but under those policies are interest rates coming down. Answer yes. Peacock, firstly, clearly doesn't understand the economy. He's not allowed really to answer questions or be exposed to analysis like this about the operation of the economy. But more importantly than that he can't tell us that there's not going to be a wages

explosion. He shrugs his shoulders and says who's to know when you ask him what wages outcome is going to be. And he's got a \$6 billion blowout of the deficit. So ... say inevitably under Peacock interest rates must go up. They'll come down under Hawkey. Now I just think that's the sort of analysis rather than the kick in the but ...

QUESTION: Sure, but with respect to your view Prime Minister, what about consumption tax? In 1985 you were a big supporter of that. Now that would actually restrain demand, it would hit everybody and in particular it would pick up people in the black economy who are earning money, not paying tax on it. And what I'm arguing here is that you and the coalition dodge these tough measures because they are politically unpopular.

PM: You can't say I dodge tough decisions -

QUESTION: On this one I think you -

PM: On the contrary. No. I, in the 1984 election, said we'll have a tax summit. And you're right Peter in recalling that we put up a proposal for a reform of the tax system which involved the introduction of a consumption tax with, may I say, a whole range of safety net provisions to try and limit the regressive impact of it - that is that the consumption tax has a harsher impact on lower income people than it does on higher income people. Now, the community as a whole, let me say, the trade union movement, the welfare organisations and business - I mean the cries of business now for a consumption tax just make me laugh. They torpedoed it in 1985. So we went ahead with the community, right across ... and said we don't want a consumption tax. We said alright, that's the community view. We restructured it, we brought in the capital gains tax, we brought in the fringe benefits tax, a whole range of other taxes. And we think that we've now produced a much fairer tax system. What would happen now if you brought in a consumption tax would be an immediate boost of inflation. We don't think that's appropriate.

CRANNEY: We'll go to Kate Short from the Total Environment Centre.

QUESTION: Prime Minister, your Government's decision on Wesley Vale was a significant step forward to reducing chemical pollution of the environment and the Government acted to prevent the release of organo-chlorines into Bass Strait from Wesley Vale which is very significant. Does the Labor Government propose to have an ongoing commitment to reducing the environmental pollution from organo-chlorines but specifically, when do you offer us a commitment to finally ban the use of those organo-chlorine poisons, dieldren, aldren(?), chlordane and heptachlor.

PM: Well, in regard to mills generally, Kate, as you know we're going to have national guidelines there and we wouldn't permit the operation of any mills which didn't meet

those guidelines. And, as you say, in regard to Wesley Vale they were unacceptable levels. In regard to the emissions of unacceptable or dangerous chemicals generally, I think you know our commitment there to action. We have, for instance, in regard to CFCs the commitment that by 1995 that be cut down by 95 percent. And we have in the statement that I made last year, the overall environmental statement, a commitment that within our power where we have the power that we will take action to reduce the emission of dangerous chemicals because I think you know - it came up in a conversation we were having in ... - part of the problem in regard to industry generally is that it's not within our Commonwealth ... terrible situation in Australia where you've got to get the cooperation of States if you're going to in national sense have the control over the emission of dangerous chemicals.

QUESTION: Another question, Prime Minister. Recently, I received information about the use of pesticides on crops that are grown to feed cattle, cattle that are exported overseas to the Japanese and American markets, this is up in the North West of NSW. I simultaneously received information about the use of pesticides on these crops being used to feed to our cattle, those pesticides, two of them in particular, are not registered for use in the United States. They are banned in the United States and they are, in fact recent registrations in Australia, at least one of them. Now under these circumstances do you consider that your Government's aware enough of future problems of beef cattle residue sort of problems of the type that we had in '87 where our beef market was threatened because of residues. Do you think we're doing enough to protect not only our own food chain in Australia, but very specifically the beef export market?

PM: Yes, well obviously I can't comment upon the two things that you've just ... and I understand you don't expect me to, but let me say this, that I know that John Kerin - who I think, I hope you'd agree is, you know, a quite outstanding Minister in this area - acted very deliberately and quickly when those problems arose three years ago and it's my understanding, Kate, not only from our own people here but from within the United States that they expressed satisfaction of the action that was taken to make sure that the processes of beef production in this country were satisfactory in terms of protecting human consumption standards. If there's anything in particular that you want to make available to me that's come to your attention, I'll certainly pass it on to John, but I'd be very surprised if they weren't aware of it.

CRANNEY: Prime Minister we have a call from a Brisbane listener by the name of George Walker that we'd like to play for you.

QUESTION: If he doesn't want us to spend our money and save it, why don't they just take off, why do they tax us on our savings when we put our money in the bank when we've already

been taxed? If they took this tax off our savings in the bank, I'd put all my money in the bank and I wouldn't go buying any stereos and things like that from overseas.

PM: Well George, the fellow who wants to become Prime Minister, Andrew Peacock, last year when he started off on his sort of pre-election campaign, his dry run, started off on the first day by saying that he had the answer to Australia's problems. He was going to bring in tax deductibility. Now it sounded great, but then when it was subject to questioning, you've got to look at on both sides - deductibility for savings and deductibility for expenditures - and when you look the question in detail it was subject to so many practical problems that his own people as well as our own people on our side and in the Treasury decided that it was, in practical terms, impossible. What we've got to do George is, you're right, you're quite right, we've got to encourage savings in this country. The greatest single contribution that we're making to that is the revolution in superannuation. When we came to office, superannuation was the preserve of a privileged few, particularly professionals, white collar workers. Now as a result of introducing it into the wage negotiation processes, we will have within three years, a situation where every employer will be paying \$30 a week for every employee and most particularly, may I say, including women who were very much excluded from it before. \$30 a week for each employee and that's going to add over the period in the remainder of this century, hundreds of millions of dollars into our superannuation funds and it's going to increase savings within the community and it's going to be relevant to our debt problem. That's the most effective way of stimulating savings and of course we've, we're doing that. The Opposition proposes to abolish that concept of superannuation as an award provision.

SC: Well, Jimmy Barnes is pretty well accustomed to working with a big audience and this morning, a bigger one than average, through 2MMM in Sydney, 3MMM Melbourne, 4MMM Brisbane, and New FM in Newcastle and 4GGG on the Gold Coast, we just played Jimmy-"Working Class Man". Our guest this morning is the Prime Minister, who is well aware of Jimmy Barnes. We have a little ditty that was made in our Sydney's studios that you might be amused by. We'll play it now for you.

(Ditty played).

SC: Jimmy Barnes - look out. Seriously for a moment, we'll cross to 3MMM in Melbourne, where Sean Carney is waiting in the studios. If you could just put those headphones on again, I think Sean is available

PM: Hazel, I'm afraid, said I just lost the musician's vote. She said I'm not a very tuneful singer.

SC: Are you there Sean?

Carney: I am.

SC: Please, if you'd like to speak to the Prime Minister, he awaits to hear from you.

PM: G'day, Sean.

Carney: G'day. How are you Prime Minister?

PM: Good.

Carney: Prime Minister, three years ago, you promised to wipe out child poverty, I'm wondering if in your next term you'd perhaps be willing to make a pledge on the issue of homelessness? Under your new housing assistance package, the real level of

funds for public housing provided by your Government is lower now than under the Fraser Government. If you are re-elected, will you increase your financial commitment to public housing?

PM: Well, just let me go to the first part of your question first and then to the second. You talk about the child poverty. All I want to say on that is, Sean, I hope that you won't question the judgement that's been made by the Brotherhood of St Lawrence through Bishop Hollingworth, Julian Disney of The Australian Council of Social Service and The Australian Institute of Family Studies. Just let me quote what each of them has said on the promise I made that there would be no financial need for an Australian child to live in poverty after 1990. And that was by promising to give indexed proportions of the married pension rate to children in low income families. Hollingworth, in 1989, said: "In strict income security terms, the Prime Ministerial promise will be achieved". Julian Disney said: "It is without doubt, a remarkable achievement first to have set and then to have achieved the payments of benchmarks to children in low income families". And thirdly, The Australian Institute of Family Studies said: "By these means, the benchmarks set by the Government have been met". And under the meeting of those benchmarks, we're paying out over two billion dollars a year now into low income families with children. Just to give you an example, a low income family - one income, three kids, \$320 a week income - they're getting \$110 a week tax free, which is equivalent to \$170 a week wage increase. That's why those in the area have said we've met that financial commitment. You're quite right however, Sean, in saying that that hasn't met ...that there is not poverty, there are not difficulties. And that's why I've met with the institutions like the Brotherhood of St Lawrence and The Australian Council of Social Services. Why I've met with the State Governments now. And what we've got to do is to work on ensuring that services get delivered, particularly in areas where they're not so accessible - the outer suburban fringe areas now and some of the more remote rural areas. We've got to make sure that services are delivered.

On the question of housing, let me make these points. I have very substantially increased the amounts of money available for refugees - very, very substantial increases - and have sought to get dollar for dollar support from the States as well. In housing generally, there's been a nine percent improvement in housing starts under us compared with before. About an additional twelve thousand starts a year. And we've now revamped the Commonwealth/State Housing Agreement and lifted the amount from some seven hundred million dollars a year up to just over a billion and release more funds by changing the loan to grant arrangements so that there will be more money available for welfare housing. And let me say, we will continue to do that into the future, Sean.

Carney: Prime Minister, you mentioned the outer suburbs in your answer.

PM: Yeah.

Carney: I wanted to speak to you about the suburbs. The Social Security Minister, Mr Howe, last year referred to a new poor emerging in the outer suburbs of our big capital cities.

PM: Mm.

Carney: With their high crime rates, their vandalism, unemployment and insufficient government services. Why doesn't your Government have a specific strategy to improve those areas?

PM: Well, this campaign is not finished yet. And I would suggest, Sean, that you will find by the time we go into the election, that you will have found that we will have addressed this question. Unfortunately, on this programme is not the time to announce what I will be announcing later. But I can assure you that Brian Howe has not just been talking about this issue. Brian is an action man, as I think you would agree. I think he's the best Social Security Minister this country's seen. He's been talking with welfare organisations, like The Australian Council, the umbrella organisation, The Australian Council of Social Services, the Brotherhood of St Lawrence - and you will find that we'll be making announcements which are specifically directed towards the sort of area of problem that you've raised in your question.

Carney: Thanks Prime Minister.

SC: Thank you Sean. Thank you Prime Minister. We'll go back to some music. We'll play (inaudible)

(Music)

SC: Well, first there was (inaudible) with "Nothing Compares to You". And finally we played "Simple Minds". If it was only so simple, as the song was called, to promise you a miracle. Good morning folks, you're listening to Stuart Cranney on 2MMM in Sydney, 3MMM in Melbourne, 4MMM Brisbane, New FM in Newcastle and 4GGG on the Gold Coast. Our guest this morning is the Prime Minister, Bob Hawke. Mr Hawke, we spoke to some listeners in Newcastle. If you put your headphones on, we have this question on the matter of inflation.

Caller: Mr Hawke, I'd like to know what you're honestly going to do about inflation? And can't you please get ready for politics without knocking the Opposition all the time? Concentrate on what you're going to do instead of what they're not doing?

PM: Well, let me take the second part of the question first. I think if you look at Mr Peacock's launch of Monday, you will see that that was overwhelmingly consisting of an attack upon us. I'll just ask you to compare and contrast that with what you'll see me doing on Thursday when I launch our campaign. Politics necessarily, of course, I must say, involves two things. Certainly if you believe in yourself, it involves you talking about what you've done as a basis for asking people to trust you for what you'll do in the future - as your policies for the future. But also politics is a question of choice. It's either me or Mr Peacock that you're going to have as Prime Minister after the 24th. And so part of my responsibility is to analyse what a Peacock alternative would mean. I would not be discharging my responsibilities to the electors of Australia if I simply said: "Look at what Bob Hawke's done and look at what Bob Hawke promises for the future". And didn't analyse for you the implications of the alternative.

Now as to inflation, let me make the point there - both in positive terms and in terms of the alternative of Mr Peacock. Remember this as the basic fact. When we came to office, inflation was about eleven percent. It wasn't an accident that it was about eleven percent because you had a wages policy under the then government - conservative government - which was a wages free for all. And we'd had a wages explosion gone out by about seventeen percent - wages had exploded - inflation went through the roof. Now, what I have done about inflation is to get wages under control. We've had predictable wages outcome and we have dramatically reduced inflation. With the decline in our terms of trade, inflation went up but it is coming down again now and with the wages outcome of seven percent for the next year, that I've now got a commitment from the trade union movement for, we believe inflation will be coming down further and that's the judgement of the Treasury. They said at the end of last year, that the underlying inflation rate was 5.7 percent. So, we've got wages under control and we've got a budget surplus. Now, the alternative is again a wages explosion under Mr Peacock because he said he doesn't know what the wages outcome would be under his policies. They could explode again and they would. And he also got the six billion dollar hole in his funding promises so the budget surplus would be blown, further putting pressure upon inflation. So, I face right up to your question. I say our policies are directed towards bringing inflation down and they're recognised that they will. And the alternative is necessarily an increase in inflation for the reasons that I've put.

SC: Prime Minister, a familiar face across the table now. Our Canberra Bureau Chief, John Hewitt, who I'm sure you've met.

PM: Yeah - John.

JH: How are you doing?

PM: Good.

JH: My questions centres on - despite what you said earlier - it seems to me that many people no longer see you as the bloke next door. I mean, I mean is it inevitable that leadership isolates you from the average Aussie?

PM: It's inevitable, John, that I'm not going to be seen as much as the bloke next door after I've been seven years living in The Lodge and Kirribilli. I mean, that's inevitable. And it has its pluses because you are Prime Minister and it gives you all the opportunities and challenges of doing things that are involved with that. But there is a minus - and that is that for both Hazel and myself - we don't have the opportunity for the gregarious mixing with people that was so much a part of my life before. But I still think from the evidence I have when I move around Australia - and not only election times, I go around the electorates, I mix with the kids in the schools. Now you see the reception I get from the kids, and they're pretty...they're pretty acute judges, you know, as to whether a bloke's dinkum or not. Whether he's one of them, whether he's Australian, or whether he's some bloke that's remote from them. I don't think there's much better judges than that. And the fact that I love kids and are committed to them and we're about them and their future. They understand that I think. So, it's inevitable, yes, you get some isolation.

JH: Sure.

PM: I think I'm still there.

JH: Okay. On unemployment, the Government's decided on a twelve month limit for unemployment benefits compared to the Coalition's nine months, and you are promising re-training. Given the general community support for cuts to the unemployment benefit, did you feel a need to follow the Coalition's lead, albeit with a bit of extra time and a more human face?

PM: No. It's much, much different to that. What we've announced now is not something out of kilter and out of line with what we've been doing. What we've been doing over seven years is to drastically reform the whole process of dealing with and looking after the people in the community who are not fortunate enough just to be automatically in the workforce. You know the whole range of new training programmes - Jet Start, New Start, Skill Share. All those programmes have been built up over the years with one aim in mind and that is to make sure that those less fortunate in the community - either those with a longer unemployment experience, or with some particular disabilities - have a programme which is fitted to their needs. And what Brian Howe, on behalf of the Government, has announced now just in the

last few weeks, is a continuation of that. We want to remove, really, from the community the concept of the dole mentality that there is a responsibility just to pay the unemployment benefit. The responsibility of the community is to train people for employment. And that's what these new programmes have done. The great difference between us and the other mob is this. We have a social safety net there which is composed of training and commitment to people if for some reason or other they simply can't get employment, to care for them. What the other mob is about is to substitute a social trapdoor - pay them for nine months and then push them through the trapdoor and you've got no further obligation to them. I just regard that as an unacceptable concept.

SC: Prime Minister, we'll take one more piece of good Australian rock n'roll - support that industry and play "Spy Versus Spy". We'll return in a moment.

(Music)

SC: I'm sure the spies aren't alone in asking that particular question. I daresay we'd all like to know what the future holds. Good morning folks. Dependent on where you're listening, you're listening to 2MMM in Sydney, MMM in Melbourne, MMM in Brisbane, New FM in Newcastle, and on the Gold Coast, it's 4GGG. Now, the Sydney News Director, David White, for the Prime Minister, a question. Dave.

DW: Prime Minister, this final question comes in part from a Canadian geneticist from the Department of Zoology, University of British Columbia, Professor David Suzuki.

..."To me, the most pernicious truth that is repeated over and over again by every politician, every business person, every economist, is the sanctity of growth. We must have growth to have steady progress. Now, the steady growth - one percent, two percent, three percent, twenty percent - over a given period of time is what we call in science, exponential growth, and any scientist will tell you that nothing in the universe continues to grow steadily, exponentially, indefinitely. And yet that is a notion that we cling to and that all of our government policies are aimed towards maintaining steady economic growth. Now I believe then that if you look at the ludicrous nature of the faith in exponential growth, you only come to the conclusion that we already consume to a far higher extent than we should and that we ought to be aiming, if we care at all about what's going to happen in the next century, not at zero growth. We should be aiming at negative growth. It is the height of irresponsibility to fail to see that economic growth - steady economic growth - cannot be sustained."

Prime Minister what he's addressing is a new way of thinking. Now, given most nations adherence to our current economic system,

can the change he suggests be accomplished without massive social turmoil? People being thrown out of work?

PM: No, I believe it can't. I think in the end politics is about the creation of greater happiness for those who you govern. That's my simple view of what politics is about. And people's concept of happiness does involve the idea of gradual improvement in standards of living, and, importantly also, quality of life. And quality of life is not necessarily a function of growth. I accept that. But I think the human genius is such that we are able to do both. That is to improve our material standards and to accept the challenge and responsibility of improving our quality of life. I don't accept the Professor's implied dichotomy that you can only have either growth or improved quality. I think sensible, intelligent communicative government can give you both. It's not easy, but I think the balance is achievable.

JH: Thank you.

SC: Thank you Prime Minister. We've actually run over time so we'll have to wrap up here. To Greg Sheridan from The Australian, thanks Greg. Peter Switzer(?), Sean Carney, Dr Kate Short, John Hewitt, Peter Garrett, David White and of course, David Suzuki, thank you. But most of all, thank you Prime Minister. It's been a pleasure having you on the programme this morning.

PM: Well, Stuart, thank you very much. And can I say thank you to you and to everyone on the panel and most particularly, of course to your listeners. I've enjoyed it very much indeed.

SC: It's about time you got some pleasure from the media.

PM: I do generally.

SC: You've been listening to the first of our election ninety specials with Prime Minister, Bob Hawke. The right of reply, Wednesday, March 21st, with Opposition Leader, Andrew Peacock.

ENDS.